



BUREAU VERITAS CERTIFICATION

**Reviewer's Assurance report for Limited Assurance review of DMCC Rules
on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain**

For

AL ETIHAD GOLD REFINERY DMCC

**SITE(s): Plot No. DMCC-EZ3-04, JLT,
DUBAI, UAE**

AUDIT DATE(s): 3rd & 5th March 2020

Reporting Period : 1st January 2019 to 31st December 2019



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Independent
Limited Assurance' Report to ***AI Etihad Gold Refinery DMCC***

This report is made for the ***AI Etihad Gold Refinery DMCC*** for the purpose of a compliance report, in accordance with the terms of our engagement letter dated **05/01/2020**.

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.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

The assurance scope and level of assurance:

We were engaged by [***AI Etihad Gold Refinery DMCC***] to provide limited assurance on its Refiner's Compliance Report for the year ended [31 December 2019].

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

Subject matter

This report covers the ***AI Etihad Gold Refinery DMCC*** general level of compliance with the "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Centre and in accordance with the DMCC Review Protocol as described in your report as at **16/01/2020**

Summary of assurance procedures:

Assurance procedures are designed by the auditor based on the output of the auditor's planning and risk assessment, which is unique for each engagement. Risks are considered when there exists a reasonable possibility of a material misstatement in the disclosures in the Refiner's Compliance Report. It is therefore not possible to prescribe the assurance procedures that should be performed (or the sample sizes to be selected).

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 "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Centre and in accordance with the DMCC Review Protocol.

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



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

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

Assurance observations, findings and recommendations for improvement:

The review procedures undertaken by us cover the following:

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

The Policy is well defined and robust, and the KYC requirements found adequate taking into consideration the application of Rule 1.1 to 1.19.

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

In respect of Rule 2, details as below verified:

(a) in relation to transactions: during 1/01/2019 to 31/12/2019

Approx. 2% of Sample representing an adequate coverage of transactions from over 50% of the Suppliers were picked from these and reviewed.

(i) the number of transactions audited:

14 samples of Mined Gold supplier, 22 samples of the Recycle Gold, 7 samples. Of Fine Gold and 4 samples of fixing business.

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

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

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

AEG has performed the Limited assurance review for the period 16th September 2017 to 31st December 2018 with Bureau Veritas as independent 3rd party reviewer and has reported the compliance report to the DMCC.

Further the limited assurance review for the period 1st January 2019 to 31st December 2019 has been conducted with Bureau Veritas as independent 3rd party reviewer and will be reporting the



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

V. Reviewed the **AI Etihad Gold Refinery DMCC** activities related to conducting due diligence for adherence to DMCC's Review Protocol in Annex 3 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 AEG-KYC-16 AI Etihad Gold 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

Emphasis of matter (if required)

Without our conclusion being modified, we refer to the findings and recommendations contained in the **AI Etihad Gold Refinery DMCC**. Compliance report.

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.

The corrective actions proposed and taken against the findings 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 2018 and during the 2019.

The process followed for CAHRA was found good.

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

Please, see the attached file

Other relevant information

Please list here any other relevant information

Conclusion

In our opinion, in all material respects:

i. The accompanying report by the directors describes fairly the level of general compliance of **AI Etihad Gold Refinery DMCC** with "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Center and in accordance with the DMCC Review Protocol for the period 1st January 2019 to 31st December 2019.



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 Limited' assurance that the related level of compliance were achieved in the period 1st January 2019 to 31st December 2019.

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

Bureau Veritas
Location: Dubai

Date: 21/03/2020

Signature :



Company Stamp: