



# **PROMISE GOLD REFINERY FZC**

## **Supplier Chain Assessment Policy and Procedure**

**Version Rev 02.0B.2024**





## 1. Statement of Corporate Philosophy of Responsible Sourcing

At Promise Gold Refinery, we are committed to upholding the highest standards of responsible and ethical sourcing throughout our entire supply chain. We recognize the profound impact our operations have on communities, the environment, and the global precious metals industry. Our corporate philosophy is rooted in a deep respect for human rights, environmental sustainability, and the integrity of the gold supply chain.

We believe that gold should be sourced in a manner that contributes positively to society, fostering economic development while minimizing harm. To achieve this, we are dedicated to

**Upholding Human Rights:** We are committed to ensuring that our supply chain is free from human rights abuses, including forced labor, child labor, and conflict-related exploitation. We will conduct rigorous due diligence to identify and mitigate any potential risks.

**Environmental Stewardship:** We recognize the importance of protecting the environment and minimizing the impact of our operations. We will promote responsible mining practices, reduce our environmental footprint, and support sustainable development initiatives.

**Responsible Sourcing:** We are committed to sourcing gold from legitimate and responsible sources, adhering to international standards such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We will prioritize transparency and traceability throughout our supply chain.

**Combating Financial Crime:** We are dedicated to preventing money laundering, terrorist financing, and other illicit activities. We will implement robust AML/CFT measures and cooperate fully with regulatory authorities.

**Building Trust and Transparency:** We believe in open communication and collaboration with our stakeholders, including suppliers, customers, employees, and communities. We will strive to build trust through transparent and accountable practices.

**Continuous Improvement:** We are committed to continuously improving our due diligence processes and staying abreast of evolving best practices. We will actively seek feedback and engage with stakeholders to enhance our responsible sourcing efforts.

**Compliance:** We will comply with all rules and regulations set forth by the , OECD Guidelines, Dubai Multi Commodities Centre (DMCC) and Ministry of Economy and concerning the responsible sourcing of gold.

We will strive to create a positive impact by promoting sustainable practices and contributing to a more just and equitable world. This philosophy will guide all of our decisions and actions as we work to build a responsible and sustainable business.



## **2. Promise Gold Refinery Suppliers Code of Ethics**

### **1. Purpose**

This Standard governs the conduct of all Suppliers of all types and forms of precious metals to the Promise Gold Refinery. It sets the standards of ethical conduct that is required from the supplier community, provides for self-certification against all standards, validation of the self-certification, and procedures for proceeding or terminating contracts with suppliers that do not meet these standards.

### **2. Application**

Social responsibility guides the operation Promise Gold Refinery in the conduct of its business in the global precious metals industry. This Standard has been designed to help Suppliers understand their responsibilities and to create an awareness of the business and ethical standards that they must follow in their business dealings with Promise Gold Refinery. The key attributes that we expect from our Suppliers are:

- Integrity
- Honesty and,
- The highest ethical standards

### **3. Administration and Interpretation**

Enquiries, comments and recommendations related to this Standard and supporting Procedures must be communicated to the Compliance Officer of Promise Gold Refinery. Definitions applicable to the understanding and application of the requirements contained in this Standard are located in Appendix A and Appendix B. Suppliers must read, understand and accept in writing the following conditions of dealing with the Promise Gold Refinery

### **4. Compliance with Laws**

Suppliers must comply with all applicable laws, rules and regulations in every jurisdiction in which they do business with Promise Gold Refinery. Local laws might change in restriction to this Standard in some instances. In such events, Suppliers are expected to comply with this Standard, even if the conduct would otherwise be legal under applicable laws. If local laws are more restrictive than this Standard, Suppliers are expected to, at a minimum, comply with applicable local laws.

### **5. UN Global Compact**

The ten principles of the Global Compact are based on internationally recognized norms and conventions in four critical areas: Human Rights, Labor Standards, the Environment, and Anti-corruption. In all business dealings with Promise Gold Refinery, Suppliers must comply with the principles of the UN Global Compact (see appendix A for reference).

### **6. OECD Guidance/DMCC rules for Responsible Supply Chains for Gold and Other Precious Metals**

In 2012 the OECD issued a “Supplement on Gold” to its paper on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area. This provides a common reference for all participants in the supply chain.

This is to ensure responsible sourcing and chain of custody of gold and other precious metals and to eliminate or at least mitigate the risk of direct or indirect support to any kind of conflict in accordance with international standards. Promise Gold Refinery is committed to adopting these practical guidelines and is also fully committed to uphold the DMCC rules for the ethical supply chain at all times. It is the responsibility of every one of our suppliers to fully understand the OECD guidelines and DMCC Rules for RBD in the Gold and Precious Metal Supply Chain in order to ensure that they are in full compliant with the principals of responsible supply chain management of precious metal.

### **7. Certification**

Promise Gold Refinery will certify and approve suppliers and accept their products once the supplier has passed our specialized assessment process, verification and monitoring procedures. Post certification, the supplier becomes a nominated entity to enter any deal with Promise Gold Refinery whenever required. The certification will occur at the outset of the relationship with the supplier and will be an ongoing process and subject to review at least annually.



Promise Gold Refinery has the right, but not the obligation, at its sole discretion to terminate the business relationship at any point if the standards required are not met by the supplier for any business-related reasons. At the time of any termination for the business relationship with the supplier, Promise Gold Refinery will decide at its sole discretion whether or not to disclose the reasons for any such action.

#### **8. Acknowledgement of Policy by The Supplier**

Promise Gold Refinery collects a copy of the Suppliers Code of Ethics and Appendices duly signed all our customers who agree to comply with its provisions at all times during the business relationship with the company.

### **3. The Ten Principles of The UN Global Compact**

The UN Global Compact provides a principle-based framework for businesses that are committed to sustainability and responsible practices. It consists of ten principles in the areas of human rights, labor, environment, and anti-corruption.

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Promise Gold Refinery is fully committed to observing the observing the precepts set out below in every aspect.

#### **Human Rights**

**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights: and

**Principle 2** Make sure that they are not complicit in human rights abuses.  
**Labour**

**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4** The elimination of all forms of forced and compulsory labour.

**Principle 5** The effective abolition of child labour; and

**Principle 6** The elimination of discrimination in respect of employment and occupation.

#### **Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges.

**Principle 8:** Undertake initiatives to promote greater environmental responsibility; an

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

#### **Anti-Corruption**

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



#### 4. Purpose and Scope

This summary outlines the methodology and key considerations for evaluating the risk profiles of customers and suppliers engaged with Promise Gold Refinery. The evaluation process is designed to systematically assess potential risks against predefined risk factors, ensuring compliance with regulatory requirements and mitigating exposure to illicit activities.

