

<b>Company Name:</b>	<b>Al Etihad Gold Refinery DMCC</b>
<b>Location:</b>	Dubai, United Arab Emirates
<b>Reporting year-end:</b>	January 1 to December 31, 2019
<b>Date of Report</b>	January 16, 2020
<b>Senior management responsible for this report</b>	Name : Salah Khalaf Title : Managing Director Contact details : Salah@aletihadgold.com

### Al Etihad Gold Refinery's evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1.1/2017 to demonstrate compliance.

### Summarized conclusion

#### Evaluation

*Disclosure on the individual rating of the level of compliance or non-compliance for the sub-points of each Rules 1 -5 of the DMCC Rules.*

#### **Rule 1: Supply chain managements systems.**

##### 1.1. Overriding Principle

Each Accredited Member conducting business in the supply chain relating to Mined Gold and/or Precious Metals and Recycled Gold and/or Precious Metals must implement and maintain systems and procedures which are sufficiently robust to conduct effective due diligence on the Accredited Member's supply chain

##### 1.2. Supply Chain

Any reference to the "supply chain" or "suppliers" in these Rules shall include clients, suppliers, agents, intermediaries and any other relevant entities whether upstream or downstream in the supply chain relating to the Accredited Member's conduct of business.

Any reference to an "ultimate beneficial owner" shall mean any person (legally incorporated or natural) who holds 10% or more of the share capital in any corporate entity.

#### **Compliance statement:**

*Compliance statement: Fully Compliant*

#### *Demonstration of Compliance:*

*Al Etihad Gold is committed to 1. Follow Rules and regulations related to our business activity; 2. Follow international best practices and market standards; 3. Operates in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its Supplement in Gold & the DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain.*

*Al Etihad Gold Supply Chain Policy and procedures sets out the company's responsibility and commitment to attain a responsible supply chain of minerals. The Policy is publicly available on our website [www.aletihadgold.com](http://www.aletihadgold.com) and is also shared to existing clients and companies who wish to work with Al Etihad Gold. The policy and procedures are discussed during the client onboarding, and as needed to communicate clearly our expectations with respect to responsible sourcing of precious metals. The provisions, procedures and controls set out in the policy is applicable to all our clients and staff. The responsibilities and the role of the Management, Compliance Officer, Staff and the Suppliers are clearly defined to ensure consistent implementation. The criteria for supply chain due diligence includes adequate risk assessment factors as stipulated in the OECD and DMCC Rules. The Main elements of the KYC processes is consistent with AML-CFT Laws. Identification, verification and KYC together form the first key step in the Procedures and Controls and is conducted prior to the acceptance of any Al Etihad Gold client. Following Applicant screening and background information checks, together with review of the applicants intended purpose of business, sources of funds and expected level of activity, an initial*

*decision will be made with respect to the application status (acceptance, rejection, obtain more information). Our Monitoring and Surveillance includes a strong supply chain management system where information is centralized, and multiple departments are involved in the daily transaction and shipments verification. Unique reference numbers are used to identify incoming / outgoing gold and the traceability. Periodic internal audit is done to verify and ensure that the policy and procedures are consistently implemented. Trainings for key persons as well as management team are also provided depending on their exposure in the Supply Chain.*

**Demonstration of Compliance:**

<p>1.3. Demonstrate the company has implemented and maintained a robust policy and detailed processes (Policy) to include common principles, standards and processes for responsible supply chain management.                  The policy should include the following:</p>	
<p>a. Scope                  b. Responsibilities                  c. Criteria for supply chain due diligence:                  d. Main elements of Know-Your-Customer (KYC) process                  e. Monitoring and surveillance:                  f. Training:</p>	<p>A. <b>Scope</b> - AI Etihad Gold is committed to 1. Follow Rules and regulations related to our business activity; 2. Follow international best practices and market standards; 3. Operates in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its Supplement in Gold &amp; the DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain. AI Etihad Gold Supply Chain Policy and procedures sets out the company's responsibility and commitment to attain a responsible supply chain of minerals. The provisions, procedures and controls detailed in the policy and procedures manual are mandatory and applies to AI Etihad Gold staff and AI Etihad Gold clients.</p> <p>B. <b>Responsibilities</b> - In carrying out our duties under the Policy, both AI staff and management alike will be expected to undertake their due diligence role as prescribe by the management.                  Specific roles are stipulated in each of the employees Job Descriptions.</p> <p>C. <b>Criteria for supply chain due diligence</b> - The criteria for supply chain due diligence includes adequate risk assessment factors as stipulated in the OECD and DMCC Rules.</p> <p>D. <b>Main elements of Know-Your-Customer (KYC) process</b> - ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any AI Etihad Gold client. Following Applicant screening and background information checks, together with review of the applicants intended purpose of business, sources of funds and expected level of activity, an initial decision will be made with respect to the application status (acceptance, rejection, obtain more information). New guide for world check and background screening includes related party/entities identified during KYC and CDD.</p> <p>E. <b>Monitoring and surveillance:</b> - Our Monitoring and Surveillance includes a strong supply chain management system where information is centralized, and multiple departments are involved in the daily transaction and shipments verification. Unique reference numbers are used to identify incoming / outgoing gold and the traceability. Periodic internal audit is done to verify and ensure that the policy and procedures are consistently implemented.</p> <p>F. <b>Training:</b> AEG conducted several trainings based on the risk exposure of each staff in the supply chain. A strong and open communication line between Compliance Officer, top management, and relevant employees for concerns regarding the supply chain. Trainings programs are available and done based on the level of risk and exposure to the supply chain. A training plan is carried out by the Compliance Officer for the reporting period. Also, a training need analysis is required to monitor if additional or refresher trainings are needed</p>

<p>1.4. Minimum KYC Requirements</p> <p>For the purposes of these Rules, the standards of KYC requirements set out in the Resolution shall be considered as the minimum KYC standards (Minimum KYC Standards) to be achieved by the Accredited Member</p> <p>The KYC requirements follows the basic requirements as set out in the resolution. ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any AI Etihad Gold client. Following Applicant screening and background information checks, together with review of the applicants intended purpose of business, sources of funds and expected level of activity, an initial decision will be made with respect to the application status (acceptance, rejection, obtain more information).</p>
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<p><b>1.5. Rule 1.5 Implementation of KYC Systems and Processes</b></p> <p>Each Accredited Member shall ensure that its Policy and the implementation of its Policy shall fully satisfy the Minimum KYC Standards and any other KYC requirements set out in these Rules.</p> <p>:</p> <p>The KYC requirements follows the basic requirements as set out in the resolution. ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any Al Etihad Gold client. Following Applicant screening and background information checks, together with review of the applicants intended purpose of business, sources of funds and expected level of activity, an initial decision will be made with respect to the application status (acceptance, rejection, obtain more information).</p>
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<p><b>1.6 Demonstrate that the company has ensured that its Policy and the implementation of its Policy are adequate to identify:</b></p>
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<ul style="list-style-type: none"> <li>• each supplier and to the extent possible each supplier's supplier;</li> <li>• each supplier's legal and operating structure; and</li> <li>• each supplier's ultimate beneficial owner(s).</li> </ul> <p>For gold and/or precious metals sourced from ASM, shall ensure that its Policy and the implementation of its Policy shall be adequate to identify:</p> <ul style="list-style-type: none"> <li>• Each ASM's origin;</li> <li>• To the extent possible, each ASM's legal and operating structure conforming to the applicable legal framework (where it exists) as well as their engagement in opportunities for formalization as they become available; and</li> <li>• Each ASM's third party service provider(s) (i.e. logistics, processors, transportation, intermediaries, security, etc) ultimate beneficial owner(s).</li> </ul>	<p>(a) <i>Each supplier and to the extent possible each supplier's supplier - Depending on the type and source of the gold, we request supporting documentations to be able to identify the origin of the gold.</i></p> <p>(b) <i>Each supplier's legal and operating structure; and - Main elements of Know-Your-Customer (KYC) process - ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any Al Etihad Gold client.</i></p> <p>(c) <i>Each supplier's ultimate beneficial owner (s) -- Main elements of Know-Your-Customer (KYC) process - ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any Al Etihad Gold client.</i></p> <p><i>For gold and/or precious metals sourced from ASM, shall ensure that its Policy and the implementation of its Policy shall be adequate to identify:</i></p> <p>(a) <i>Each ASM's origin; -We collect local export license and ID copies of beneficial owners for gold identified to be from ASM Sources. Al Etihad Gold does not accept ASM Gold from sources whom are identified to be Conflict-Affected or High Risk Areas.</i></p> <p>(b) <i>To the extent possible, each ASM's legal and operating structure conforming to the applicable legal framework (where it exists) as well as their engagement in opportunities for formalization as they become available; and - We collect local export license and ID copies of beneficial owners for gold identified to be from ASM Sources.</i></p> <p>(c) <i>Each ASM's third party service provider(s) (i.e. logistics, processors, transportation, intermediaries, security, etc) ultimate beneficial owner(s).</i></p>
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<p><b>Rule 1.7 Record Keeping and Updating of Information</b></p> <p>Each Accredited Member shall keep records of, and continually on an ongoing basis update, the following information:</p>
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<p>(a) for every supplier or ultimate beneficial owner that is a natural person, his/her:</p> <p>(i) full name (as shown on a national identity card or passport);</p> <p>(ii) nationality;</p> <p>(iii) place of residence and original domicile</p> <p>(iv) employer details (if any)</p> <p>(v) an accurate copy of a valid identity card or passport;</p> <p>(b) for every supplier or ultimate beneficial owner of a supplier that is a corporate entity:</p> <p>(i) its legal status and category of entity;</p> <p>(ii) its full name;</p> <p>(iii) its domicile or country of registration;</p> <p>(iv) a description of its principal business activities;</p>	<p>(a)&amp; (b) Main elements of Know-Your-Customer (KYC) process - ID, VR, and KYC together form the first key step in the Procedures and Controls and is to be conducted prior to the acceptance of any Al Etihad Gold client. Following Applicant screening and background information checks, together with review of the applicants intended purpose of business, sources of funds and expected level of activity, an initial decision will be made with respect to the application status (acceptance, rejection, obtain more information).</p> <p>KYC Information Updating process has been revised to include the required frequency of updates.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;">Annually</td> <td style="width: 50%; text-align: center;">1 year from the account has been opened</td> </tr> </table>	Annually	1 year from the account has been opened
Annually	1 year from the account has been opened		

