



## **BUREAU VERITAS CERTIFICATION**

**Reviewer's Assurance report for Reasonable Assurance review of EBC Rules  
on Risk Based Due Diligence in the Gold Supply Chain Version 1/2021**

**For**

**Company name: Emirates Gold DMCC**

**Site : Refinery @ Jumeirah Lakes Towers, Dubai, United Arab Emirates**

**AUDIT DATE(s):**

**26/12/22 to 30/12/22 & 07/02/23 to 10/02/23**

**Reporting Period : 01/01/22 to 31/12/22**



**BUREAU  
VERITAS**

**Shaping a World of Trust**



**Independent Reasonable Assurance Report to Emirates Gold DMCC on its Refiner's Compliance Report dated: 25/01/23 for the Emirates Bullion Committee Rules for Risk Based Due Diligence in the Gold Supply Chain version 1/ 2021**

**To the Board of Directors of**

**Emirates Gold DMCC**

**1. The assurance scope and level of assurance:**

We were engaged by Emirates Gold DMCC to provide Reasonable assurance on its Refiner's Compliance Report for the year ended 31/12/22.

The assurance scope consists of the Refiner's Compliance Report dated: 25/01/23.

**2. Management's Responsibilities**

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

**3. Auditor's Responsibilities**

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

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

**4. Reasonable assurance procedures performed**

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

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



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

The review procedures undertaken by us cover the following:

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

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

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

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

In respect of Rule 2, details as below verified:

(a) in relation to transactions: during 01/01/2022 to 31/12/2022

(i) % age of transactions audited:

About 50% of High Risk clients transactions and approx. 4% of low risk suppliers transaction sampled and reviewed

(ii) Number of customer on boarding (KYC) files reviewed:

100% KYC files of all High risk suppliers who are supplying materials from Conflict-Affected and/or High-Risk Areas.

KYC files of about 25 % of the new customers on boarded during the audit period and 10 % files of existing active customers from the previous audit periods were reviewed

(iii) total volume of Mined Gold and/or Recycled Gold in relation to the transactions audited:

As recorded in our comprehensive management report.

(iv) the sampling rules or methods used:

*Following a risk based approach samples selected considering the high volume transactions and high value Customers / suppliers including new suppliers, COO, and material type.*

(v) 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:

*EG has established a strong policy for cash payments and does not encourage the same. Any transactions above the permitted limits of Law is reported as per the AML-CFT laws of UAE.*



*Verified the transactions made against vouchers traceable to supply of gold and sale of gold and found none in excess of government thresholds.*

(vi) the total volumes of unrelated third party payments (i.e. cash, bank transfers and metal accounts held with bullion banks) and physical gold and/or precious metal deliveries in unusual circumstances that are not consistent with local and/or International market practices (for example, value, quantity, quality, profit):

*This was verified and found none.*

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

*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;

*None. The gold for processing is received through the direct customers from Dubai and other countries as identified in the COO, 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 the 2 High risk suppliers and 2 High risk supply chains during the Review period and followed by Onsite visits.

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

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

iv. Reviewed whether the **Emirates Gold 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 third party audit review program findings as detailed in and referring to Rule 5 of the EBC Rules and fulfilling objectives of the review program as detailed in the EBC review protocol (Annex 2).



Emirates Gold DMCC has performed the Reasonable assurance review for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2021 with E & Y as independent third party reviewer and has reported the compliance report to the DMCC.

Further the Reasonable assurance review for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 has been conducted with Bureau Veritas as independent third party reviewer and will be reporting the compliance report to the EBC annually and also make it available in their portal upon receipt of the report.

V. Reviewed the **Emirates Gold DMCC** activities related to conducting due diligence for adherence to EBC's Review Protocol in Annex 2 and Policy as described in Rule 1.3. Anti-Money Laundering and Combating Financing of Terrorism Policy (as the minimum acceptable standard for AML/CFT due diligence policy).

*Emirates Gold DMCC has established AML/CFT and a robust KYC due diligence Policy: Ref Doc : EG Compliance, Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), Anti-Bribery and Corruption (ABC), and Supply Chain Management Policy and the same supported by robust procedures . The implementation of the same was verified and found to be adequate*

### **Subject matter**

This report covers the **Emirates Gold DMCC** general level of compliance with the "EBC Rules for Risk Based Due Diligence in the Gold Supply Chain" issued by Emirates Bullion Market Committee and in accordance with the EBC Review Protocol as described in your report as at **25/01/2023**

### **Any significant or inherent limitations or areas not covered:**

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

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

Our work has been undertaken so that we report to the **Emirates Gold DMCC to the engagement** on those matters that we have agreed to state to them in this report. Our tests are related to **Emirates Gold 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 **Emirates Gold DMCC** for our work, for this report or for the opinions we have formed.

### **Independence and competency statement**

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



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

**8. Emphasis of matter paragraph – None**

**9. Assurance observations, findings and recommendations for improvement:**

**Recommendations for improvement**

*EG Shall retain formal records on the details of enhanced engagement with the internal functions and with suppliers as and when made in support of the reporting mechanisms for the identified risks (Ref Rule 3.3)*

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

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

The Implementation of corrective actions against the 4 recommendations raised in the Limited Assurance audit report date: 22/3/22 for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2021 were reviewed and found satisfactory.

The Due diligence, risk assessment and the CAHRA process established was found robust and well implemented

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

**12. Other relevant information**

The SOP: EG Compliance, Anti-Money Laundering, Combating the Financing of Terrorism, Anti-Bribery and Anti-Corruption policy, CAHRA Assessment and Counterparty Risk Assessment Procedures Rev 12, have been reviewed and updated in consideration of the media reports and NGO reports about UAE being a transit point for Illicit gold, to further enhance the Risk assessment and due diligence on the suppliers and on the supplies.

The organisation has established robust HSE Policies &, Procedures and have implemented the same. Further the organisation has been assessed and certified since September 2014 for the Quality, Environment, and Occupational Health & Safety management system as per ISO9001, ISO14001 & ISO45001.

Also the organisation has accredited its testing laboratory to ISO17025 since January 2022



## Conclusion

In our opinion, in all material respects:

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

ii. The compliance controls that were tested, as set out in the attachment to this report, were operating with sufficient effectiveness for us to obtain Reasonable assurance that the related level of compliance were achieved in the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

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

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

  
Signature :

Bureau Veritas  
Location: Dubai



Company Stamp:

Date: 25/02/23



<b>Company name:</b>	Emirates Gold DMCC
<b>Location:</b>	Al Sarayat Street, Jumeirah Lakes Towers, Dubai, United Arab Emirates
<b>Reporting period:</b>	1 January 2022 – 31 December 2022
<b>Date of report</b>	25 January 2023
<b>Senior management responsible for this report</b>	Name: Anto Joseph Title: Director Contact details: +971 4 3679030

Audit Team	
Team Leader:	Team Member:
Krish Sriram	

### Emirates Gold DMCC evaluation

The aim of this report is to summarize the steps taken by Emirates Gold DMCC (the “**Company**”, the “**Refiner**”, “**Emirates Gold**” or “**we**”) to achieve compliance during the calendar year 2022 with the Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021 issued by the Emirates Bullion Market Committee (the “**EBC**”) for a responsible supply chain of precious metals.