Promise Gold Refinery's Responsible Sourcing Policy for gold recognizes the critical link between responsible sourcing and the mitigation of financial crime risks. Given gold's inherent high value, portability, and global demand, it is a prime target for money laundering and terrorist financing (ML/TF). Criminal syndicates, armed groups, and corrupt actors exploit gold's characteristics to convert illicit funds, move assets, and finance illegal activities, particularly in conflict-affected and high-risk areas (CAHRAs).

While gold mining can significantly contribute to economic development, it also poses substantial risks. Gold sourced from CAHRAs can fuel conflicts, undermine governance, and lead to serious human rights abuses and environmental degradation. Therefore, Promise Gold Refinery is committed to integrating financial crime risk considerations into its responsible sourcing framework, aligning with both the OECD Due Diligence Guidance and UAE AML/CFT regulations.

##### **This policy mandates that Promise Gold Refinery :**

- **Integrates AML/CFT Controls:** Incorporates financial crime risk assessments into its due diligence processes, recognizing that responsible sourcing is an integral part of its AML/CFT framework.
- **Applies Risk-Based Due Diligence:** Uses due diligence measures to the identified financial crime risks associated with suppliers and transactions, particularly those involving CAHRAs.
- **Ensures Supply Chain Transparency:** Establishes a transparent and traceable gold supply chain to prevent the integration of illicit gold and to identify and mitigate financial crime risks.
- **Complies with UAE Regulations:** Adheres to all applicable UAE AML/CFT regulations, including those specific to Designated Non-Financial Businesses and Professions (DNFBPs), and incorporates these requirements into its broader AML/CFT policies and procedures.
- **Acknowledges CAHRA Risks:** Considers the heightened risks associated with gold originating from CAHRAs, where revenues can fuel conflict and undermine development.
- **Proportional Due Diligence:** Applies due diligence proportionally to the size, complexity and nature of its business activities and those involved in its gold supply chains.

By integrating financial crime risk considerations into its responsible sourcing policy, Promise Gold Refinery aims to ensure that its gold sourcing activities do not contribute to ML/TF, conflict, or other illicit activities, while upholding ethical and sustainable practices.

#### 5. Responsible Sourcing Due Diligence Framework

Promise Gold Refinery's Responsible Sourcing Policy emphasizes that due diligence is not a one-time event, but an ongoing process vital for ensuring that sourced gold is not conflict gold. This policy mandates that the refinery continuously verifies the identity of suppliers and beneficial owners through Customer Due Diligence (CDD) measures before any transaction.



**The policy enquires Promise Gold Refinery to:**

- **Implement Ongoing Risk Assessment:** Continuously identify, assess, and understand the risks associated with gold sourced from Conflict-Affected and High-Risk Areas (CAHRAs), considering the refinery's business, nature, and size. Risk factors must be consistently evaluated to determine the appropriate level of scrutiny.
- **Establish Effective Risk Mitigation:** Develop and implement a robust framework, including internal policies, controls, and procedures, to mitigate identified risks. This framework must be commensurate with the refinery's size and nature, and approved by senior management.
- **Apply Enhanced Due Diligence (EDD):** Utilize EDD measures to effectively address risks identified within the supply chain. EDD should be adaptable and responsive to evolving risks to prevent or mitigate adverse impacts.
- **Implement Robust KYC Procedures:** Establish and maintain Know Your Customer (KYC) procedures, and assess red flags within the supply chain to determine if gold is sourced from CAHRAs. If, based on initial information, it's reasonably determined that gold is not from a CAHRA, further EDD on that supply chain is not required. However, the management systems must be maintained and regularly reviewed.
- **Ensure AML/CFT Compliance:** Maintain full compliance with all applicable AML/CFT legislation and regulations for Designated Non-Financial Businesses and Professions (DNFBPs), regardless of CAHRA status.
- **Adhere to OECD Guidance and MoE Guidance :** Adopt a gold supply chain due diligence framework aligned with the OECD Due Diligence Guidance and Ministry of Economy Standard, ensuring a systematic and comprehensive approach to responsible sourcing.

By integrating these principles, Promise Gold Refinery aims to ensure that its gold sourcing practices are transparent, ethical, and compliant with both international and UAE regulatory standards, while actively mitigating the risks associated with conflict gold and financial crime.

**Adoption of OECD 5-Step Due Diligence Framework**

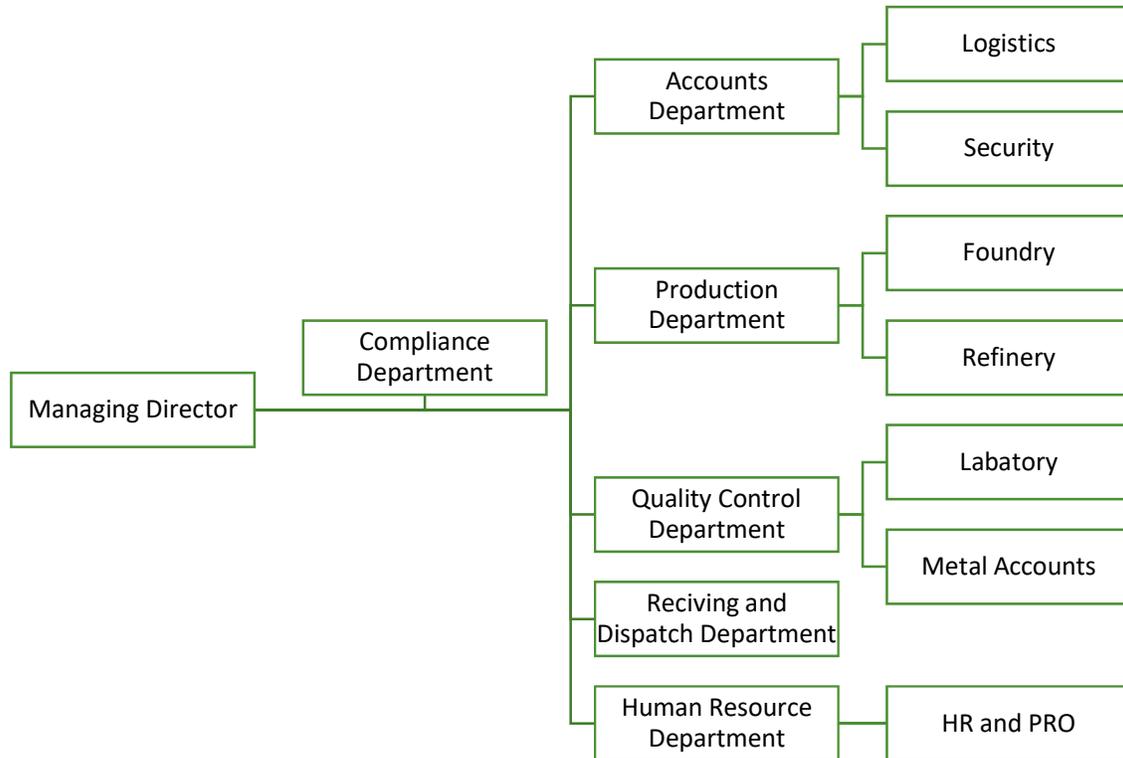
Promise Gold Refinery FZC (PGR) hereby confirms that it fully adopts and implements the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals (2023 Edition) and its Five-Step Framework as the foundation of its Responsible Sourcing of Gold system. This policy is structured in direct alignment with the OECD Steps, ensuring that every operational, compliance, and reporting process within the refinery corresponds to an OECD requirement and to the UAE Ministry of Economy's Responsible Sourcing Regulations (Ministerial Decree No. 68 of 2024).