(v) the address of its registered office and principal place of business (if different); (vi) the KYC requirements of each legally authorised representative that is a natural person (in accordance with (a) above); (vii) a copy of the instrument(s) authorising each of its legally authorised representatives; (vii) the KYC requirements of each ultimate beneficial owner (in accordance with (a) above for natural persons and in accordance with this (b) for corporate entities); (viii) a copy of its constitutional documents; (ix) a copy of its valid commercial or professional licence or registration.		or KYC information provided.
	Bi-Annually	Every 6 months for higher risk customers.
	As needed	1. When ownership or the organization structure has change. 2. When an inactive customer initiates a new transaction. 3. Where there are doubts about the veracity or adequacy of previously obtained Customer's identification data or there is a suspicion on the transaction.

<b>Rule 1.8 KYC Requirements for Politically Exposed Persons</b>	
If a supplier or any ultimate beneficial owner of a supplier is considered to be a politically exposed person ( <b>PEP</b> ), each Accredited Member must document and follow specific internal escalation procedures to ensure that the matter is addressed at the appropriate internal authority level and dealt with in accordance with the Minimum KYC Standards.  In addition to meeting the Minimum KYC Standards, each Accredited Member must establish the source of wealth of PEPs and their families and associated persons and are required to implement adequate transaction monitoring systems for the transactions of PEPs.	<ul style="list-style-type: none"> <li>Applicants classified under high risk, including applicants defined as "Politically Exposed Persons" (PEP's), shall be subject to enhanced CDD during and both the approval and monitoring process, and applications shall be submitted to Al Etihad Gold Senior Management for a decision. The source of wealth of PEPs and their families and associated persons must be established.</li> </ul>

<b>Rule 1.9 Appointment of a Dedicated Supply Chain Officer</b>	
Each Accredited Member must appoint a person to carry out the role of a dedicated compliance or risk officer ( <b>Supply Chain Officer</b> ). The Supply Chain Officer must:	(A) The Compliance Officer is a senior staff member whose responsibilities with the implementation of the Policy and Procedures are clearly defined. She has been working with Al Etihad Gold from May 30, 2011 till date. (B) The Compliance Officer and team members has the necessary competence, knowledge, experience and training. She has attended conferences and trainings mainly for AML and supply chain such as the ICGLR-OECD-UN GoE Joint Forum on Responsible Mineral Supply Chains in Paris since 2013 and the latest last April 23 to 26, 2019. (C) The resources used by the compliance officer are: <ol style="list-style-type: none"> <li>Trainings</li> <li>World Check subscription</li> <li>Knowyourcountry subscription</li> <li>Conflict Barometer</li> <li>World Gold Council</li> <li>other reference materials</li> </ol>
(a) be a senior member of staff of the Accredited Member;  (b) have the necessary competence, knowledge, experience and training in supply chain due diligence and KYC processes;  (c) be provided with all resources necessary to perform his/her functions and role in accordance with these Rules; and  (d) be able to communicate critical information to senior management, staff and suppliers.	The Compliance Officer has open and direct line of communication with the Management, Regulator, staff members and suppliers. Risk assessment reporting and results were presented to the top management. The risk assessment procedures are clearly defined as part of the Compliance Officer's tasks and a member of Senior Management is responsible for approving each new supply chain. The Senior Management reviews these supply chains on an annual basis to determine whether to continue the business relationship. There are documented consequences if the risk assessment reporting tasks are not completed and it has been communicated to relevant departments and personnel (accounts, customer service, shipping/receiving).
<b>Rule 1.10 Functions and Duties of the Supply Chain Officer</b>	



<p>The Supply Chain Officer shall:</p> <p>(a) review and sign off on each gold and/or precious metals supply chain due diligence exercise;</p> <p>(b) continually monitor and assess the Accredited Member's supply chain due diligence processes;</p> <p>(c) ensure that the Policy and each associated due diligence exercise carried out by an Accredited Member are adequate for the purposes of these Rules;</p> <p>(d) train staff and promote awareness within the Accredited Member's organisation with respect to responsible supply chain due diligence, the Accredited Member's Policy, KYC requirements and applicable laws; and</p> <p>(e) update the Policy and related processes as and when required.</p>	<p>(A) It is the responsibility of the compliance officers to sign off client opening accounts, risk matrix, risk assessments, gold shipment due diligence.</p> <p>(B) The compliance officer is responsible for monitoring and assessing the company's due diligence processes. Each account opening should have an approval from the compliance officer. The gold that are processed in the factory must be approved by the compliance officer.</p> <p>(C) The compliance officer ensures that the policy and the due diligence exercise are adequate.</p> <p>(D) The compliance officer trains the employees and promotes awareness responsible supply chain due diligence, the policy and the KYC Requirements. For the audit period, the compliance officer trained new staff, and re-fresher training for existing employees who are exposed to the supply chain.</p> <p>(E) The compliance officer updates the policy's and procedures subject for management approval.</p> <p>The compliance officer has open line of communication with all staff exposed in the supply chain. There is existing mechanism to document any inconsistencies found in the supply chain.</p>
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**Rule 1.11 Appointment of a Controller**

<p>Each Category-A Accredited Member must appoint a "controller" (<b>Controller</b>) in accordance with the Resolution to carry out the functions of such role as set out in the Resolution. For the purposes of these Rules, the Controller may be the same person as the Supply Chain Officer.</p> <p>Each Category-A Accredited Member shall ensure that the Controller:</p> <p>(a) is able to operate and function independently from other departments and individuals within the Category-A Accredited Member's organisation structure; and</p> <p>(b) is provided with unfettered access to the board of directors of the Category-A Accredited Member.</p>	<p>The compliance officer also acts as the controller as per the resolution.</p> <p>(a) The compliance officer/controller is independent from other departments.</p> <p>(b) The compliance officer/controller has unfettered access to the board of directors/shareholders. Given the close-proximity and the length of service of the compliance officer, she has open line of communication to the Managing Director and to the shareholders.</p>
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**Rule 1.12 Functions and Duties of the Controller**