### Summarized conclusion

We have fully complied with each of the rules in the EBC Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021 (the “**EBC Rules**”) during the calendar year 2022 (the “**Reporting Period**”) and the Company is therefore in compliance with the EBC Rules for such period.

### 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 Recycled Gold must implement and maintain systems and procedures which are sufficiently robust to conduct effective due diligence on the Accredited Member's supply chain. The complexity of the management system should depend on the volume of business, location, type of supplies processed, and complexity in the supply chain. Members should evaluate the objectives of their management system against performance to ensure attainment of the expected outcome in a periodic manner.

#### 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 participating in supply of gold to the Accredited Member.

Any reference to an “ultimate beneficial owner (UBO)” shall mean any natural person holding 25% or more of the share capital in any corporate entity or in the case of a publicly listed company a notifiable ownership share under the rules of relevant exchange or holding a controlling ownership interest.



**Compliance statement:** *We have fully complied with Rule 1*

**Demonstration of Compliance:**

**1.3 Policy and Process Implementation**

Each Accredited Member must implement and maintain a robust documented policy and detailed processes (Policy) to include common principles, standards and processes for responsible supply chain management. The Policy should be consistent with the standard set forth in the model supply chain policy in Annex II of the OECD Guidance and should, as a minimum, include the following:

<p>a. scope;</p> <p>b. responsibilities;</p> <p>c. criteria for supply chain due diligence;</p> <p>d. main elements of Know-Your-Customer (KYC) process;</p> <p>e. risk management;</p> <p>f. monitoring and surveillance; and</p> <p>g. training.</p>	<p>The Emirates Gold Compliance, Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), Anti-Bribery and Corruption (ABC), and Supply Chain Management Policy (the "Policy") is detailed in its available on website <a href="https://www.emiratesgold.ae/policies-and-procedures/">https://www.emiratesgold.ae/policies-and-procedures/</a> and is displayed in on our internal notice announcement boards. This Policy is informed to all our key stake holders including the suppliers, customers, logistics providers and employees. The Policy has been in practice and was updated latest in August 2022. The Policy is in conformation with the requirements of EBC Rules for Risk based Due Diligence in the Gold Supply Chain Version 1/2021.</p> <p>a) Emirates Gold is committed to conduct the work with the highest business and ethical standards. The scope of our policy is to ensure that our due-diligence framework is based on risk assessment and modeled on the guidance issued by the Organisation for Economic Co-operation and Development (OECD), the London Bullion Market Association (LBMA), the Responsible Minerals Initiative (RMI), the Emirates Bullion Market Committee (EBC) and the AML-CFT regulations.</p> <p>b) The responsibilities as detailed in our policy is follows:</p> <p>(i) engage only in legitimate business abiding by all relevant rules and regulations which apply to our activities,</p> <p>(ii) maintain the highest ethical and moral standards,</p> <p>(iii) operate always under best practice exercising due-care and all necessary due-diligence, and</p> <p>(iv) aim to establish long-term relationships with our clients.</p> <p>c) With regard to the criteria for supply chain due diligence in 2022, Emirates Gold DMCC employed a multi-level risk assessment criterion for all our supply chains onboarded or is active during 2022. All our supply chains are continuously monitored to ensure that we maintain the highest ethical standards in relation to sourcing.</p> <p>• CAHRA (Conflict-Affected and High-Risk Areas) Assessment. Each country and the region from where the metal is sourced is ascertained with regard to</p> <ul style="list-style-type: none"> <li>- Conflict</li> <li>- Human rights abuses</li> <li>- Severe deficiencies in governance</li> <li>- Lack of AML regulations</li> <li>- Sanctions imposed.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Counterparty Risk Assessment covering               <ul style="list-style-type: none"> <li>- Origin and transit of gold of the goods</li> <li>- Supply chain transit points</li> <li>- Supplier and circumstances around it.</li> </ul> </li> <li>• Transactional risk assessment               <ul style="list-style-type: none"> <li>- Validation of the transactions with regards to the supporting documentation available.</li> <li>- Supplier's business intention</li> <li>- Form of the metal, purity and its transit points.</li> </ul> </li> </ul> <p>d) Main Elements of KYC process</p> <p>The KYC process of the Company is very detailed and is in line with Rule 1.6 to 1.8 and the requirements of the Cabinet Decision No 10 of 2019 and the Federal Decree Law No 20 of 2018 on Anti Money Laundering and Combatting the Financing of Terrorism and Illegal Organisations. Our KYC process follows the following frame work:</p> <ul style="list-style-type: none"> <li>• Establish customer identity</li> <li>• Understand the nature of the customer's activities (primary goal is to satisfy that the source of the customer's funds is legitimate)</li> <li>• Assess money laundering risks associated with that customer for purposes of monitoring the customer's activities</li> <li>• Ultimate Beneficial Ownership of the company</li> <li>• Identification of any Politically Exposed Persons (PEP) in the ownership of the company. We do perform Enhanced due diligence in such cases where there is PEP's or complex business structures are involved.</li> </ul> <p>The ongoing KYC monitoring function includes oversight of financial transactions and accounts based on thresholds developed as part of a customer's risk profile.</p> <p>Depending on the customer and your risk mitigation strategy, some other factors to monitor may include:</p> <ul style="list-style-type: none"> <li>• Increase in commercial activity</li> <li>• Fund Transmission modes employed</li> <li>• Desktop research.</li> </ul> <p>e) Risk Management</p> <p>The risk management of Emirates Gold's policy on Compliance, Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), Anti-Bribery and Corruption (ABC), and Supply Chain Management Policy is achieved through the Procedures handbook. This details the roles and responsibilities of the Compliance Officer, assurance mechanism of the Senior Management, supply chain risk assessment, internal risk assessment, whistle blower and grievance mechanisms. Compliance Officer directly reports to the representative of the Board of Directors to provide complete independence to the Compliance Officer. There is a close discussion before completion of the onboarding requirements and periodical risk review of existing customers between the Compliance Officer and the Board of Directors</p>
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representative. From governance point of view, the Compliance Officer holds a periodic monthly meeting to update the overall governance and compliance related updates in the company. As the Compliance Officer is located onsite, he has the visibility to monitor transactions on a regular basis and can inspect the metal received without any prior notice. The Compliance Officer is also accessible to any employees of the Company to air their concerns with regard to compliance related issues. The Compliance Officer regular conducts training to relevant staff to ensure that the staff is adequately educated in terms of the risk involved in supply chain, human rights, AML-CFT laws. The Procedures handbook is ISO certified under ISO 9001: 2015 and is a controlled document. All regular suppliers and customers are screened on a ongoing basis to ensure that we meet our standards governing the responsible sourcing under LBMA, RMI and EBC rules.