**Statement of Commitment**

Promise Gold Refinery FZC affirms that this policy fully implements each of the OECD Five Steps and is reviewed annually to ensure continued alignment with the UAE Ministry of Economy's Responsible Sourcing Regulations, Cabinet Decision No. 132 of 2023, and Federal Decree-Law No. 20 of 2018 (AML/CFT).



## 6. ORGANIZATION CHART OF PROMISE GOLD REFINERY





## 7. Roles and responsibilities of employees, management and Board of Directors

### Board of Directors Roles in Responsible Promise Gold Refinery

The Board of Directors of Promise Gold Refinery plays a pivotal role in ensuring the responsible sourcing of gold, focusing on oversight, governance, and strategic direction. Their responsibilities, as outlined, necessitate a proactive and informed approach to supply chain due diligence.

#### Key Responsibilities of Board of directors:

##### 1. Oversight of Due Diligence:

The board must actively oversee the company's supply chain due diligence framework and its outcomes. This involves acquiring the necessary knowledge or utilizing external expertise to understand the complexities of responsible gold sourcing.

##### 2. Establishing Effective Communication:

They are responsible for establishing robust structures and communication processes to facilitate the flow of critical information related to supply chain due diligence. This ensures transparency and timely decision-making.

##### 3. Continuous Assessment of Policies and Processes:

The board must continuously assess the effectiveness of the company's due diligence policies and processes. This involves regular reviews and audits to identify areas for improvement.

##### 4. Compliance Officer Oversight:

They must ensure that the compliance officer's responsibilities explicitly include gold supply chain due diligence matters. This reinforces the importance of compliance throughout the organization.

##### 5. Resource Allocation:

The board is responsible for ensuring the availability of adequate resources, including financial and human capital, to effectively manage the due diligence process.

##### 6. Delegation and Empowerment:

They must delegate authority and assign responsibility to competent staff who possess the necessary knowledge and experience to manage the due diligence process.

##### 7. Organizational Structure and Information Dissemination:

The board is responsible for implementing an organizational structure that effectively communicates critical information, including due diligence policies and procedures, to all relevant employees.

The board acts as the ultimate authority in establishing and maintaining a culture of responsible gold sourcing. They are responsible for setting the strategic direction, ensuring compliance, and providing the necessary resources for effective due diligence. Their active involvement is crucial for mitigating risks, promoting transparency, and upholding ethical standards within Promise Gold Refinery's supply chain.



## **Compliance Officer and Management Roles at Promise Gold Refinery**

This outlines the essential role of the Compliance Officer at Promise Gold Refinery in ensuring the responsible sourcing of gold. The officer, a senior figure within the organization, is crucial for maintaining compliance and implementing effective due diligence measures.

### **Responsibilities:**

#### **1. Direct Reporting and Access:**

The Compliance Officer is required to report directly to the CEO (or equivalent) and maintain direct access to the Board of Directors. This ensures a clear line of communication and allows for the swift escalation of critical compliance matters.

#### **2. Monitoring Supply Chain Due Diligence:**

The Compliance Officer is responsible for the continuous monitoring of the supply chain due diligence process. This involves tracking transactions, assessing risks, and identifying potential compliance violations.

#### **3. Improving the Due Diligence Framework:**

A key responsibility is the ongoing improvement of the supply chain due diligence framework. This includes the regular review and updating of supply chain policies and procedures to align with evolving regulations and best practices.

#### **4. Training and Awareness Programs:**

The Compliance Officer is tasked with managing and implementing comprehensive training and awareness programs related to due diligence. This ensures that all employees are knowledgeable about responsible sourcing practices and their roles in maintaining compliance.

#### **5. Collaboration with Regulatory Authorities:**

- The Compliance Officer acts as the primary point of contact for collaboration with the relevant Supervisory Authority and the Financial Intelligence Unit (FIU). This includes: Providing all requested data.
- Allowing authorized employees to access necessary records and documents.
- This demonstrates a commitment to transparency and cooperation with regulatory bodies.

The Compliance Officer at Promise Gold Refinery is the central figure in ensuring responsible gold sourcing. They are responsible for implementing, monitoring, and improving due diligence processes, as well as fostering a culture of compliance throughout the organization. Their direct reporting line to senior leadership and collaboration with regulatory authorities underscore the importance of their role.

### **Employee Roles in Responsible Gold Sourcing at Promise Gold Refinery :**

Employees at all levels of Promise Gold Refinery play a crucial role in ensuring the company's commitment to responsible gold sourcing. Their actions directly impact the effectiveness of the due diligence process and the company's reputation.

### **Key Responsibilities and Expectations:**

#### **• Adherence to Company Policies and Procedures:**

Employees must strictly adhere to the company's established policies and procedures related to responsible sourcing. This includes following guidelines for record-keeping, transaction documentation, and reporting suspicious activities.

#### **• Accurate Information Provision:**

Employees involved in the handling and processing of gold must provide accurate and complete information regarding the origin and documentation of the materials. This is vital for maintaining traceability and transparency.



- **Due Diligence Support:**  
Employees may be required to assist in due diligence processes, such as collecting and verifying supplier information, conducting risk assessments, and participating in audits.
- **Reporting Suspicious Activities:**  
Employees have a responsibility to report any suspicious activities or potential red flags related to the origin or sourcing of gold. This includes reporting concerns about suppliers, transactions, or any other irregularities.
- **Participation in Training and Awareness Programs:**  
Employees must actively participate in training and awareness programs related to responsible sourcing and AML compliance. This ensures they understand their responsibilities and are equipped to identify and mitigate risks.
- **Maintaining Accurate Records:**  
It is vital that employees maintain accurate and complete records of all transactions, and of the gold that they handle. This allows for proper auditing, and tracking of the gold through the supply chain.
- **Compliance with Regulatory Requirements:**  
Employees must comply with all applicable regulatory requirements related to responsible sourcing, including those set by the DMCC and other relevant authorities.

Employees at Promise Gold Refinery are integral to the responsible sourcing of gold. Their adherence to policies, accurate information provision, and vigilance in reporting suspicious activities contribute significantly to the company's compliance efforts. A culture of awareness and responsibility throughout the workforce is essential for maintaining ethical and transparent sourcing practices.