<p>Each Category-A Accredited Member shall ensure that its Controller is familiar with, and carries out its role and function in accordance with the requirements of the Resolution.</p> <p>In addition to his/her requirements under the Resolution, the Controller shall:</p> <p>(a) immediately upon submitting any STR to the FIU, provide a copy of that STR to the DMCC; and</p> <p>(b) immediately upon submitting a copy of each bi-annual report (together with the notes and resolutions of the senior management in response to such report) to the FIU, provide a copy of that report and notes to the DMCC, (and such copy in each case will be sent to: <a href="mailto:responsiblesupplychain@dmcc.ae">responsiblesupplychain@dmcc.ae</a> in accordance with Annex 1 – DMCC Whistleblowing Policy.</p>	<p>The Compliance Officer also acts as the "Controller" in accordance with the Resolution to carry out the functions of such role as set out in the Resolution.</p> <p>Doc Evidence - AEG-KYC-16-AI Etihad Gold Supply Chain, Anti-Money Laundering and Combating the Financing of Terrorism Policy and General Procedures rev.00 – Policy Custodian</p> <p>(a) No STR's submitted during the audit period</p> <p>(b) No STR's submitted during the audit period</p>
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**Rule 1.13 Records of Internal Inventory and Transactional Documentation**

<p>Each Accredited Member must develop internal documentation and records of supply chain due diligence to cover internal inventory and transactional documentation which shall include:</p> <p>(a) details of physical form, type (i.e. Mined Gold and/or Precious Metals, or Recycled Gold and/or Precious Metals) and physical description of gold</p>	<p>AEG maintains documentation and records regarding its implementation of the its Supply Chain Management System since Jan 2013. The company's record keeping policy requires all documents retained for minimum of 5 years.</p> <p>a. AEG Analysis Report (includes the detailed information of the gold shipment received such as type of gold, shipment reference number, origin of the gold, gross and pure weight etc..),</p>
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<p>and/or precious metals including any imprints and/or hallmarks;                  (b) details of weight and assay of gold and/or precious metals after proper internal verification and/or third party verification;                  (c) full KYC due diligence of all suppliers including their due diligence practices, which must conform to the Policy and the Minimum KYC Standards;                  (d) the unique reference number of each entry/input and exit/output;                  (e) the name, stamp and logo of the refiner/producer/manufacturer (if applicable);                  (f) the year of refining/production (if applicable);                  (g) the dates of applicable purchases and sales including financial transaction information (such as payment amount, currency, mode of payment, etc);                  (h) an inventory list classified as per supplier;                  (i) a “Track and Trace” mechanism for tracing products back to purchased material, which shall include:                  (i) shipping/transportation documents;                  (ii) sales documents with specific lot numbers;                  (iii) mining licence(s) and related permissions;                  (iv) import/export licence(s) and form(s);                  (v) reconciliation of documentation.</p>	<p>b. <i>AEG Analysis Report Report (includes the detailed information of the gold shipment received such as type of gold, shipment reference number, origin of the gold, gross and pure weight etc.), AEG Consolidated Client Shipment Form,</i></p> <p>c. <i>KYC files are maintained and updated as necessary, and it is an onboarding requirement that the client undertakes to comply with AEG Policy.</i></p> <p>d. <i>Each shipment that comes to the refinery will have a shipment reference number (which is also the sample reference number.) This reference number will be used for tracking and tracing the history of the transaction. For all deliveries, a delivery note is issued with a reference number, and includes detail of the shipment such as the product delivered, weight of the goods etc. The bars also bear numbers with logo and stamp of the refinery.</i></p> <p>e. <i>AEG Final Products bears the company logo, weight, purity and serial number.</i></p> <p>f. <i>Serial number of bars determines the year of production. Each shipment delivered is accompanied by a delivery note that has the information such as the date delivered, the bar numbers, categories of the gold and bar numbers.</i></p> <p>g. <i>Sales and purchases properly recorded with details of payments</i></p> <p>h. <i>CSR (Client Shipment Report) can be generated from the system. All necessary information about the gold received for refining, the purchases and sales are recorded in the accounting system and is easily retrievable or exported to a list supplier/client wise.</i></p> <p><i>“Track and Trace” - The company’s track and trace mechanism requires all input and output bear unique reference numbers for traceability. A data base from previous transactions is used for verifying the consistency of the supplier’s shipment. Complete transactional documentation is a must and is also cross checked with the client’s history and KYC declaration. Full KYC due diligence and monitoring of all suppliers is performed and records of such are maintained. Each gold shipment received must be approved from three departments before processing. The shipments are segregated based on the type of gold, mined, recycled and fine/grandfathered. The weight and the assay of precious metals received are included in the transaction documents. Final assay reports are issued by the company using the its own laboratory.</i></p>
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<p><b>Rule 1.14 Record Keeping</b></p>	
<p>Each Accredited Member must keep relevant records, files, documents, papers, communications and forms related to its compliance with these Rules and its KYC obligations for at least five years from the latest of:</p> <ul style="list-style-type: none"> <li>the date of closing the account for clients holding accounts with such establishments;</li> <li>the date of conclusion of a complete inspection by the DMCC; and</li> <li>the date of conclusion of complete investigation or issuance of a final judgment by the competent judicial entities, as the case may be.</li> </ul>	<p><i>The company’s record keeping policy requires all documents retained for minimum of 5 years.</i></p> <ul style="list-style-type: none"> <li><i>Transaction files are kept for a minimum of 5 years following the most recent transactions.</i></li> <li><i>The kyc files of accounts closed and rejected are kept and maintained.</i></li> <li><i>DMCC Compliance and Assurance Reports updated on the website</i></li> <li><i>AEG has not yet been investigated, nor the regulator seek to investigate the company regarding AML/CFT or Supply Chain Concerns</i></li> </ul>
<p><b>Rule 1.15 Enhanced Relationships with Suppliers</b></p>	
<p>Each Accredited Member must continually attempt to enhance communications and relationships with each of its suppliers through any of the following means:                  (a) maintaining adequate KYC due diligence processes for suppliers in accordance with these</p>	<p><i>Al Etihad Gold has adequate due diligence process for all suppliers, and reviews suppliers’ due diligence practices. Also, to further strengthen our relationship with suppliers, the company provides supply chain assistance by offering trainings and verification support related to responsible supply chain. The Compliance Officer offers assistance in verifying potential suppliers of counterparties.</i></p>