f) Monitoring and surveillance

Emirates Gold has a robust monitoring system which combines the customers KYC data, historical information and current transactions to ensure that it conforms with our standards on responsible sourcing and AML regulations. Any suspicious activity will be flagged by the Compliance Officer to the Senior Management and to the Financial Intelligence Unit (FIU) as required by the applicable law. We have in place a process for screening existing and prospective business relationships and customers against relevant sanctions lists and for performing sufficient checks on them to identify any potentially adverse information (including associations with PEPs, or financial or other crimes).

g) Training:

The Senior Management attended the LBMA Precious Metals Conference held at Lisbon in October and the India Gold Conference in Chennai in July which provided them with deep insights on the compliance embedded governance. Due to the commitment of the Senior Management in compliance matters, they make it a regular affair to meet the industry experts, professionals in this field to enhance their knowledge with regard to applicable regulations. Our Compliance Officer participated during the reporting period in several webinars and in person sessions, for instance (a) the OECD forum on responsible supply chains held in May, (b) the UAE Ministry of Economy's in person training held at Dubai Chambers in October on AML-CFT with industry best practices, and (c) several other training webinars on AML-CFT, risks related to PEPs, implementation of Targeted Financial Sanctions, best practices on filing Suspicious Transaction Report of the Central Bank, Ministry of Economy, Executive Office for Control and Non-Proliferation. Our Compliance Officer uses his expert knowledge to train the staff with regards to the new regulations on AML-CFT and responsible gold sourcing. There are planned sessions during the year covering the team members and hand holding sessions during the employee onboarding process. Compliance Officer also has trained business associates and their team members on



	<p>responsible gold sourcing practices, AML-CFT and the alerts which needs to be attended on suppliers on boarding process. In this way Compliance Officer ensures that the entire eco system of the operations of Emirates Gold is well educated in terms of the code of conduct expected to maintain the highest integral level of operations in confirmation with the regulatory framework of the organization.</p>
<p><b>1.4. Minimum KYC Requirements</b></p> <p>For the purposes of these Rules for RBDG, the standards of KYC requirements set out in the Applicable Laws and Regulations shall be considered as the minimum KYC standards (Minimum KYC Standards) to be achieved by the Accredited Members.</p>	<p>Emirates Gold follows a KYC process in line with RBDG requirements and collects the information as required by the applicable laws. The KYC process incorporates all details of the customer, the Ultimate Beneficiary owner and the like wise. If the UBO is a PEP, then Enhanced due diligence is conducted to ensure that the transaction is reliable and the counter party is free from any issues. During the stage of KYC, any complex business structures are analyzed and documented to ensure compliance.</p>
<p><b>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 for RBDG.</p>	<p>Emirates Gold collects all requisite information as per requirements of risk based due diligence rules of EBC. Over and above, we collect supplementary information required to internally satisfy the authenticity of the counterparty and to establish the legitimacy of the transactions.</p>





### 1.6 Specific KYC Requirements

Each Accredited Member shall ensure that its Policy and the implementation of its Policy shall be adequate and shall be completed before commencing the first transaction and identify:

- (a) each supplier's including
  - i. financial structures;
  - ii. legal and operating structure;
  - iii. UBO(s)
- (b) each supplier's suppliers (where applicable)
  - iv. financial structures;
  - v. legal and operating structure; and
  - vi. UBO(s)

For gold sourced from ASM, each Accredited Member shall ensure that its Policy and the implementation of its Policy shall be adequate to identify:

(a) ASM supplies originating from non-Conflict-Affected or High-Risk Areas identifying and the area from where the supply originated with, at least, the following information:

- (i) KYC on the immediate counterparty;
- (ii) the export license/permit for the aggregator who exports the supply;
- (iii) proof of the supply being legally exported from the origin country with appropriate weight, purity and adequate tax/royalty being paid; and
- (iv) the mine location.

(b) the origin of each ASM's supply

- (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

(c) the origin of each ASM's supply from Conflict-Affected or High-Risk Areas

- (i) each ASM's legal and operating structure conforming to the applicable legal framework as well as their engagement in opportunities for formalization as they become available; and

- (ii) each ASM's third party service provider(s) (i.e. logistics, processors, transportation, intermediaries, security, etc.) UBO(s) for ASM located in Conflict Affected or High-Risk Areas.

The specific KYC requirements are satisfied before onboarding of the customers. Our Compliance Officer is the final decision maker as to whether to open a customer account in the accounting software, which enables transactions. The customer screening is done on the World Check One software to ensure sanction/PEP screening. The complex legal, financial structures if any are analyzed, documented and forms the basis of the decision to onboard a prospective or not. If sufficient answers or explanations are not provided at this stage the customer will not be onboarded. Regarding mined material sourcing, the LBMA Refiner's Toolkit are also provided to the prospective clients to analyze whether it can be onboarded or not. Prospect suppliers of ASM and LSM material are onboarded based on the stringent Responsible Gold Guidance of LBMA and the origin of gold is validated using supplementary information collected during field visits, customer interactions and discussions with industry experts and consultants. There are through desktop researches on the gold origins and sources before any conclusion is reached on prospective clients. The supply chain and the transit information is also taken in to account to validate the understanding on prospective. In terms of ASM and LSM detailed study is done on the physical flow of the metal from the originating country to the refinery.

### Rule 1.7 Record Keeping and Updating of Information

Each Accredited Member shall keep records of, and continually on an ongoing basis update, the following information:



<p>(a) for every supplier or ultimate beneficial owner that is a natural person, his/her:</p> <ul style="list-style-type: none"> <li>(i) full name (as shown on a national identity card or passport);</li> <li>(ii) nationality;</li> <li>(iii) place of residence and original domicile</li> <li>(iv) employer details (if any)</li> <li>(v) a complete and an accurate copy of a valid identity card or passport; copy should be certified</li> </ul> <p>(b) for every supplier or ultimate beneficial owner of a supplier that is a corporate entity:</p> <ul style="list-style-type: none"> <li>(i) its legal status and category of entity;</li> <li>(ii) its full name;</li> <li>(iii) its domicile or country of registration;</li> <li>(iv) a description of its principal business activities;</li> <li>(v) the address of its registered office and principal place of business (if different);</li> <li>(vi) the KYC requirements of each legally authorised representative that is a natural person (in accordance with (a) above);</li> <li>(vii) a copy of the instrument(s) authorising each of its legally authorised representatives;</li> <li>(viii) 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); except for government entities and publicly listed companies for which such information is publicly available;</li> <li>(ix) a copy of its constitutional documents;</li> <li>(x) a copy of its valid commercial or professional licence or registration.</li> </ul>	<p>Emirates Gold keeps all records pertaining to customers KYC as required by the law. The individual's and corporate's details as required by the above rule are kept safe and is periodically monitored to find any potential issues that can come up during the course of the relationship.</p>
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<b>Rule 1.8 KYC Requirements for Politically Exposed Persons</b>	
<p>If a supplier or any UBO of a supplier is considered to be a politically exposed person (PEP), 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.</p> <p>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, as further described in the Applicable Laws and Regulations.</p>	<p>Emirates Gold screens the prospective customers and actions the cases where the UBO is a PEP. Sufficient enhanced due diligence in accordance with the standards is performed with the prospective to analyze if those individuals can be on boarded. The source of funds of the PEP's is analyzed and documented to ensure that we do not deal with illegitimate funds. As part of enhanced due diligence, the customers are screened on transactional basis also if they fall with in high risk.</p>