### **Enhancing Relationships with Suppliers Standard Operating Procedure**

We have outlined Promise Gold Refinery's comprehensive strategy to enhance its relationships with all gold suppliers (doré, scrap, and fine gold) while ensuring adherence to regulatory requirements and the OECD Due Diligence Guidance for responsible mineral sourcing from Conflict-Affected and High-Risk Areas (CAHRA) and Ministry of Economy of Due Diligence Regulations for Responsible Sourcing of Gold. This strategy prioritizes long-term partnerships, clear communication, contractual obligations, and supplier capacity building to foster a responsible and transparent supply chain.

Promise Gold Refinery recognizes the critical importance of establishing and maintaining strong, ethical relationships with its gold suppliers. In alignment with regulatory directives and the OECD Guidance, the refinery is committed to ensuring that its supply chain is free from conflict financing, human rights abuses, and other adverse impacts. This report details the specific measures Promise Gold Refinery will implement to achieve this objective.

### **Communication of Due Diligence Expectations:**

- Promise Gold Refinery will develop and disseminate a clear, concise, and comprehensive Gold Supply Chain Policy, consistent with Section 1.1 of relevant regulations of Ministry of Economy due diligence for responsible Supply Chains of gold and the OECD Guidance.
- Suppliers will be required to formally commit to this policy, or, alternatively, demonstrate adherence to their own equivalent policy that aligns with the same or equivalent standards.
- Regular communication channels will be established to address supplier queries and provide ongoing support.

### **Information Sharing and Transparency**

- Promise Gold Refinery will share relevant AML/CFT legislation, regulatory requirements, the OECD Guidance, and the Gold Supplement with all suppliers.
- This information will be provided in accessible formats and languages, ensuring clear understanding.
- Workshops and information sessions will be conducted to educate suppliers on their obligations.

### **Contractual Obligations and Legal Binding Agreements**



- Promise Gold Refinery will incorporate its Gold Supply Chain Policy, in line with relevant regulations, into all commercial contracts and written agreements with suppliers.
- These agreements will clearly define supplier responsibilities and obligations regarding due diligence and responsible sourcing.
- Legal counsel will be engaged to ensure the enforceability of these agreements.
- Clear consequences will be defined for non-compliance.

### **Supplier Capacity Building and Support**

- Promise Gold Refinery will provide capacity building measures, including training, workshops, and technical assistance. Information sharing platforms will be established to facilitate the exchange of best practices and resources.
- Suppliers will be supported in developing their own due diligence systems and processes.
- Promise Gold Refinery will implement a system that will allow for the sharing of information regarding due diligence and best practices.
- Promise Gold Refinery will provide resources to assist suppliers in risk assessment and mitigation.

### **Implementation and Monitoring:**

- Promise Gold Refinery will establish a dedicated team to oversee the implementation of this strategy.
- Regular audits and assessments will be conducted to monitor supplier compliance.
- A system for reporting and addressing non-compliance will be implemented.
- Continuous improvement mechanisms will be incorporated to adapt to evolving regulatory requirements and best practices.

By implementing this comprehensive strategy, Promise Gold Refinery aims to cultivate strong, long-term relationships with its gold suppliers, while ensuring the responsible and ethical sourcing of gold. This commitment to transparency, accountability, and supplier empowerment will contribute to a more sustainable and responsible gold industry.

### **Governance & Internal Controls**

Promise Gold Refinery FZC (PGR) has established a **Compliance & Responsible Sourcing Committee (CRSC)** to oversee the implementation and continuous improvement of its Responsible Sourcing of Gold framework. The Committee ensures that all sourcing and refining activities comply with the **UAE Ministry of Economy's Responsible Sourcing Regulations, Cabinet Decision No. 132 of 2023**, and the **OECD 5-Step Due Diligence Framework**.

The CRSC is chaired by the **Head of Compliance** and includes the **Managing Director**, and key department heads from Procurement, Refinery Operations, and Finance. It meets **quarterly** to review supplier risk assessments, CAHRA mapping results, corrective action plans (CAPs), internal and independent audit findings, and staff training progress.

Detailed minutes are recorded for every meeting and retained in the **Responsible Sourcing Committee Register** for a minimum of **5 years**. The Committee also ensures submission of the **Annual Responsible Sourcing Report** to the Ministry of Economy within 90 days of the financial year-end and escalates any material compliance issues or unresolved CAPs directly to senior management.

An **annual policy review cycle** is mandated to ensure continuous alignment with updated regulatory guidance, audit findings, and international best practices. Through this governance structure, PGR maintains transparent, risk-based oversight and demonstrates ongoing commitment to ethical, traceable, and compliant gold sourcing operations.



## KNOW YOUR COUNTERPARTY (KYC) AND CUSTOMER DUE DILIGENCE MEASURES

Promise Gold Refinery, potential customers and suppliers who wish to commence any business relationship with Promise Gold Refinery, have the option to either reach out to the Marketing and business development team in person to understand the documents that would be required to be submitted to be reviewed to proceed with the account opening or they could visit our website to understand the documents that would be required to be submitted to be reviewed to proceed with the account opening on our website the customer has the option of downloading our account opening forms and other supporting documents, which needs to fill and submitted to the onboarding team, Our AML Policy and procedure are also available on the website for the potential supplier and customer.

### Checklist of Documents to be submitted during the Onboarding Process.

The list of basic documents that we collect from our customers and suppliers are listed below these documents are used to conduct the customer's and supplier's due diligence.

<b>Basic List of Documents to be Submitted by Potential Customers and Suppliers- Scrap</b>	
1.	Valid Trade License issued by
2.	Latest Memorandum of Association
3.	Tax Registration Certificate
4.	Tenancy Contract/ Utility Bill of the Business Entity
5.	Passport, Visa, and Emirates/ National -ID of Shareholder above 25%.
6.	Residential Proof of Shareholder (Utility Bill / Tenancy Contract/Driver's License)
7.	AML -CTF Policy adhered to by the company
8.	Supply Chain Policy adhered to by the company
9.	Duly Filled and signed Promise Gold Account Opening Form
10.	Duly Filled and Signed Promise Gold Gold Declaration Form
11.	Duly Filled and Signed Promise Gold Statement of conformance of recycled gold origin
12.	Duly Filled and Signed Promise Gold PEP Declaration Form
13.	Duly Filled and Signed Promise Gold Source of Fund and Wealth Form
14.	Duly Filled and Signed Promise Gold Responsible Sourcing Code of Ethics
<b>Basic List of Documents from Potential Customers and Suppliers-International Dore</b>	
1	Valid Trade License issued by
2	Latest Memorandum of Association
3	Tax Identification Number
4	Tenancy Contract/ Utility Bill of the Business Entity
5	Passport, Visa (if Non-Citizen) and National -ID of Shareholder above 25%.
6	Residential Proof of Shareholder (Utility Bill / Tenancy Contract/Driver's License)
7	Mining License / Business License
8	Export License
9	AML -CTF Policy adhered to by the company
10	Supply Chain Policy adhered to by the company
11	Duly Filled and signed Promise Gold Account Opening Form
12	Duly Filled and Signed Promise Gold Declaration Form
13	Duly Filled and Signed Promise Gold Statement of conformance of recycled gold origin
14	Duly Filled and Signed Promise Gold PEP Declaration Form
15	Duly Filled and Signed Promise Gold Source of Fund and Wealth Form
16	Duly Filled and Signed Promise Gold Responsible Sourcing Code of Ethics



## **Customer-supplier documentation review procedure:**

### **1. TRADE LICENSE:**

A review of the Trade License should be conducted to analyze the following factors which would be a parameter in the review of the supplier-customer. The Risk associated with each element under the review is attached in Annexure 2.