<p>DMCC Rules for RBD-GPM, and reviewing suppliers' own due diligence practices;</p> <p>(b) establishing long-term relationships with each supplier and each supplier's ultimate beneficial owner(s);</p> <p>(c) sharing with each supplier the DMCC Rules for RBD-GPM and the Accredited Member's obligations under the DMCC Rules for RBD-GPM and acknowledging the receipt of, and compliance with, such by each supplier;</p> <p>(d) incorporating the provisions of the DMCC Rules for RBD-GPM into contracts and/or agreements and KYC forms with each supplier; and</p> <p>(e) supporting and building capabilities of suppliers (if required) to ensure compliance with the Accredited Member's Policy and the DMCC Rules for RBD-GPM.</p>	<p><i>AI Etihad Gold has shared the DMCC Rules with all the suppliers and the same is publicly available in company's website. All suppliers are undertaking in written that they will comply with the AI Etihad Gold's Supply Chain Policy and DMCC Rules. During the client onboarding, the Compliance Officer discusses the Supply Chain policy and the DMCC Rules which is incorporated in the application forms. The clients must undertake to review the policy and the DMCC Rules and comply with its provisions. The Management strongly supports the government initiatives that will help countries especially the African Region.</i></p> <p>a. <i>AI Etihad Gold maintains its KYC and due diligence process and updates it on a regular and as needed basis. We also review the client's due diligence process and from time to time assists them in ensuring that they are doing best practices and are complying with our policy and relevant regulations.</i></p> <p>b. <i>The Management establishes long term relationship with the suppliers by frequent meetings and by providing them the best quality products and services. The management makes sure that the needs of the customers are met in the highest ethical and moral standards.</i></p> <p>c. <i>As part of the KYC Requirements the clients must undertake that they received, review and will comply with the provisions of AEG Policy and DMCC Rules.</i></p> <p>d. <i>The clients/potential client must undertake that they will review and comply with the provisions of our policy and the DMCC Rules.</i></p> <p>e. <i>The Compliance Officer offers assistance in verifying potential suppliers of counterparties. During the client onboarding, the Compliance Officer discusses the Supply Chain policy and the DMCC Rules which is incorporated in the application forms.</i></p>
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<p><b>Rule 1.16 Uncooperative Suppliers</b></p>	
<p>If any Accredited Member reasonably concludes that a supplier is not providing a sufficient degree of cooperation to enable it to carry out its obligations under the DMCC Rules for RBD-GPM (<b>Uncooperative Supplier</b>), the Accredited Member is recommended to seek disengagement from such supplier and is required to:</p> <p>(a) document the Accredited Member's efforts in accordance with these Rules (including Rule 1.15) and</p> <p>(b) report the matter to the DMCC.</p>	<p><i>AI Etihad Gold is bound to the whistleblowing mechanism of the DMCC. A mechanism for identifying and reporting in case of high risk &amp; suspicious suppliers as well as routine transactions is in place.</i></p> <p><i>It is the legal duty of management and staff to report any suspicious activity or information to the regulator through the Compliance Officer. We ensure that:</i></p> <ul style="list-style-type: none"> <li>• <i>The reason for the suspicion is fully explained; and</i></li> <li>• <i>No mention of the suspicion is made to the client or third party the subject of the suspicion (failure to observe this requirement may result in the divulging party being prosecuted for the offence of 'tipping off'); and</i></li> <li>• <i>Any additional information as may be requested by the Compliance Officer is duly provided.</i></li> </ul> <p><i>All reports received above will be treated in the strictest confidence. If such transaction is considered as suspicious, it will be reported to the regulator. The Compliance Officer will investigate the report and will decide on the information available together with any additional enquiries whether to file a Suspicious Activity Report or not.</i></p> <p><i>If a Client is not providing sufficient degree of cooperation to enable AI Etihad Gold to carry out its obligations under the DMCC Rules for RBD-GPM (Uncooperative Supplier), AEG will seek to disengage with the supplier and is will:</i></p> <p>a. <i>document the our effort in accordance with the Rules.</i></p> <p>b. <i>report the matter to the DMCC</i></p> <p>(a) No Uncooperative Supplier during audit period              (b) No Uncooperative Supplier during audit period</p>



<b>Rule 1.17 Security Requirements</b>	
<p>Each Policy must include adequate security requirements to ensure compliance with these DMCC Rules for RBD-GPM, which may include any of the following:</p>	
<p>(a) using identifiable sealed security boxes for each shipment to avoid any tampering or removal of content;</p> <p>(b) physically segregating different shipments until verification is adequately completed and confirmed in accordance with Rule 1.13;</p> <p>(c) reporting any inconsistencies to senior management, the Supply Chain Officer and/or the Controller (as appropriate);</p> <p>(d) regarding any supplier with whom problematic issues recur as an Uncooperative Supplier in accordance with these Rules;</p> <p>(e) ensuring that any assessor of a shipment is independent from any conflict of interest.</p>	<p><i>AEG 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 communicated to the concerned department or counterparty and appropriate action is taken. Shipments are physically segregated until verification is done and confirmed. There is system in place to check for inconsistencies and reporting to top management through Compliance Officer. The Compliance Officer and Compliance Assistant verifies incoming shipments if they have complete documentations, and if the source and quality of the shipment is consistent and approved with the suppliers' history and/or KYC declaration. After the shipment passed the compliance verification, a client code and unique reference number is assigned to the shipment, for further verification in the Production Department. Shipments are identified with unique code so that assessors are not aware from which customer material is received for confidentiality purposes and to avoid possible conflict of interest.</i></p> <p>(a) Security boxes are available in the safe department</p> <p>(b) All shipments are segregated until verification has done and confirmed. An initial approval from the compliance department is needed before processing the shipment (using the Consolidated Client Shipment Form)</p> <p>(c) The production staff will make the assessment whether the information in the consolidated client shipment form is matching with the shipment. There are two departments whom are required to do the checks, the safe for the physical appearance and the weight, and the laboratory department for the declaration of the type of gold (purity and trace elements) if approved, the shipment will be processed. If not, a notification will be sent to the compliance officer using the Shipment Discrepancy Form. The shipment will be on hold, and the compliance officer will investigate the matter and decide whether to approve or reject the shipment based on the result of the investigation.</p> <p>(d) A record of issues (High Risk Transaction Reports, Shipment Discrepancy Reports) is kept to monitor if the supplier has the same inconsistencies.</p> <p><i>3 departments asses the shipment before processing to minimize the possibility of conflict of interest. Also, the clients have special codes which is only available to limited staff to ensure that conflict of interest is avoided.</i></p>
<b>Rule 1.18 Training of staff and KYC</b>	
<p>Each Accredited member must perform a KYC check on its staff during the staff on-boarding process and thereafter on an on-going basis every six calendar months.</p> <p>Each Accredited Member must implement a training programme (<b>Training Programme</b>) for all persons involved in the responsible supply chain due diligence, which shall include regular training for new staff and refresher sessions for existing staff to be conducted based on the level of risks and job profiles in engaging with the supply chain participants.</p> <p>Each Category-A Accredited Member must incorporate the training obligations of the Controller set out in the Resolution into its own Training Programme.</p>	<p><i>AEG conducted several trainings based on the risk exposure of each staff in connection with the supply chain. A strong communication line between Compliance Officer, top management, and relevant employees is always open for concerns regarding the supply chain. Trainings programs are available and done based on the level of risk and exposure to the supply chain. A training plan is carried out by the Compliance Officer for the reporting period. Also, a training need analysis is required to monitor if additional or refresher trainings are needed. Monitoring of effectiveness is carried out by the Compliance Officer &amp; the Management. The HR department also carries out staff onboarding process which includes checking employee's full name, date and place of birth, nationality, residence, contact details, previous activities and occupations, copy of identity document and searches on World-Check.</i></p>



**Rule 2: Supply Chain Risk Identification and Assessment**

**2.1 Overriding Principle**

Each Accredited Member conducting business in the gold and/or precious metals supply chain is required to apply and implement its Policy to identify and assess the risks associated with gold and/or precious metals which they produce, distribute, transport, export, sell and/or purchase.

If the Accredited Member can reasonably determine on the basis of the information collected under Rule 1 that it does not mine or transport any gold and/or precious metals in a Conflict-Affected and High-Risk Area, no additional due diligence is required. The management systems established in Rule 1 should be maintained and regularly reviewed.

If the Accredited Member is not able to reasonably determine on the basis of the information collected under Rule 1 that it does not mine or transport any gold and/or precious metals in a Conflict-Affected and High-Risk Area, it is mandatory to implement Rule 2.2 to 2.9.