<b>Rule 1.9 Appointment of a Dedicated Supply Chain Officer</b>	
<p>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:</p> <ul style="list-style-type: none"> <li>(a) be a senior member of staff of the Accredited Member;</li> <li>(b) have the necessary competence, knowledge, experience and training in supply chain due diligence and KYC processes;</li> </ul>	<p>Emirates Gold has a dedicated supply chain officer who is well versed with the supply chain analysis with regard to EBC, LBMA and RMI guidelines. He is independent to the operations and directly reports to the Board of Director representative. He has sufficient experience and knowledge in this field to quickly point out and action any red flags in the supply chain analysis.</p>



<p>(c) be provided with all resources necessary to perform his/her functions and role in accordance with these Rules for RBDG; and</p> <p>(d) be able to communicate critical information to senior management, staff and suppliers.</p>	
<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 for RBDG;</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>The supply chain officer reviews every supply chain attributable to a customer before onboarding the customer. If any supply chain is added during the course of the relationship, this will also be assessed as a new supply chain and will be documented and signed before accepting the transactions. The supply chain officer is also a point of contact for the front staff to ascertain and validate the legitimacy of any transactions on an on-going basis. The supply chain officer also trains the staff in the organization about the supply chain risks.</p>
<b>Rule 1.11 Appointment of a Compliance officer</b>	
<p>Each Accredited Member may be required to appoint a "compliance officer" (Compliance Officer) to carry out the functions of such role as set out in the Applicable Laws and Regulations. For the purposes of these Rules, the Compliance Officer may be the same person as the Supply Chain Officer.</p>	<p>The compliance has full fledged Compliance Officer with in the payroll of Emirates Gold and available full time onsite. He reports directly in to the Senior Management.</p>
<b>Rule 1.12 Functions and Duties of the Compliance officer</b>	
<p>Each Accredited Member shall ensure that its Compliance Officer is familiar with and carries out its role and function in accordance with the requirements of the applicable laws and regulations.</p>	<p>The Compliance Officer is adequately experienced and trained in his field and is conversant with the applicable rules and regulations of EBC, LBMA, RMI and the AML-CFT regulations. He discharges his duties exceptionally to ensure zero penetration of illegitimate transactions.</p>
<b>Rule 1.13 Records of Internal Inventory and Transactional Documentation</b>	
<p>Each Accredited Member must develop and maintain 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 Recycled Gold) and physical description of gold including any imprints and/or hallmarks;</p> <p>(b) details of weight and purity of gold and/ after proper internal verification and/or third party verification; through assaying (X-Ray / Fire / Wet).It is encouraged that facilities used by third-parties be certified by international certification bodies / standards (e.g., ISO, etc);</p> <p>(c) full KYC due diligence of all suppliers including their due diligence practices, e.g. information on suppliers' due diligence process and KYC requirements. Accredited</p>	<p>Each gold bar produced at Emirates Gold has a serial number and a corresponding certificate. This ensures us to track and trace the gold bar produced to their original lot using our internal data base and procedures. Our internal process also helps us in identifying any inconsistencies in supplies and highlight the reasons behind it. The supply chain actors are also identified as per the Rules and moreover we also perform due diligence on supply chain actors to ensure no illicit supplies.</p> <p>The transactional documents are maintained in our internal databases and is retrieved and provided as per the requirement and regulations. These are actively monitored by the Compliance Officer on a daily basis.</p>



<p>Members shall encourage their suppliers to, adopt processes and policies similar to the Policy and the Minimum KYC Standards;</p> <p>(d) the unique reference number of each entry/input and exit/output;</p> <p>(e) the name, stamp and logo of the refiner/producer/manufacturer (if applicable);</p> <p>(f) the year of refining/production (if applicable);</p> <p>(g) the dates of applicable purchases and sales including financial transaction information (such as payment amount, currency, mode of payment, etc);</p> <p>(h) an inventory list classified as per supplier;</p> <p>(i) a "Track and Trace" mechanism for tracing products back to purchased material, which shall includewhere applicable:</p> <p>(i) shipping/transportation documents;</p> <p>(ii) sales documents with specific lot numbers;</p> <p>(iii) mining licence(s) and related permissions;</p> <p>(iv) proof of payment of all dues in the producing country (royalties/export taxes)</p> <p>(v) import/export licence(s) and form(s);</p> <p>(vi) reconciliation of documentation.</p> <p>Accredited Members shall avoid, where practicable, cash purchases and ensure that all unavoidable cash purchases of minerals are supported by verifiable documentation and preferably routed through official banking channels. Cash purchases shall, in any event, be made in compliance with Applicable Laws and Regulations.</p>	<p>As per the rules, the transaction document is kept for a minimum period of 5 years.</p> <p>The Company does not encourage any cash transactions and any transactions above the threshold prescribed by the law is reported as per the requirements applicable to DPMSR sector under AML-CFT regulations of UAE.</p> <p>In the whole calendar year 2022, the Company traded less than one kilogram of gold in cash, the majority being local sales of investment products, such as bars and coins to its own staff.</p>
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<b>Rule 1.14 Record Keeping</b>	
<p>Each Accredited Member must keep relevant records, files, documents, papers, communications and forms related to its compliance with these Rules for RBDG and its KYC obligations for at least five (5) years from the latest of:</p> <p>(a) the date of the most recent transaction in respect of the latest material intake from a supplier;</p> <p>(b) the date of conclusion of a complete inspection by an EBC approved reviewer;</p> <p>(c) the date of closing of the account of the supplier or termination of the relationship with the supplier; and</p> <p>(d) date of closing of an investigation on a particular transaction or supplier.</p> <p>Each Accredited Member is advised to keep relevant records, files, documents, papers, communications and forms related to relations with potential suppliers that were not entered into or progressed due to a high-risk evaluation by the Accredited Member, for at least two (2) years from the date the decision was taken not to enter into or progress the relationship.</p>	<p>The Company keeps the record of KYC, due diligence and transactional documents for the minimum period of five years.</p>
<b>Rule 1.15 Enhanced Relationships with Suppliers</b>	
<p>Each Accredited Member must continually attempt to enhance communications and relationships with each of its suppliers and encourage each supplier to commit to a supply chain policy consistent with the Rules for RBDG and Annex II of the OECD Guidance. This can be achieved through the following means:</p>	<p>Right from the beginning of the relationship with any prospective supply chains, there is an active communication between the suppliers and their supply chains by the Compliance Officer. The Compliance Officer educates them on the importance of responsible sourcing and look for the commitment towards the same.</p>