- Validity of Trade License before Expiry.
- Nature of Business Activity: (Business Activity licensed to be undertaken by counterparty).
- Date of Incorporation to understand the Length of Business
- Identify the License Number of the Business.
- Share Holder Details/ Manager Details (If Applicable)
- Country of Incorporation (to Identify which country the Company is registered and conducts its business operations in.

### **2. Latest Memorandum of Association:**

A review of the latest Memorandum of Association should be conducted to analyze the following details: -

- Business Objective
- Ownership Structure
- Voting Powers in the company
- Controlling Power in the company
- Capital and Share Holding Pattern
- Dividends Payment

### **3. Tax Registration Certificate /TIN and VAT:**

A review of the Tax Certificate should be conducted to analyze if the customer-supplier has registered with the regulatory authority as a legally registered company. The Tax registration number certificate needs to be collected.

### **4. Tenancy Contract/ Utility Bill of the Business Entity**

This review of is to be conducted to understand if the business is actually registered and is actually a company that is present and not shell company, this review is to ensure that Promise Gold doesn't conduct any business with a Shell company.

### **5. KYC Document of the Shareholders with Stake above 25%.**

This review is to be conducted to understand and identify the UBO of the company, the company shareholders. We should Collect the following Documents.

- **Passport Copy:** To Identify the Nationality, the Date of Birth, and the Place of birth and verify the Photo.
- **Visa Copy:** (if applicable): To Identify the residential status of the Shareholder, if the customer is a valid Resident in UAE.
- **Emirates ID:** To verify the Residency Status in UAE.
- **National ID:** To verify the Current Residency Status of the customer and where the customer and supplier are currently domiciled.

### **6. SHAREHOLDER UTILITY BILL:**

To verify the Residency Status of the Shareholder, we would have to check the shareholder is domiciled and where is the shareholder living, which would be used to understand the Geographical risk associated with the country of residence.



#### **7. AML -CTF POLICY ADHERED TO BY THE COMPANY:**

This document needs to be collected from the customer suppliers to understand the policy that needs to be identified, this policy helps us understand the Sanction policy, Screening policy, and Counter-Terrorist Financing policy implemented to ensure that the counterparty is protected against Money Laundering factors.

#### **8. SUPPLY CHAIN POLICY ADHERED TO BY THE COMPANY:**

This document needs to be collected from the customer suppliers to understand the policy that needs to be identified, this policy helps us understand the Supply chain policy, Sourcing Policy, and Transit Policy implemented to ensure that the counterparty is protected against Conflict Based sourcing factors.

#### **9. PROMISE GOLD REFINERY ACCOUNT OPENING SET:**

This is a set of documents that contains six sets of documents, which would be provided to the potential customer and suppliers. The documents are as follows:

**a) Account Opening Forms:**

This document is used to collect information on the customer- Suppliers' information, this document provided information such as details of the company, contact information, Country of Incorporation, TRN Number, Nature of Business, PEP Details, Metal Details, Banking Details, Details of Source of Funds and Origin of funds, Management information, Shareholder Details, Identification of the UBO, Sanction Details, AML Details, Anti-Bribery Details, Transaction Monitoring, Environmental Regulatory Details, Responsible Sourcing and Supplier's code of ethics details followed by the customer.

**b) Gold Declaration Form:**

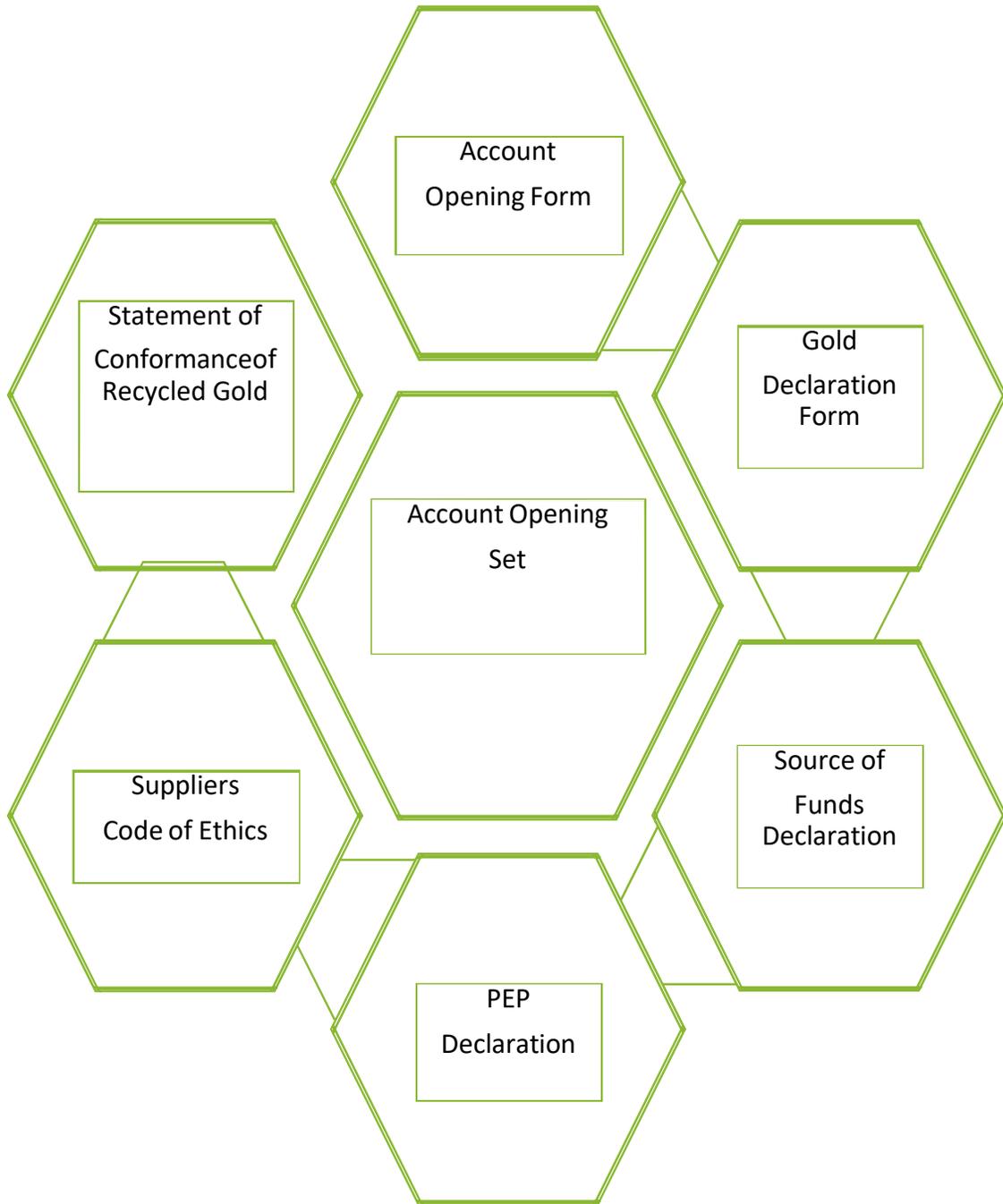
This is declaration form is used to collect information from the supplier and customer to ensure that the gold sourced is from legitimate sources.