**Compliance statement: Fully Compliant**

**Demonstration of Compliance:**

<p><b>Rule 2.2 Risk-based Approach</b></p> <p>Each Accredited Member must conduct an internal risk assessment carried out on a risk-based approach (<b>Risk Assessment</b>) on each party included in the supply chain for gold and/or precious metals from the mine(s) to the Accredited Member including third party service providers (i.e. logistics, transporters, processors and intermediaries).</p>	<p><b>2.2</b> The Compliance Officer performs supply chain due diligence that is in line with all the criteria required by the OECD and DMCC Rules. Once a client completed all the requirements to open an account and all necessary information is collected and confirmed, a risk level is assigned by the compliance officer and is available on their KYC files. This is an integral part of the clients' KYC account and is required prior to starting any business relationship or transaction. The risks are reported in depth to the management and all potential high risk are carefully reviewed. Each transaction that enters the refinery for processing are carefully monitored by the Compliance Officers for any inconsistencies with the clients' KYC files or their transactional history.</p>
<p><b>Rule 2.3 Considerations of Risk Assessments</b></p> <p>In carrying out any Risk Assessment, each Accredited Member shall take into account the following considerations (as applicable to the circumstances of the Risk Assessment):</p> <p>(a) the geographical origin and location of gold and/or precious metals, including consideration of:</p> <p>(i) the origin, location and transportation;</p> <p>(ii) the level of government regulation and supervision;</p> <p>(iii) the extent of cash transactions used in the country;</p> <p>(iv) the level of conflicts or human rights abuses in any location comprising part of the supply chain;</p> <p>(v) payment systems used;</p> <p>(vi) the level of involvement or potential involvement of any criminal organisation;</p> <p>(vii) the level of involvement or potential involvement of any high risk businesses (such as gaming and casinos, etc.);</p> <p>(viii) the level of access from a location comprising part of the supply chain to nearby markets or processing operations that are termed as conflict and/or high risk areas;</p> <p>(ix) the level of enforcement of laws addressing significant criminal activity; and</p> <p>(x) the existence of sanctions and/or embargoes that have been directed against the country and/or individuals/entities in that country;</p> <p>(b) counterparties in the supply chain, including consideration of:</p> <p>(i) KYC information of the Accredited Member's suppliers as identified under Rule 1 (including information about the origin and transportation of the gold and/or precious metals);</p> <p>(ii) any Red Flags (as defined in Rule 2.4 below) identified in any part of the entire supply chain;</p>	<p><b>2.3</b> An internal risk assessment carried out on a risk-based approach (Risk Assessment) on each party included in the supply chain for gold and/or precious metals from the mine(s) or source of recycled gold.</p> <p>(a) During the onboarding and the regular business transaction of the client, it is imperative that the geographical risk and factors as per the DMCC Rules are considered before starting the relation or approving a transaction. We formulated and use a Risk Matrix which considers the following derived from Knowyourcountry and Conflict Barrometer:</p> <p>(i) the overall risk ranking of the country of establishment and the source/transportation of the precious metals</p> <p>(ii) Governance related risk – The Worldwide Governance Indicators (WGI) are a long-standing research project to develop cross-country indicators of governance. The WGI consist of six composite indicators of broad dimensions of governance covering over 200 countries since 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. Specifically, Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.</p> <p>(iii) The risk matrix incorporates money laundering/terrorist financing risk. Specifically, the INSCR that has monitoring of large cash transactions and considered in country ratings. Additionally, FATF Uncooperative Nations / AML Deficient, Compliance with FATF 40 + 9 recommendations, US Dept. of Money Laundering Assesment (INCSR) are also factored in the assesment.</p> <p>(iv) Conflict Barrometer – The ratings in conflict barrometer are incorporated in the risk matrix.</p> <p>(v) The risk matrix incorporates money laundering/terrorist financing risk. Specifically, INSCR factors/consider the presence of well-established non-bank financial systems, especially where regulation,</p>

- (iii) the number of participants in the supply chain (i.e. the greater the number, the higher the risk);
- (iv) the level of control that a counterparty has over its own suppliers;
- (v) the level and adequacy of the due diligence practices of a counterparty;
- (vi) whether a counterparty's due diligence practices have been audited by a qualified third party auditor;
- (vii) for how long the counterparty has been carrying out activities in the gold and/or precious metals business;
- (viii) a counterparty's willingness to disclose its beneficial owners;
- (ix) a counterparty's attempts to be or remain anonymous (e.g. through the use of third party intermediaries such as lawyers, accountants, etc.);
- (x) the scale of mining operations of a supplier (ASM or LSM), if applicable; and
- (xi) the involvement of any PEPs that have been entrusted with prominent public functions or individuals who are closely related to such persons;
- (c) applicable transactions, including consideration of:
  - (i) the proportionality of the due diligence to the applicable transaction;
  - (ii) gold and/or precious metals that are transported and/or exported which are not reasonably reconciled with the declared location of the origin;
  - (iii) unexplained geographic distance in the supply chain;
  - (iv) the nature of the underlying assets (for example melted recyclable gold and/or precious metals transactions may be higher in risk than unprocessed recyclable gold and/or precious metals);
  - (v) the level of concentration of gold and/or precious metals;
  - (vi) any unusual circumstances that are not consistent with the local or market practices (amount, quality, potential profit, etc.);
  - (vii) the use of cash in excess of government thresholds;
  - (viii) payment by cash and/or physical delivery to unrelated third parties; and
  - (ix) transaction structuring to make payments in smaller multiple transactions to avoid government thresholds.

supervision, and monitoring are absent or lax, in country ratings. Additionally, FATF Uncooperative Nations / AML Deficient, Compliance with FATF 40 + 9 recommendations, US Dept. of Money Laundering Assesment (INCSR) are also factored in the assesment.

(vi) The US Dept. of Money Laundering Assesment (INCSR) - identifies money laundering priority jurisdictions and countries using a classification system that consists of three different categories: Jurisdictions of Primary Concern, Jurisdictions of Concern, and Other Jurisdictions Monitored. Specifically, it factors the presence of criminal organizations related to narcotics, human smuggling, fraud etc. (Threats – Predicate Crimes) in its yearly assesment. The country assesment is incorporated in the risk matrix. The US Narcotics Major List is also factored in the risk matrix.

(vii) The US Dept. of Money Laundering Assesment (INCSR) - identifies money laundering priority jurisdictions and countries using a classification system that consists of three different categories: Jurisdictions of Primary Concern, Jurisdictions of Concern, and Other Jurisdictions Monitored. Specifically, it factors each jurisdiction's vulnerability to money laundering in means of presence of high risk businesses such as casinos, money service businesses, cash intensive business etc. in its yearly assesment.

(viii) We also integrate DRC and surrounding countries in the Risk Matrix, taking into consideration that the surrounding countries can serve as transit point only and conflict gold can be smuggled through the borders.

(ix) Governance related risk – The Worldwide Governance Indicators (WGI) are a long-standing research project to develop cross-country indicators of governance. The WGI consist of six composite indicators of broad dimensions of governance covering over 200 countries since 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. Specifically, Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

(ix) AEG incorporates the presence of International Sanctions such as UN, EU, US and other as applicable in overall assesment of countries.

(b) An account will not be opened and no gold shipment will be processed or accepted if there is incomplete information or documents as provided by the client. The client must pass the KYC Process which includes the client's business profile and history, the (a) Profile of the applicant's precious metals supplier; (b) Origin of precious metals (c); Destination of precious metals after refining (d) Payment method used for sales and purchases; (e) Type, form of gold and expected quantity and purity of the supply to be sent to refinery; (j) Type of information collected by the clients to its counterparty with regards to sales and purchases (k) Information collected by the client to its customers and the extent of due diligence performed on its clients. – it is a requirement for all clients to review and comply with the requirements of the Al Etihad Gold Policy and the DMCC Rule. If any of the owners or authorized person is found out to be PEP, the compliance officer will need further approval from the management. Al Etihad Gold does not do business with clients who does not disclose its beneficial owners and/or remains anonymous through the use of intermediaries such as lawyers, accountants, etc.

(i) The completeness and quality of the KYC is assessed on client on boarding and as needed basis if there are significant events that warrants a KYC review. AEG does not do business with companies that did not pass the KYC requirements. In the Risk Matrix, the clients KYC documentation are factored.