<p>(a) maintaining adequate KYC due diligence processes for suppliers in accordance with these Rules for RBDG, and reviewing suppliers' own due diligence practices</p> <p>(b) establishing long-term relationships with each supplier;</p> <p>(c) sharing with each supplier the Rules for RBDG and the Accredited Member's obligations under the Rules for RBDG;</p> <p>(d) communicating expectations that each supplier commits to the compliance and undertakes mineral supply chain due diligence and risk management consistent with the Rules for RBDG and Annex II of the OECD Guidance including managing environment and social risks in their operations;</p> <p>(e) incorporating the provisions of the Rules for RBDG and audit and monitoring rights into contracts and/or agreements and KYC forms with each supplier; and</p> <p>(f) considering ways to support and build capabilities of suppliers to ensure compliance with the Accredited Member's Policy and the Rules for RBDG.</p>	<p>The communication is enhanced during the KYC process as it is important to ensure that the supplier provides all the available information. Further the operating model of the supplier, the quantitative information and seasonal patterns are discussed with the supplier to gain an understanding on the business and expected outcomes. Site visits are also conducted by the compliance officer in jurisdictions which were recommended. This helps to get first-hand information about the mines, physical flow of the metal, supply chain risks and other attributes. The operational representatives also maintain regular channel of communication with the suppliers to get first hand up to date information.</p>
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<b>Rule 1.16 Uncooperative Suppliers</b>	
<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 Rules for RBDG (Uncooperative Supplier), 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);</p> <p>(b) report the matter to the Executive Office of the EBC, upon request by the Executive Office of the EBC; and</p> <p>(c) details of such disengagement of suppliers should be included in the management report by the EBC approved reviewer.</p>	<p>The Company is committed to the fact that uncooperative suppliers will not be entertained. If any information as requested by the Compliance Officer is not provided, he has the authority to suspend the relationship and report the same to the Senior Management and to the FIU. It is the sole discretion of the Compliance Officer to remove the suspension if the underlying matters are cleared by the supplier.</p>
<b>Rule 1.17 Security Requirements</b>	
<p>Each Policy must include adequate security requirements to ensure compliance with these Rules for RBDG, in particular, in relation to material sourced from LSM or ASM mining companies. These requirements must include 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 Compliance officers (as appropriate);</p> <p>In addition to the above points, each policy may include any or all of the following:</p> <p>(a) regarding any supplier with whom problematic issues recur as an Uncooperative Supplier in accordance with these Rules for RBDG;</p> <p>(b) ensuring that any assessor of a shipment is independent from any conflict of interest.</p> <p>(c) if applicable, verify a supplier's participation in the Extractive Industry Transparency Initiative (EITI).</p>	<p>The Company ensures highest security standards in terms of the receipt of metals in the factory premises. We have security system which monitor the receipt of gold. In case of LSMs and ASMs we collect the transactional documents in terms of the transit of the metals through intermediary. We track and trace based on the original shipment details and ensure there is no mixing of metals right from the origin.</p>



**Rule 1.18 Cooperation with law enforcement agencies**

Each Accredited Member must cooperate fully and transparently at all times with law enforcement agencies and customs officials (Officials) regarding gold transactions. Each Accredited Member must provide any necessary access to information required by Officials, regarding shipments that cross international borders, or shipments to which an Official has jurisdiction, in compliance with applicable laws.

The Company cooperates with the supervisory body periodic inspections and regulatory agencies.

**Rule 1.18 Training of staff and KYC**

Each Accredited Member must perform a KYC check on its relevant staff for example the compliance/supply chain officer, members of operations directly involved in the intake of material etc. during the staff on-boarding process and thereafter an update, on an on-going basis, at least every twelve months. Such KYC checks shall include checking an employee's full name, date and place of birth, nationality, residence, contact details, previous activities and occupations, copy of identity document and searches on sanctions list.

Each Accredited Member must implement a training programme (Training Programme) 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. This training can be provided either internally or external professional bodies

The staff is completely screened in terms of their identity and the Compliance Officer escalates any issues noticed during the onboarding or the life span with Emirates Gold. The staff is continuously trained on AML-CFT regulations and responsible sourcing standards of the LBMA, RMI and EB. During the onboarding of new staff a detailed induction is conducted based on the scope of work and areas of operations. The staff is free to discuss any concerns or red flags with the Compliance Officer without involving their line managers.

**Rule 1.19 Grievance Mechanism**

Each Accredited Member must establish a grievance mechanism for internal and external stakeholders who are impacted by the Accredited Member's operations to enable those stakeholders to voice concerns relating to an Accredited Member's risk management processes and supply chain policy to the senior management. The grievance lodging points should be accessible for internal and external stakeholders and must include the ability for anonymous reporting.

Employees have access to physical copies of the Grievance Reporting Form and to a sealed box in which they can drop their forms anonymously. Stakeholders can contact the Company using the email address [compliance@emiratesgold.ae](mailto:compliance@emiratesgold.ae) or via telephone +971 4 367 9030 asking for compliance. This is clearly mentioned on our website and at the end of our Policy.

**Rule 2: Supply Chain Risk Identification and Assessment****2.1 Overriding Principle**



Each Accredited Member conducting business in the gold supply chain is required and must be individually responsible for applying and implementing its Policy and management system and mapping its supply chain in order to identify and assess the risks of contributing to conflict, Money Laundering, Terrorism Financing serious Human Rights abuses or environmental and social issues associated with gold 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 deal in gold mined, transported or traded 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 and the Member is expected to improve its due diligence practices and risk assessment process over time.

If the Accredited Member is not able to reasonably determine on the basis of the information collected under Rule 1 that it does not deal in gold mined, transported or traded any in a Conflict-Affected and High-Risk Area, it is mandatory to carry out an additional, more in-depth due diligence in accordance with Rule 2.