**c) PEP Declaration Form:**

This declaration form is used by Promise Gold to understand the potential customer-supplier the customer-supplier and to understand if they are a Political Exposed Person or is associated with any PEP, this is declaration is to be collected and reviewed, against the Customer- Supplier documents to be screened to ensure that Promise Gold will be able to understand the Risk associated with onboarding of the customer and Suppliers.

**d) Declaration on Source of Funds:**

This declaration form is used by Promise Gold to understand the potential customer-supplier source of funds, this is declaration will be collected and reviewed, against the Customer- Supplier documents Promise Gold will be able to understand the Risk associated with onboarding of the customer and Suppliers.





## Documents Review and Verification

Promise Gold Refinery to ensure ethical sourcing, compliance with regulations, and prevention of illicit activities. Here's a breakdown of verification methods Promise Gold Refinery can utilize:

### Key Verification Methods:

#### Document Authentication:

##### **Certificate of Origin:**

- Verification with the issuing authority in the supplier's country.
- Cross-referencing with customs data.

##### **Assay Certificates:**

- Verification with accredited laboratories.
- Independent testing of gold samples.

##### **Commercial Invoices and Export/Import Licenses:**

- Cross-referencing with relevant government databases.
- Verification of supplier registration and licenses.

##### **Due Diligence Checks:**

###### **KYC/AML Compliance:**

- "Know Your Customer" (KYC) and Anti-Money Laundering (AML) checks.
- Verification of supplier identity and background.
- Screening against sanction lists.

###### **Source Verification:**

- Tracing the gold's origin to ensure it's conflict-free.
- Requiring suppliers to provide detailed sourcing information.
- Auditing supplier practices.

###### **Compliance with Responsible Sourcing Standards:**

- Adherence to standards like the OECD Due Diligence Guidance and the Responsible Jewellery Council (RJC) Chain of Custody.
- Requiring suppliers to provide certifications and undergo audits.

###### **Physical Verification:**

###### **Sample Testing:**

- Conducting independent assays to verify the gold's purity and composition.

###### **Site Visits:**

- Conducting on-site inspections of supplier facilities.

###### **Desk Research**

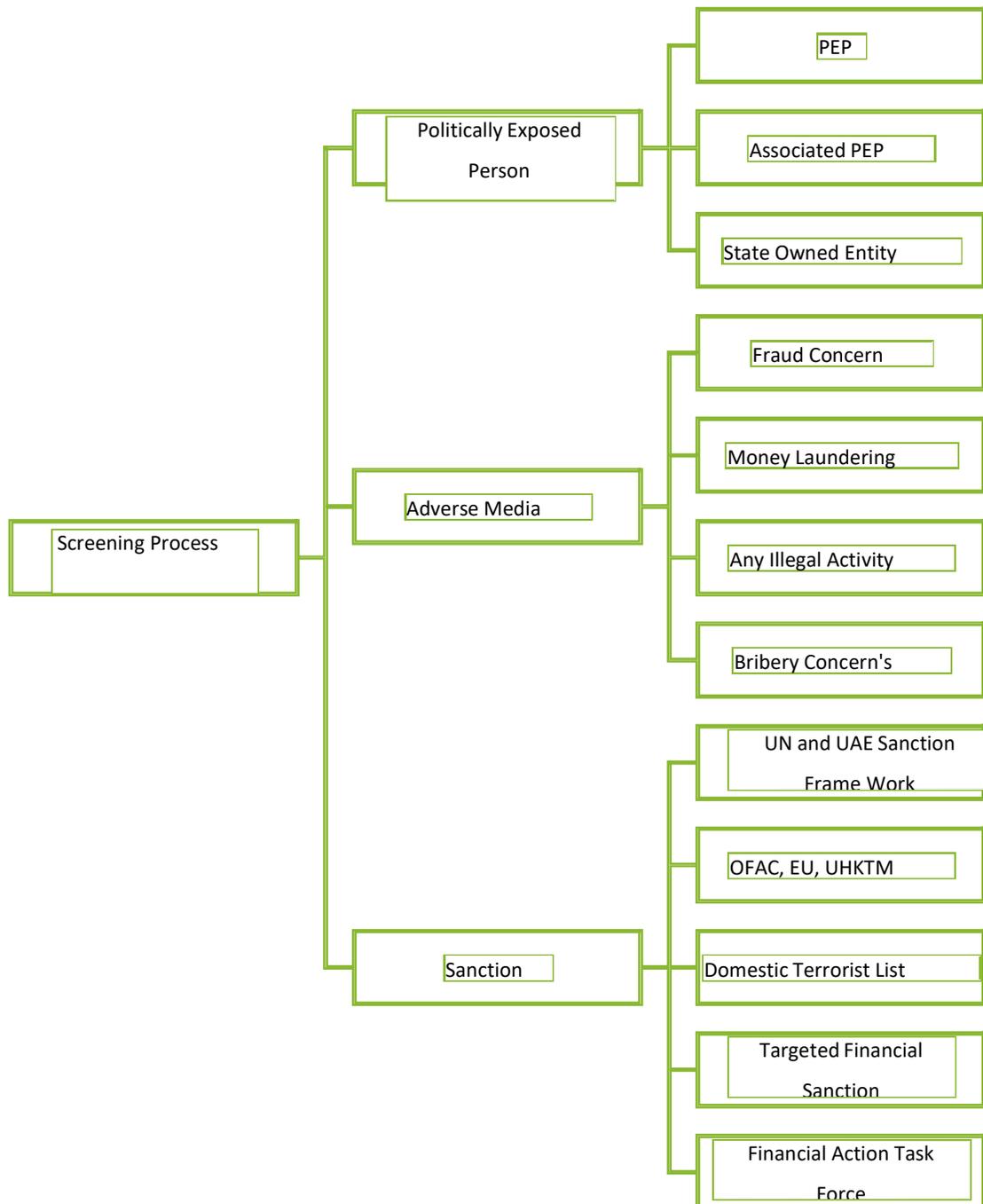
- Identify each company in the supply chain.
- Identify the beneficial owner(s) of each company in the supply chain.
- Obtain financial information on each company in the supply chain.
- Ensure that each company in the supply chain holds the necessary permits and licenses.
- Ensure that each company in the supply chain is not listed on any sanctions and/or embargoes list.