- (ii) Once the client completed the KYC and Account opening requirement, the compliance officer will review if there is a red flag in any part of the clients shared information. This check/review is also done on transactional level to ensure that shipments with red flags are properly identified and kept on hold until such time that the compliance officer/management had finished the investigation and a decision will be made.
- (iii) For a client with multiple sources, we ensure that we collect information on each of their suppliers and applies the same level of due diligence. This is also reflected on the risk matrix.
- (iv) AEG collects information on up to what extent does the client has control over its suppliers. For example, if the client fails to provide us the necessary suppliers' information, we need to conduct a risk assessment, we will not work with them because the risk is high.
- (v) AEG collects information on client's due diligence practices and the adequacy of their due diligence practice (for example, the potential client/client does not know or care to know whether the gold that they are buying are mined or recycled gold. If the customer fails to satisfy us that their due diligence practices are adequate, we refuse to work with them because the risk with working with them is high).
- (vi) For pure gold (995+ purity) we do not accept if the refinery who produced the bars does not go third party audits as the risk is high. We only accept good delivery bars who are compliant with responsible sourcing programs such as LBMA and DMCC.
- (vii) We incorporate the number of years in the gold business on the risk matrix.
- (viii) We don't open an account or work with counterparties who does not disclose their beneficial owners.
- (ix) It is imperative that the counterparty or potential client disclose and provide proof of their identity, otherwise we are not going to work with them. AEG does not work, or open an account with companies who are using intermediaries such as lawyers, accountants, etc.
- (x) We understand that the risk in ASM is higher especially in Conflict-Affected and High-Risk area, that's why we are not accepting mined gold from this area especially if they claimed to be sourced from ASM.
- (xi) Each of our counterparty's beneficial owners are checked through Worlcheck System to see if they are named on any list, or Identified as PEP. If a counterparty is a PEP, appropriate due diligence such as identifying/verifying the source of the fund and purpose of the business and management decision has to be made whether to accept or refuse doing business with them.
- (c) An ongoing, proactive and reactive due diligence is carried out on every shipment to identify, prevent and mitigate risk that can cause potential adverse impacts on the company and its suppliers. During the process, if there is any instance that the compliance officer has deemed the risk associated with a transaction is high, an investigation is carried out and a management decision must be made.
- (i) On transaction level, the due diligence depends on the proportionality of the shipment received. Example, the bigger the volume, the higher the risk, thus the higher level of due diligence and verification is required.
- (ii) Each accompanying documentation for a shipment should have a general agreement as to the transportation and origin of the gold.
- (iii) The geographical distance of the origin of the gold is taken into consideration during transaction monitoring. Any abnormalities in the geographical distance of the origin, transport route and final destination of gold is considered when assessing risks on transaction level.
- (iv) The nature of underlying asset – during client on boarding and every review thereafter, the type of gold is factored in the risk



	<p>assessment as follows: 1. Mined gold having the lowest score, 2. Melted scrap bar has lower score than jewellery or ornaments.</p> <p>(v) AEG has existing reference of gold purities and elemental composition of gold based on their type such as Mined, recycled, and fine. This is being checked on transaction level for example, if a client declared that the gold, they sent are recycled but the purity is high and the elements present are typical to mined gold, this shipment will be flagged as high risk due to possibility of misdeclaration of type of gold and appropriate investigation will be conducted.</p> <p>(vi) On transaction level, each shipment are assessed to if the are any anomalies that may give rise to a red flag.</p> <p>(vii) AEG does not accept or make payments in cash against gold purchases except for very minimal amount (refinery charges in particular)</p> <p>(viii) AEG does not accept or make cash payments and does not deliver to unrelated third parties on behalf of the client.</p> <p>(ix) AEG does not accept cash payments for gold purchases.</p>
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<p><b>Rule 2.4 Red Flags</b></p> <p>For the purposes of these Rules, a Red Flag shall be any (including a combination or aggregate of more than one) of the following:</p> <p>(a) Location-based Red Flag, as further described below;</p> <p>(b) Supplier-based Red Flag, as further described below; or</p> <p>(c) Circumstances-based Red Flag, as further described below.</p>	<p><b>2.4</b> The compliance officer categorises red flags into (a) Location (b) Supplier and (c) Circumstance based. Documented evidences are available as follows:</p> <p><b>2.5 Location Based Red-Flags</b></p> <p>(a) The location and transport route of the gold and precious metals is factored during the client assessment and transaction assessment. Appropriate actions are done once this red flag is identified. Documented evidence available for shipments/attempted transactions rejected or denied.</p> <p>(b) the gold and/or precious metals are claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold and/or precious metals (for example where the declared volumes of gold and/or precious metals from that country are in excess of its known reserves and/or expected production levels); Appropriate actions are done once this red flag is identified. Documented evidence available for shipments/attempted transactions rejected or denied.</p> <p>(c) the gold and/or precious metals are claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold and/or precious metals from Conflict-Affected and High-Risk Areas is known or reasonably suspected to transit. Appropriate actions are done once this red flag is identified. Documented evidence available for shipments/attempted transactions rejected or denied.</p> <p><b>2.6 Supplier-based Red Flag</b></p> <p>(a) A supplier or other participant in the supply chain of gold and/or precious metals operates in any location that could give rise to a Location-based Red Flag or has a shareholder or other interests in any supplier of gold and/or precious metals from one of the above-mentioned locations – a list of smelters of concern is available for compliance use. Gold from these smelters are not acceptable.</p> <p>(b) a supplier or other participant in the supply chain of gold and/or precious metals is known to have sourced gold and/or precious metals from any location that could give rise to a Location-based Red Flag in the twelve (12) months previous to the applicable transaction – a list of smelters of concern is available for compliance use. Gold from these smelters are not acceptable.</p> <p><b>2.7 Circumstances-based red flags</b></p> <p>During account on-boarding and with clients transaction, the information collected is reviewed to understand whether the source or the counterparty may pose circumstance based red flag. If the assessment deemed that the transaction or counterparty is high risk, appropriate action will be done.</p>
<p><b>Rule 2.5 Location-based Red Flags</b></p> <p>A <b>Location-based Red Flag</b> shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances:</p> <p>(a) the gold and/or precious metals originate from or have been transported through a Conflict-Affected and High-Risk Area;</p> <p>(b) the gold and/or precious metals are claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold and/or precious metals (for example where the declared volumes of gold and/or precious metals from that country are in excess of its known reserves and/or expected production levels); or</p> <p>(c) the gold and/or precious metals are claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold and/or precious metals from Conflict-Affected and High-Risk Areas is known or reasonably suspected to transit.</p>	
<p><b>Rule 2.6 Supplier-based Red Flags</b></p> <p>A <b>Supplier-based Red Flag</b> shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances:</p> <p>(a) A supplier or other participant in the supply chain of gold and/or precious metals operates in any location that could give rise to a Location-based Red Flag, or has a shareholder or other interests in any supplier of gold and/or precious metals from one of the above-mentioned locations; or</p> <p>(b) a supplier or other participant in the supply chain of gold and/or precious metals is known to have sourced gold and/or precious metals from any location that could give rise to a</p>	



Location-based Red Flag in the twelve (12) months previous to the applicable transaction	
<b>Rule 2.7 Circumstances-based red flags</b>	
A <b>Circumstances-based Red Flag</b> shall be the occurrence of any anomalies or unusual circumstances that are identified through the information collected under Rule 1 to give rise to reasonable suspicion that the gold and/or precious metals applicable to any transaction of the Accredited Member may contribute to any conflict or serious abuses associated with the extraction, transportation of and/or trading in gold and/or precious metals.	