**Compliance statement:** *We have fully complied with Rules 2*

**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 (Risk Assessment) on each party, included or third parties involved in the supply chain for gold from the mine(s) to the Accredited Member including third party service providers (i.e. logistics, transporters, processors and intermediaries).</p>	<p>Emirates Gold conducts a detailed risk-based approach on each and every internal assessment with regard to its new and existing supply chains and its actors to ensure that actual or potential risks in order to prevent or mitigate adverse impacts associated with activities or sourcing decisions. The three major elements of our risk-based approach are as follows:</p> <ul style="list-style-type: none"> <li>• CAHRA (Conflict Afflicted High Risk Area) assessment</li> <li>• Supply chain risk assessment</li> <li>• Transactional risk assessment.</li> </ul>
<p><b>Rule 2.3 Considerations of Risk Assessments</b></p> <p>In carrying out any Risk Assessment, each Accredited Member shall consider the following considerations (as applicable to the circumstances of the Risk Assessment):</p> <p>(a) the geographical origin and location of gold, based on reasonable and good faith efforts, 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) the progressive reduction and phasing out of mercury usage in line with the commitments of Minamata Convention</p> <p>(vi) payment systems used;</p> <p>(vii) the level of involvement or potential involvement of any criminal organisation;</p> <p>(viii) the level of involvement or potential involvement of any high risk businesses (such as gaming and casinos, etc.);</p> <p>(ix) 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>(x) the level of enforcement of laws addressing significant criminal activity; and</p> <p>(xi) the existence of sanctions and/or embargoes that have been directed against the country and/or individuals/entities in that country;</p> <p>(xii) the level of environmental and social issues due to mining activities including loss of vegetation cover, mass destruction of water bodies, loss of biodiversity, land-use changes, food</p>	<p>Emirates Gold has a detailed risk assessment of each and every supply chain and its suppliers.</p> <ul style="list-style-type: none"> <li>- CAHRA assessment is done at each and every country and regional level to assess the risk with regard to 1) Conflict 2) human right abuse 3) severe deficiencies in governance 3) lack of AML regulations 4) sanctions. The overall rating of this assessment automatically categorizes a country as CAHRA or not. All countries falling under Section 1502 of Dodd Frank Act and EU CAHRA list is automatically classified as CAHRA.</li> <li>- Supply Chain Risk assessment is carried out in relation to each supplier based on the 1) Location such as origin and transit 2) supplier 3) circumstances. This along with CAHRA assessment helps to clearly identify and differentiate the treatment on high-risk supplies</li> <li>- Transactional risk assessment is carried out in relation to the consistency assessment of the metal is based on the knowledge of the team taking into account the suppliers' business intention, documentation, form of the metal and its organic any risks in the above-mentioned categories are identified, a risk evaluation form is filled and risk mitigation strategies will be initiated.</li> </ul>



<p>insecurity, air pollution, mercury pollution, child labour, gender-based violence, forced labour etc.</p> <p>(b) counterparties in the supply chain, including consideration of:</p> <ul style="list-style-type: none"> <li>(i) KYC information of the Accredited Member's suppliers as identified under Rule 1 (including information about the origin and transportation of the gold );</li> <li>(ii) any Red Flags (as defined in Rule 2.4 below) identified in any part of the entire supply chain;</li> <li>(iii) the number of participants in the supply chain (i.e. the greater the number, the higher the risk);</li> <li>(iv) the level of control that a counterparty has over its own suppliers;</li> <li>(v) the level and adequacy of the due diligence practices of a counterparty;</li> <li>(vi) whether a counterparty's due diligence practices have been audited by a qualified third party auditor;</li> <li>(vii) for how long the counterparty has been carrying out activities in the gold business;</li> <li>(viii) a counterparty's willingness to disclose its beneficial owners;</li> <li>(ix) a counterparty's attempts to be or remain anonymous (e.g. through the use of third party intermediaries such as lawyers, accountants, etc.);</li> <li>(x) the scale of mining operations of a supplier (ASM or LSM), if applicable; and</li> <li>(xi) the involvement of any PEPs that have been entrusted with prominent public functions or individuals who are closely related to such persons;</li> </ul> <p>(c) applicable transactions, including consideration of:</p> <ul style="list-style-type: none"> <li>(i) the proportionality of the due diligence to the identified risks and severability and probability of adverse impacts of the applicable transaction</li> <li>(ii) gold and/or precious metals that are transported and/or exported which are not reasonably reconciled with the declared location of the origin;</li> <li>(iii) unexplained geographic distance in the supply chain;</li> <li>(iv) the nature of the underlying assets (for example melted recyclable gold transactions may be higher in risk than unprocessed recyclable gold);</li> <li>(v) the level of concentration of gold;</li> <li>(vi) any unusual circumstances that are not consistent with the local or market practices (amount, quality, potential profit, etc.);</li> <li>(vii) the use of cash in excess of government thresholds;</li> <li>(viii) payment by cash and/or physical delivery to unrelated third parties; and</li> <li>(ix) transaction structuring to make payments in smaller multiple transactions to avoid government thresholds.</li> </ul>	<p>Emirates Gold has strict risk assessment criteria with every supply chain taking into account the factors detailed under Rule 2.3. In addition to that, before the start of any supply chain engagement careful analysis and in-depth discussions is carried out with the counter party. We also analyze the specific country related information in terms of the duties and taxes to paid in the origins, the specific controls placed at country level with regard to ASM's and LSM's. We have noticed that individual justifications and banks place specific controls in relation to the fund repatriation which provides additional comfort in the process. The supply chain officer is specifically equipped with such information which corroborates the legitimacy of a supply chain. Specific country related information in terms of gold production, supply chain's market share in the overall country's exports is all considered when the supply chain is assessed.</p>
<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>Emirates Gold has a proactive system to alert 1) location based 2) supplier based 3) transaction based red flags based on our dynamic supply chain database which is ever alert to the changing macro-economic environment.</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 originates from or have been transported through a Conflict-Affected and High-Risk Area;</p> <p>(b) the gold is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold (for example where the declared volumes of gold from that country are in excess of its known reserves and/or expected production levels);</p> <p>(c) the gold is claimed to originate from a country through which gold from Conflict-Affected and High-Risk Areas are known or reasonably suspected to transit;</p> <p>(d) the gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from Conflict-Affected and High-Risk Area is known or reasonably suspected to transit; or</p> <p>(e) the gold originating from countries under sanction or embargos.</p>	
<p><b>Rule 2.6 Supplier-based Red Flags</b></p>	
<p>A Supplier-based Red Flag 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 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 from one of the above-mentioned locations; or</p> <p>(b) a supplier or other participant in the supply chain of gold is known to have sourced gold from any location that could give rise to a Location-based Red Flag in the twelve (12) months previous to the applicable transaction. give rise to a Location-based Red Flag in the twelve (12) months previous to the applicable transaction</p>	
<p><b>Rule 2.7 Circumstances-based red flags</b></p>	
<p>A Circumstances-based Red Flag 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 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.</p>	