## Screening of Customers and Suppliers

Promise Gold Refinery has a systematic screening process, which is facilitated by a third-party service vendor, Promise Gold used Refinitiv World check One. All potential and existing Customers and suppliers are subjected to Promise Gold screening process. Promise Gold conducts multiple screening processes before onboarding any new suppliers and customers.

**The Screening process followed by Promise Gold is as below:**





All the Onboarded Customers and suppliers are placed on Ongoing screening under the World check, where they are screened on the above parameters. If there are any concerns noted on the customer suppliers and their shareholders, the third-party system will scan the details of the counterparty and associated parties on an everyday base if concerns are identified the system would raise an alert which would be reviewed by the compliance team to address the concerns.

## **MAJOR SCREENING PARAMETERS**

### **PEP ASSESSMENT RULES AND REGULATIONS:**

#### **Classification of PEP:**

Definition of Politically Exposed Person (PEP) is an individual with a high-profile political role, or who has been entrusted with a prominent public function. They present a higher risk for involvement in money laundering and/or terrorist financing because of the position they hold.

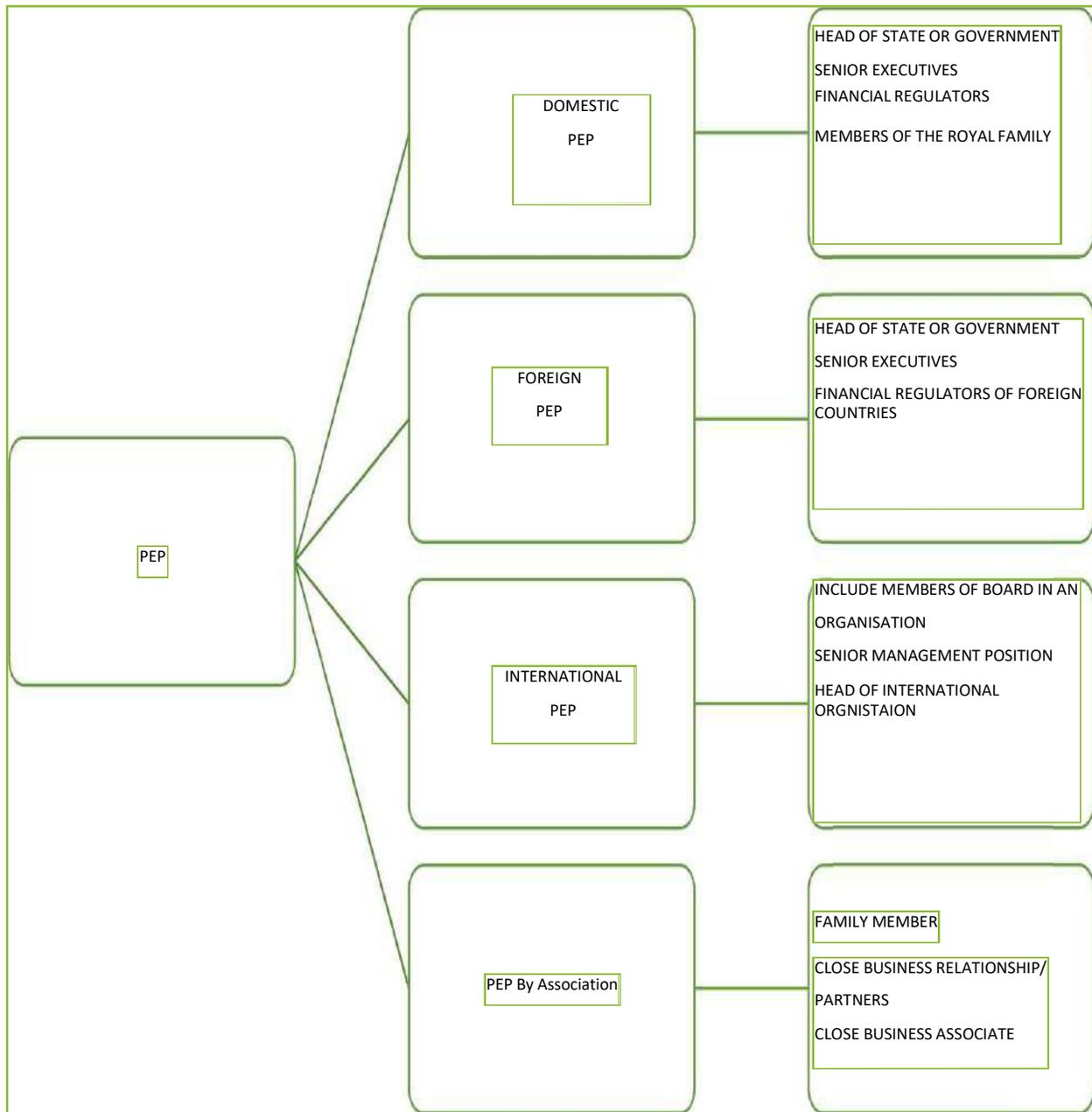
PEP is defined as high-risk customers who have greater opportunities than ordinary citizens to acquire assets through illegal means such as taking bribes and money laundering. PEPs must be identified and screened in financial institutions because of the risks they have.

The process of identifying PEPs and determining their risks is generally referred to as PEP List Screening and is a very important screening for the best implementation of AML compliance programs, especially in financial institutions.

#### **TYPES /CATEGORIES OF PEP:**

##### **AML/CTF Rules define three categories of PEPs:**

- **Domestic PEPs** are individuals who hold a prominent public position or function in an Australian government body.
- **Foreign PEPs** are individuals who hold a prominent public position or function in a government body of a foreign country.
- **International organization PEPs** are individuals who hold a prominent public position or function in an international organization.
- **PEP by association:** The Spouse, Siblings, Children, and Parents, A natural person having joint beneficial ownership of legal entities and legal arrangements, or any other close business relationship. A legal person or legal arrangement whose beneficial owner is a natural person and is known to have been set up for the benefit of such person or his immediate family members.