<p><b>Rule 2.8 Procedures relating to Red Flags</b></p> <p>(a) Accredited Members must review all Red Flags in an in-depth and detailed manner;</p> <p>(b) if an Accredited Member has reasonable grounds to suspect that a prospective transaction with a supplier may result in a Red Flag, it must conduct enhanced research prior to engaging in and concluding the transaction. Such research should include some or all of the research methods specified below taking into account a cost-benefit analysis in proportion to the level of the risks identified in Rule 2.3 to 2.7;</p> <p>(c) the research methods that may be employed are Desk Research, On-Site Visits and Random Sample Verification;</p> <p>(d) <b>Desk research</b> includes:</p> <ul style="list-style-type: none"> <li>(i) identifying each company in the supply chain;</li> <li>(ii) identifying the ultimate beneficial owner(s) of each company in the supply chain;</li> <li>(iii) obtaining financial information on each company in the supply chain;</li> <li>(iv) ensuring that each company in the supply chain holds the necessary permits and licences; and</li> <li>(v) ensuring that each company in the supply chain is not listed on any sanctions and/or embargoes list.</li> </ul> <p>(e) On site visits include visits to gold and/or precious metals suppliers and/or keeping independent or joint on-the-ground assessment teams to generate and maintain information on the circumstances and processes of the following activities:</p> <ul style="list-style-type: none"> <li>(i) gold and/precious metals extraction (physical access to mines, mine capacity against recorded mine production and discrepancies);</li> <li>(ii) gold and/or precious metals processing (consolidation, blending, crushing, milling, smelting, refining, etc. and recording any discrepancies in the processing and/or production and related capacity of the facility to perform relevant activities);</li> <li>(iii) handling of gold and/or precious metals (inventory, trans-shipment, relabeling, etc.);</li> <li>(iv) transportation of gold and/or precious metals;</li> <li>(v) trading of gold and/or precious metals (including importing and exporting); and</li> <li>(vi) the weight and assayed quality characteristics of the gold and/or precious metals that are used in the above mentioned activities.</li> </ul> <p>(f) <b>Random Sample Verification</b> involves the verification of transactional records.</p>	<p><b>2.8</b> A detailed procedure for risk control is available for identified redflags. Documented evidences state in points 2.5, 2.6 and 2.7 shows the implementation or the risk mitigation controls. If the information provided can be a basis of reasonable ground that the prospective supplier or transaction may result to a red flag, we must conduct enhanced due diligence. Such enhanced due diligence should include some or all research methods specified as per the the DMCC Rules considering a cost-benefit analysis proportion to the level of risk identified. The EDD that may be employed are Desk Research, On-site Visits and Random Samples Verification.</p> <p>With regards to Desk Research, we further improved our screening mechanism by including google alerts to all identified supply chain actor which will help on getting daily alerts from the internet which the World-Check system might miss (for example, media reports, NGO reports, social media, etc)</p> <p>The risk assessment performed on November 2019 was following the recommendation of KUMI Consulting regarding Identification of CAHRA and Enhanced Due Diligence Steps for High Risk Supply Chains. It is further enhanced to make the deadline of collection of Tier 2 or beyond supplier due diligence documentation (our direct supplying counterparty's supplier - supplier) if applicable, to be within 3 months, and site visit within 6 months.</p> <p>For the accounts who have supplied us mined gold on the audit period 2019, the following account were inactivated/suspend 5 direct supplying counterparty accounts (which collectively has 22 tier 2 supplier) has been suspended after the implementation of the revised EDD steps. It will only be activated once they fulfill the due diligence requirements communicated to them.</p>
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<b>Rule 2.9 Policy Updating and Suitability</b>	
Each Accredited Member's Policy should contain suitable systems, procedures and processes for risk identification and assessment (including suitably addressing Red Flags) and such systems, procedures and processes should be updated continually on an ongoing basis upon the occurrence of the change of any relevant circumstances.	<b>2.9</b> <i>The Policy is reviewed on at least an annual basis. Any review shall consider legislative changes regarding Supply Chain, AML and CFT and examines the previous 12 months' implementation of the Policy together considering improvement opportunities. Any amendments made to the Policy under this section 7 must have received prior written sign-off from the Management Team which takes effect immediately.</i>

**Rule 3: Risk Control Plan**

**3.1. Overriding Principle – Development of Risk Control Plan**

Each Accredited Member must develop and implement a plan and policy to control any identified risk(s) and mitigate against any adverse implications of such risk(s) (**Risk Control Plan**).

**Compliance statement:** *Fully Compliant*

**Demonstration of Compliance:**

<b>Rule 3.2 Alignment with International Standards</b>	<b>3.2 Alignment with International Standards</b>
Each Accredited Member must develop or adapt continually on an ongoing basis its Risk Control Plan to include internationally accepted common principles, standards and processes for responsible supply chain management.	<i>Al Etihad Gold understands the risk are inherent and requires on going active and reactive risk mitigation process. The Policy is reviewed on an annual basis. Any review shall consider legislative changes regarding Supply Chain, AML and CFT and shall also examine the previous 12 months' implementation of the Policy together considering improvement opportunities.</i>
<b>Rule 3.3 Minimum Content Requirements</b>	<b>3.3 Content Requirements</b>
Each Risk Control Plan should include the following ( <b>Minimum Content Requirements</b> ): (a) reporting mechanisms for identified risks to the Accredited Member's senior management and Supply Chain Officer and Controller; (b) enhanced engagement with suppliers through establishing a chain of custody and/or traceability system where a Red Flag has been identified; (c) enhancement of the physical security practices as referred to in Rule 1.17; (d) physical segregation and security of shipments where a Red Flag has been identified; (e) incorporation of rights of the Accredited Member to conduct additional checks on any supplier or ultimate beneficial owner where a Red Flag has been identified; (f) continuity of trading activities while developing risk mitigation controls such as: (i) building and/or exercising leverage over the participants in the supply chain who can most effectively mitigate the risks; (ii) temporarily suspending trading activities with a specific supplier where a Red Flag has been identified; and (iii) disengaging with a specific supplier who fails to comply with the mitigating controls, and/or disengaging if such controls are not feasible and/or unacceptable in light of the cost-benefit analysis and the capabilities of the Accredited Member conducting the due diligence.	<i>The Risk Control Plan includes the following as per requirement of the guidance:</i> (a) <i>High Risk transaction reports are used for identified risk/redflags in the process. The details of such is captured in the Supply Chain Map and Risk Control Plan.</i> (b) <i>The Risk Control Plan is shared by the Compliance Team and used as point of reference during shipment intake.</i> (c) <i>The mitigation steps are recorded int the Risk Control Plan and is communicated to client.</i> (d) <i>Shipments are sealed and separated if a red flag has been identified.</i> (e) <i>Each shipment in are segregated and sealed and is not sent for further processing if a redflag has been identified.</i> (f) <i>As part of the KYC Requirements the clients must undertake that they received, review and will comply with the provisions of AEG Policy and DMCC Rules. In the mitigating measures as per Risk Control Plan, clear expectations and communications are set out and discussed in order to mitigate risks.</i> (g) <i>The Risk Control Plan captures and records the indicative mitigation measure of approach in the identified risk which should be as per the following as recommended by thr guidance:</i> (i) <i>building and/or exercising leverage over the participants in the supply chain who can most effectively mitigate the risks;</i> (ii) <i>temporarily suspending trading activities with a specific supplier where a Red Flag has been identified; and</i> (iii) <i>disengaging with a specific supplier who fails to comply with the mitigating controls, and/or disengaging if such controls are not feasible and/or unacceptable in light of the cost-benefit analysis and the capabilities of the Accredited Member conducting the due diligence.</i>

	<p><i>Documented disengagement available for suppliers who posed high risk in light with cost-benefit analysis that indicates the mitigating controls needed are not feasible for the specific transaction.</i></p> <p><i>(h) The Risk Control Plan captures the risk mitigation controls and status of agreement between the supplier and AI Etihad Gold. There is specific time frame and clear performance objectives identified with time frame to achieve those objectives</i></p> <p><i>(i) The Risk Control Plan is an active database where the additional information can be recorded which might change the level of the risks;</i></p> <p><i>(j) The High risk transaction reports are signed of by the management. The Compliance Officer reports identified risk to the Managing Director.</i></p>
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**Rule 4: Independent Third-Party Audits**

**4.1. Overriding Principle**

Each Accredited Member is required to ensure its own compliance with the DMCC Rules for RBD-GPM and arranging at their own cost for this compliance to be reviewed by an independent third party reviewer as stipulated in Rule 4.2.