<p><b>Rule 2.8 Procedures relating to Red Flags</b></p>	
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- (a) Accredited Members must review all Red Flags in an in-depth and detailed manner;
- (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 enhanced research is aimed at obtaining evidence of any factual circumstances of the supply chain in order to determine any risks. Such research should include the research methods specified below taking into account the risk-based proportionalities to the level of the risks identified in Rule 2.3 to 2.7;
- (c) the research methods that shall comprise Desk Research, On-Site Visits and Random Sample Verification;
- (d) Desk research includes (where available):
- (i) identifying each company in the supply chain;
  - (ii) identifying the UBO(s) of each company in the supply chain;
  - (iii) obtaining financial information (such as balance sheets, annual reports, rating agencies' reports, insolvency information) on each company in the supply chain;
  - (iv) ensuring that each company in the supply chain holds the necessary permits and licences;
  - (v) ensuring that each company in the supply chain is not listed on any sanctions and/or embargoes list; and
  - (vi) reviewing research reports including those from governments, international organisations, NGOs and media, maps, UN reports and UN Security Council sanctions, industry literature relating to mineral extraction and its impact on conflict, Human Rights or environmental harm in the country of potential origin, or other public statements (e.g. from ethical pension funds).
- (e) On-Site Visits includes individual visits to gold suppliers, or joint on-the-ground assessment teams, teaming up with industry or multi-stakeholder mechanisms or initiatives, or using suitably qualified, knowledgeable and independent assessors, to generate and maintain information on the circumstances and processes of the following activities listed in the OECD Guidance. Though the on-site assessment can be completed in reasonable timeframe (documented, reviewed and approved by management) the EDD process should commence immediately if any red flags are identified:
- (i) gold extraction (for LSM whether mined by medium and large-scale mining in red flagged operations or LSM gold purchased from other sources), physical access to mines, mine capacity against recorded mine production and discrepancies);
  - (ii) gold 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);
  - (iii) handling of gold (inventory, trans-shipment, relabelling, etc.);
  - (iv) transportation of gold;
  - (v) trading of gold (including importing and exporting); and
  - (vi) the weight and assayed quality characteristics of the gold that are used in the above-mentioned activities;

Emirates Gold carefully evaluates each and every red flag generated on supply chain assessment. The senior management studies in depth the findings of the supply chain officer and further updates their understandings based on commercial discussions with the supplier, understanding of the supplier's reputation in the market. This information coupled with onsite visits helps to understand the claims made by the supplier. The site visits give in depth understanding on the extraction process, controls placed by the local authorities, human rights or child labour related issues, environmental issues if any. The desktop research is performed to get an understanding of the overall supply chain and its reputation in the market. Further site visits are opportunities to discuss the understanding gathered in the desktop information. Once supply chain risk assessment and its finding are concluded, the same gets vetted through the senior management who has to specifically approve high risk supply chains. Most often the information collected on supply chain is not restricted to the rules but may include more details on a case-to-case basis as the risk classification need to be accurate in case of ASM and LSM supplier enhanced due diligence combining all the risk factors along with KYC of the suppliers are also reviewed and reassessed every year to ensure that all dynamic factors are also captured in our assessments.



(vii) taxes, fees, royalties, compensation or other payments to governments which relate to the extraction, trade, transport and export of gold;

(viii) where applicable, request information from mining suppliers about their participation in the EITI, if the countries is a member of EITI;

(ix) payments made to public or private security forces or other armed groups;

(x) use or presence of security services, training of security personnel in accordance with the Voluntary Principles on Security and Human Rights, associated risks;

(xi) evidence of serious abuses of Human Rights;

(xii) relationships between LSM and ASM, information on ASM operating on the sites of, or selling through LSM;

(xiii) for ASM gold only, identification of the suppliers of ASM gold, mine of origin, transportation, processing, taxes, royalties and other payments to governments, KYC information, evidence of serious abuses of Human Rights, information on any direct or indirect support to non-state armed groups or public or private security forces;

(xiv) for recyclable gold, value and place of transaction, type of material, type and organisation of supplier, manufacturing facilities, and unusual circumstances; and

(xv) review of environmental and social practices associated with extraction, processing and handling processes. Random Sample Verification involves the verification of transactional records.

#### Rule 2.9 Policy Updating and Suitability

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.

Emirates Gold carefully evaluates each and every red flag generated on supply chain assessment. The senior management studies in depth the findings of the supply chain officer and further updates their understandings based on commercial discussions with the supplier, understanding of the supplier's reputation in the market. This information coupled with onsite visits helps to understand the claims made by the supplier. The site visits give in depth understanding on the extraction process, controls placed by the local authorities, human rights or child labour related issues, environmental issues if any. The desktop research is performed to get an understanding of the overall supply chain and its reputation in the market. Further site visits are opportunities to discuss the understanding gathered in the desktop information. Once supply chain risk assessment and its finding are concluded, the same gets vetted through the senior management who has to specifically approve high risk supply chains. Most often the information collected on supply chain is not restricted to the rules but may include more details on a case-to-case basis as the risk classification need to be accurate in case of ASM and LSM supplier enhanced due diligence combining all the risk factors along with KYC of the suppliers are also reviewed and reassessed every year to ensure that all dynamic factors are also captured in our assessments.



### 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 evaluate and control any identified risk(s), including emerging risks and incident reporting, and mitigate against any adverse implications of such risk(s) (Risk Control Plan). The Risk Control Plan is designed to assist Accredited Members in making informed decisions in respect of:

- a) continuing to trade but with measurable risk mitigation for low risk situations;
- b) temporarily suspending trade while mitigation is implemented for medium risk situations; or
- c) ceasing to trade with a concerned supplier for high risk situations in accordance with the OECD Guidance.

Members are encouraged to consider the potential social and economic impacts of risk mitigation. Members should engage and support relevant industry programmes while understanding the impact that this may have on developing countries and the relevance to other existing international recognized standards.

**Compliance statement:** *We have fully complied with Rule 3*

#### Demonstration of Compliance:

<p><b>Rule 3.2 Alignment with International Standards</b></p> <p>Each Accredited Member must develop or adapt on a continuing basis its Risk Control Plan to include internationally accepted common principles, standards and processes for responsible supply chain management. In particular, Accredited Members should carry out at least one annual review of the Policy and management systems, and a further review when there is a major change in circumstances, their business, operations or supply base, risk nature, or a major change in applicable rules and regulations. In developing Risk Control Plans, each Accredited Member should engage in or support, where appropriate, industry or other programmes on responsible supply chain management. For instance, Refiners are encouraged to support legitimate ASM producers to build secure, transparent and verifiable gold supply chains (consistent with the OECD Guidance).</p>	<p>Based on the risk factors identified at Supply chain assessment, Emirates Gold has a risk control plan in relation to international standards which is continuously reviewed and enhanced based on the requirements or flags noticed at each level be it location, supplier or circumstances. The supply chain officer communicates this to the senior management. Emirates Gold management is committed to share information and is ever supportive to the efforts of the local government, LBMA and RMI to enhance the quality of our deliverables. This is demonstrated during the period with the onboarding of Artisanal Mining Initiatives which was in line with LBMA efforts to support the social initiatives in uplifting the ASM community.</p>
<p><b>Rule 3.3 Minimum Content Requirements</b></p> <p>Each Risk Control Plan should include the following (Content Requirements):</p> <ul style="list-style-type: none"> <li>(a) reporting mechanisms for identified risks to the Accredited Member's senior management, Supply Chain Officer and Compliance Officer</li> <li>(b) enhanced engagement with the internal functions of the Accredited Member, in charge of transparency, information collection and control over the supply chain;</li> <li>(c) enhanced engagement with suppliers through establishing a chain of custody and/or traceability system where a Red Flag has been identified;</li> <li>(d) enhancement of the physical security practices as referred to in Rule 1.17;</li> <li>(e) physical segregation and security of shipments where a Red Flag has been identified;</li> </ul>	