**Compliance statement: Fully Compliant**

**Demonstration of Compliance:**

**We have engaged Bureau Veritas to provide independent assurance to a Limited Assurance level over our Compliance Report content and in accordance with the International Standard on Assurance Engagements – ISAE 3000 for the period January 1 to December 31, 2019.**

<p><b>Rule 4.2 DMCC Review Protocol</b>                  The DMCC Review Protocol (Annex 3) sets out the methodology the DMCC requires each auditor (when acting as a “reviewer” in the meaning given to that term in the DMCC Review Protocol) (Reviewer) to comply with when conducting any independent third-party audit (if instructed to do so) of an Accredited Member (Review).</p> <p><b>Rule 4.3 Minimum Review Requirements</b>                  In carrying out any Review, each Reviewer must verify the following:                  (a) the adequacy of the related policies and processes to implement the DMCC Rules for RBD-GPM (as well as the obligations stemming from the Resolution); (b) the adequacy of external and internal controls to mitigate risks;                  (c) the conformity to and compliance with the DMCC Rules for RBD-GPM in all communications with participants across the entire supply chain;                  (d) the establishment of the chain of custody and traceability of information for all activities; and                  (e) the implementation of on-going risk assessment using a risk-based approach including the adequacy (taking into account timing and method) of the Accredited Member’s response to the outcome(s) of the risk assessments.</p> <p><b>Rule 4.4 Minimum Requirements of Reviewers</b>                  Each Reviewer must have the following characteristics:                  (a) independence from the Accredited Member subject to the relevant Review;                  (b) no conflict of interest between the Reviewer and the Accredited Member subject to the relevant Review;                  (c) no specific services being provided by the Reviewer to the Accredited Member in relation to any due diligence exercise (other than general related guidance); and                  (d) the competence to carry out the relevant Review.                  Each Reviewer must keep confidential the confidential information of the Accredited Member, subject to any legal requirements of disclosure or any</p>	<p>4.2 We have engaged Bureau Veritas to conduct a third-party review as per the DMCC Review Protocol.</p> <p>4.3 AI Etihad Gold Refinery DMCC is open and will be fully cooperative with Bureau Veritas to conduct assessment based on the Minimum Review Requirements.</p> <p>4.4 We understand the Minimum Requirements of the reviewers. We also confirm that:                  (A) Bureau Veritas is Independent form AI Etihad Gold                  (B) No conflict of Interest between Bureau Veritas and AI Etihad Gold.                  (C) Bureau Veritas does not provide other service to AI Etihad Gold except for the DMCC RBD-GPM Review                  (D) Bureau Veritas is approved reviewer of the DMCC.</p> <p>4.5 Composition of the Review:                  (A) Sufficient preparation was provided by Bureau Veritas and detailed audit plan is presented before the audit                  (B) On site investigation will be conducted on 28, 29, 30 January 2020.                  (i) Complete access to the refining facility will be provided to Bureau Veritas                  (ii) The list of suppliers will be provided to the Reviewers                  (C) We will be open for consultation from the Reviewers                  (D) We understand that the composition of the review will consist of audit conclusion, including the validation, reporting and recording of findings that determine level of conformity of the</p>
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<p>other reasonable requirements of the Accredited Member, taking into account all circumstances (including the nature and ownership of the information and any previous dissemination of such information).</p> <p>Any auditing entity that wishes to become a Reviewer must submit a completed DMCC Approved Reviewer Application Form (Annex 2) and meet the minimum criteria for Reviewers as set out in the DMCC Review Protocol. Such application is subject to the terms and conditions of the DMCC Approved Reviewer Application Form.</p> <p><b>Rule 4.5 Composition of the Review</b>                  The following activities shall be included in each Review:                  (a) sufficient preparation of the Review, including the development of a detailed audit plan;                  (b) on-site investigations of the Accredited Member, including: (i) review of the Accredited Member's facilities; and                  (ii) review of a list of the Accredited Member's suppliers;                  (c) consultations with the Accredited Member's risk assessment team, Supply Chain Officer and Controller (as applicable);                  (d) audit conclusion, including the validation, reporting and recording of findings that determine the level of conformity of the Accredited Member's supply chain due diligence with the DMCC Rules for RBD-GPM; and                  (e) provide recommendations to the Accredited Member to improve its due diligence practices.</p> <p><b>Rule 4.6 Annual Report on Supply Chain Due Diligence</b>                  Each Accredited Member shall produce an annual report. This shall include a summary of the Review in accordance with Sections 16 and Section 19 (as applicable) of the DMCC Review Protocol (Annex 3).</p> <p><b>Rule 4.7 Review Programmes of Accredited Members</b>                  Each Accredited Member must demonstrate its compliance with these DMCC Rules for RBD-GPM to the DMCC. In carrying out such obligation, each Accredited Member must implement an audit programme, which shall include:                  (a) ensure conformity with the DMCC Rules for RBD-GPM;                  (b) selecting and engaging its Reviewer(s) in conformity with the DMCC Rules for RBD- GPM;                  (c) observing and and fully cooperating with each Reviewer;                  (d) implementing all recommendations provided by any Reviewer; and                  (e) upon request, providing a copy of any Review report to the DMCC or any authority that regulates or otherwise governs the Accredited Member.</p>	<p><i>Accredited Member's supply chain due diligence with the DMCC Rules for RBD-GPM</i>                  (E) <i>We welcome the recommendations of the reviewers that will help us improve our due diligence practices.</i></p> <p>4.6 <i>The Compliance Report and the Assurance Report will be published to our website.</i></p> <p>4.7 <i>We have engaged Bureau Veritas to carry our Audit which includes:</i>                  (A) <i>Ensuring the conformity of our policy and procedures with the DMCC Rules for RBD-GPM</i>                  (B) <i>We have selected and will engage with BV to conform with the DMCC Rules for RBD-GPM</i>                  (C) <i>We will observe and fully cooperate with the Reviewer.</i>                  (D) <i>We will implement all recommendations provided by BV.</i>                  (E) <i>We will provide promptly upon request a copy of the Review Report to DMCC or any authority that regulates or otherwise governs our business.</i></p>
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**Rule 5: Annual Reporting On Responsible Supply Chain Due Diligence**

**5.1. Overriding Principle**

Each Accredited Member is required to publicly report annually on its supply chain due diligence to generate public confidence in the measures that it has implemented

**Compliance statement:** *Fully Compliant*

**Demonstration of Compliance:**

**AI Etihad Gold published our commitment to follow the requirements of the DMCC Rules in our company website [www.aletihadgold.com](http://www.aletihadgold.com). A copy of previous years' audit reports are available on the website. Once the audit for current period has been concluded, a copy of the Compliance Report and Assurance Report will be published on the website.**



<b>Rule 5.2 Minimum Requirements of Public Reporting</b>	
At minimum, each Accredited Member shall: (a) publicly acknowledge its requirements under these Rules; and (b) comply with Rule 4.6	(A) We acknowledge our responsibility in complying with the rules of the DMCC RBD-GPM and in attaining a responsible supply chain of gold and precious metals. Our supply chain policy is publicly available in our website: <a href="http://www.aletihadgold.com">www.aletihadgold.com</a>  A copy of previous years' audit reports are available on the website. Once the audit for current period has been concluded, a copy of the Compliance Report and Assurance Report will be published on the website.

**AN OVERVIEW OF THE MANAGEMENT ASSESSMENT OF ALL THE RULES OF THE DMCC RULES**

<b>FRAMEWORK STEPS</b>	<b>RATING</b>
<b>Rule 1: Supply Chain Managements Systems.</b>	<input type="checkbox"/> Fully compliant <input checked="" type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>Rule 2: Supply Chain Risk Identification And Assessment</b>	<input type="checkbox"/> Fully compliant <input checked="" type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>Rule 3: Risk Control Plan</b>	<input checked="" type="checkbox"/> Fully compliant <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>Rule 4: Independent Third-Party Audits</b>	<input checked="" type="checkbox"/> Fully compliant <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>Rule 5: Annual Reporting On Responsible Supply Chain Due Diligence</b>	<input checked="" type="checkbox"/> Fully compliant <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations

AI Etihad Gold Refinery DMCC's overall Management conclusion

Table 3: Management conclusion	
<b>Is the Refiner in compliance with the requirements of the DMCC Rules for RBD GPM (DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1.1/2017) ,for the reporting period?</b>	
YES	<p>In conclusion, AI Etihad Gold Refinery DMCC implemented effective management systems, procedures, processes and practices to conform to the requirements of the <b>DMCC Rules for RBD GPM</b>, as explained above in Table 2, for the reporting year ended 31 December 2019.</p> <p>AI Etihad Gold Refinery DMCC is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. Corrective Action Plans are communicated separately to the DMCC Executive, in its role as administrator of the DMCC Rules for RBD GPM.</p>

Table 4: Other report comments
<p>If users of this report wish to provide any feedback to AI Etihad Gold Refinery DMCC with respect to this report, they can contact corporate relations on <a href="mailto:compliance@aletihagold.com">compliance@aletihagold.com</a></p>

Location: Dubai, UAE

Date: 16 Jan 2020

Salah Khalaf  
Managing Director