- (f) incorporation of rights of the Accredited Member to conduct additional checks on any supplier or UBO where a Red Flag has been identified;
- (g) continuity of trading activities while developing risk mitigation controls (including measurable steps, monitoring, review of performance, and reporting to senior management), 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 for at least 3 months, with a specific supplier who fails to comply with the mitigating controls within a period of 6 months, and/or disengaging entirely 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;
- (h) consulting with suppliers and affected stakeholders and agreeing on the risk mitigation controls which should be adapted to the Accredited Member's specific suppliers and the contexts of their operations, state clear performance objectives and provide for sufficient time for affected stakeholders to review and implement;
- (i) reviewing on a regular basis the results of the mitigation measures, undertaking additional fact and risk assessment for risks requiring mitigation or after a change of circumstances, as per Rule 2;
- (j) communicating to senior management

**Note :** Where a Red Flag has been identified, the Accredited Member may consider the following as an indicative measure of an approach to activities with the relevant supplier:

**Risk Level      Control Mechanism**

**Low**      Start or continue trading activities

**Medium**      Start or continue trading activities whilst mitigating the identified risks

**High**      Suspend trading activities whilst mitigating the identified risks by obtaining additional information/data confirming or refuting the adverse risk assessments; OR

disengage from the source(s) of the risk within a reasonable time frame (to be assessed on a case by case basis)



## **Rule 4: Independent Third-Party Audits**

### **4.1. Overriding Principle**

Each Accredited Member is required to ensure its own compliance with these Rules for RBDG 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:** *We have fully complied with Rule 4*

### **Demonstration of Compliance:**

<p><b>Rule 4.2 DMCC Review Protocol</b>  EBC Review Protocol (Annex 2) sets out the methodology EBC requires each auditor (when acting as a "reviewer" in the meaning given to that term in the EBC 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>Bureau Veritas conducts verification assessment according to the rules defined by EBC in the Third-Party Audit Guidance for EBC Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021 requirements (according to standard ISAE 3000). Bureau Veritas – Dubai has been accredited by DMCC/EBC in 2015 through "Inspectorate" a Bureau Veritas Company, the Company can rely on the experience of inspection in the metal and minerals field.</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 these Rules for RBDG (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 these Rules for RBDG 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 (considering both timing and method) of the Accredited Member's response to the outcome(s) of the risk assessments..</p>	<p>The scope of work agreed with Bureau Vertias is considered and complied with the minimum review requirements of EBC rules.</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 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).  Any auditing entity that wishes to become a Reviewer must submit a completed EBC Approved Reviewer Application Form (Annex 1) and meet the minimum criteria for Reviewers as set out in EBC Review Protocol. Such application is</p>	<p>Emirates Gold confirms that Bureau Vertias has met the requirements of reviewers as per the EBC Rules. There is no conflict of interest in the arrangement and Bureau Vertias has also signed the confidentiality clause to ensure non-disclosure of information unless required by law. Audit was conducted on site in Emirates Gold offices at DMCC.</p>
	<p>The composition of the review is detailed and agreed by the refiner and Bureau Vertias as per the terms of the engagement as is in line with Rule 4.5. The detailed report and recommendations are also provided by the auditor in line with rule 4.6 &amp; 4.7.</p>



subject to the terms and conditions of an EBC Approved Reviewer Application Form.

#### **Rule 4.5 Composition of the Review**

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 Compliance Officer (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 Rules for RBDG; and
- (e) provide recommendations to the Accredited Member to improve its due diligence practices.

#### **Rule 4.6 Annual Report on Supply Chain Due Diligence**

Each Accredited Member shall produce an annual report. This shall include a summary of the Review in accordance with Step 5 of the OECD Guidance and Sections 16 and Section 19 (as applicable) of EBC Review Protocol (Annex 2).

#### **Rule 4.7 Review Programmes of Accredited Members**

Each Accredited Member must demonstrate its compliance with these Rules for RBDG to the Executive Office of the EBC. In carrying out such obligation, each Accredited Member must implement an audit programme, which shall include:

- (a) ensure conformity with these Rules for RBDG;
- (b) selecting and engaging its Reviewer(s) in conformity with these Rules for RBDG;
- (c) observing 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 Executive Office of the EBC or any authority that regulates or otherwise governs the Accredited Member.

### **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 in compliance with Step 5 of the OECD Guidance, in order to generate public confidence in the measures that it has implemented.

**Compliance statement:** *We have fully complied with Rule 5*

**Demonstration of Compliance:**



<b>Rule 5.2 Minimum Requirements of Public Reporting</b>	
<p>At minimum, each Accredited Member shall:</p> <p>(a) publicly acknowledge its requirements under these Rules; and</p> <p>(b) comply with Rule 4.6</p>	<p>Emirates Gold management assures that the assurance report will be publicly available as soon as it is issued.</p>



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

FRAMEWORK STEPS	RATING
<b>Rule 1: Supply Chain Managements Systems.</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 2: Supply Chain Risk Identification And Assessment</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 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

**Emirates Gold's overall Management conclusion**

Table 3: Management conclusion	
Is the Refiner in compliance with the requirements of the EBC Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021, for the reporting period?	
Yes	<p>In conclusion, Emirates Gold DMCC implemented effective management systems, procedures, processes and practices to conform to the requirements of the <b>EBC Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021</b>, as explained above in Table 2, for the reporting year ended 31 December 2022.</p> <p>Emirates Gold 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 EBC Executive, in its role as administrator of the EBC Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021.</p>

Table 4: Other report comments
If users of this report wish to provide any feedback to the Company with respect to this report, they can contact our Compliance Officer at <a href="mailto:compliance@emiratesgold.ae">compliance@emiratesgold.ae</a>

**Location:** Dubai, United Arab Emirates

**Date:** 25 January 2023

**Sign and Company Stamp:**



Emirates Gold DMCC stamp: P.O. BOX 24305, DUBAI - U.A.E. The stamp is circular with Arabic text at the top and English text at the bottom. A signature is written over the stamp.