## PEP RISK CLASSIFICATION FACTOR

High Risk – Level 1 PEPs	Medium Risk – Level 2 PEPs
<ul style="list-style-type: none"><li>• Heads of state and government</li><li>• Members of government (national and regional)</li><li>• Members of Parliament (national and regional)</li><li>• Heads of military, judiciary, law enforcement and board of central banks</li><li>• Top ranking officials of political parties</li></ul>	<ul style="list-style-type: none"><li>• Senior officials of the military, judiciary, and law enforcement agencies</li><li>• Senior officials of other state agencies and bodies and high ranking civil servants</li><li>• Senior members of religious groups</li><li>• Ambassadors, consuls, high commissioners</li></ul>
Medium Risk – Level 3 PEPs	Low Risk – Level 4 PEPs
<ul style="list-style-type: none"><li>• Senior management and board of directors of state owned businesses and organisations</li></ul>	<ul style="list-style-type: none"><li>• Mayors and members of local, country, city and district assemblies</li><li>• Senior officials and functionaries of international or supranational organisations</li></ul>

### RISK MITIGATION FACTOR:

Having good customer records and a PEP database that can be screened using unique identifying data will reduce the number of false positives and the overall burden on compliance teams.

#### **Process of Screening Unique identifying data should include the following:**

1. Name (all known names and aliases)
  2. Date of Birth, and where this isn't available, Year of Birth.
  3. Country of political exposure
  4. Gender (where available)
  5. Politically exposed role(s), and date(s) or year(s) of appointment
  6. Date or year that the PEP left their position (where applicable)
  7. Where applicable if the PEP is deceased.
- Where possible, **use native character searching**. Searching for names in their native language greatly reduces false positives by limiting transliteration issues.
  - Use **geography to help determine risks**—not all countries pose the same risk. Lower-risk countries present the opportunity to reduce the amount of time spent reviewing close associates and relatives.
  - Reduce the number of hits you receive by **using date of birth and age to refine your search**.



### PEP Risk Screening Classification of Promise Gold:

Screening Results	Risk Rating Category
No Hits Identified	Low Risk
False Positive	Medium Risk
Potential Match	High Risk
True Match	Prohibited

### Risk Rating Table For PEP:

Details	Customer Details	Risk Grade
Customer Name		
Date of Birth		
Place of Birth		
Nationality		
Occupation		
Sector		
Position Held		
Year in which position was held last		

### Sanction Screening Policy and Risk Mitigation

Promise Gold Refinery in conjunction with the UAE Cabinet issued Resolution (74) in 2020 regarding the designated individuals and Entities abiding by the two major sanction list

- The UAE Terrorist List – Issued by the UAE Federal Cabinet
- The United Nation Consolidated List- Issued by the United Nation Security Council.

Promise Gold regularly updates these lists from <https://www.uaecic.gov.ae/ar-ae/> and is supported by the third- party vendor “Refinitiv World Check”.

### Targeted Financial Sanctions (TFS):

The term Targeted Financial Sanctions means that such sanctions are against particular individuals, group entities, or undertakings.

- To deny certain individuals, groups, organizations, and entities the means to support terrorism or finance the proliferation of weapons of mass destruction.
- To ensure no funds, financial assets or economic resources of any kind as long as they remain subject to the sanction’s measures.

### United Nations Sanction Framework

- United Nations Chapter VII, under Article 41 defines sanctions as “measures not involving the use of armed force” employed to give effect to UNSCRs.
- Sanction regimes focus mainly on supporting the settlement of political conflicts, nuclear non- proliferation, and counterterrorism by measures ranging from comprehensive economic and trade sanctions to more targeted measures.
- Range of sanctions regimes
- Targeted sanctions (i.e. focused sanctions)



- i. Arms embargoes
- ii. Sectorial sanctions (i.e. Gold - Kongo, Charcoal - Somalia, etc.)
- iii. WMD-related goods and materials
- Role of Sanctions Committees and experts
- Today, there are 14 ongoing sanctions regimes
- UN website (www.un.org) contains details for each regime

**The Financial Action Task Force (FATF)**

Recommendations 6 and IO 10: Terrorism and its financing and Recommendation 7 and IO 11: Financing of the proliferation of weapons of mass destruction.

- **Focus:** Financial aspect of the sanction regimes
  - i. Asset freeze
- Out of scope but with an impact:
  - i. Travel bans
  - ii. Arms embargoes
  - iii. Sectorial sanctions
  - iv. WMD-related goods and materials.



**TFS Framework**

Targeted Financial Sanctions Framework <i>As per Cabinet Resolution 74 2020</i>		Intrnl. Sanctions Regime
<b>Targeted Financial Sanctions</b> <i>As per FATF Recommendations</i>		<ul style="list-style-type: none"> <li>• OFAC</li> <li>• EU</li> <li>• HMT</li> <li>• etc</li> </ul> <p>Note: implementation of such sanctions depend on guidance and instructions issued by relevant Supervisory Authority</p>
<b>Terrorist Financing (TF)</b> <ul style="list-style-type: none"> <li>• <b>ISIS &amp; Al-Qaida</b> UNSCR 1267, 1989</li> <li>• <b>The Taliban</b> UNSCR 1988</li> <li>• <b>UAE Local Terrorist List</b> UNSCR 1373</li> </ul> <p><b>FATF RECOMMENDATION 6</b> <b>FATF IMMEDIATE OUTCOME 10</b></p>	<b>Other UN Sanctions Regime</b> <ul style="list-style-type: none"> <li>• <b>Somali</b> - UNSCR 1844</li> <li>• <b>Iraq</b> – UNSCR 1483</li> <li>• <b>Congo</b> – UNSCR 1596 &amp; UNSCR 1807</li> <li>• <b>Libya</b> – UNSCR 1970</li> <li>• <b>Central African Republic</b> – UNSCR 2127</li> <li>• <b>Yemen</b> – UNSCR 2140</li> <li>• <b>South Sudan</b> – UNSCR 2206</li> <li>• <b>Mali</b> – UNSCR 2374</li> <li>• <b>Beirut terrorist bombing</b> – UNSCR 1636 &amp; UNSCR 1701</li> <li>• Any other UN Sanction Regime</li> </ul> <p><b>FATF RECOMMENDATION 7</b> <b>FATF IMMEDIATE OUTCOME 11</b></p>	



## Promise Gold has abided by the Regulatory Obligation by Implementing the Below

<b>Register</b>	At the Executive Office website to receive automated updates to the local & UN lists.
<b>Screening</b>	Screen daily their customers, potential customers, beneficial owners, and transactions to identify possible matches.
<b>Implement TFS</b>	<ul style="list-style-type: none"><li>• Freeze &amp; prohibition of funds</li><li>• Report</li></ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"><li>• Internal policies and procedures complying with TFS legislations.</li></ul>

### Sanction Screening Policy of Promise Gold:

Promise Gold Conduct screening on existing, new, and potential clients to verify any positive names matched with any designated person (Entity or Individual).

Since Promise Gold Conducts Ongoing Screening on third party applications, it is able to ensure that all new update to the relevant sanctions list screening is conducted on the customer database without delay when new names are listed.

### Promise Gold Performs Screening and Ongoing Screening on the below

- Customers
- Suppliers
- Aggregators
- Shippers
- Freight and Forwarders
- Shareholders
- Stakeholders Etc

### Factors Used for Screening for the Entity and Natural Person are as follows:

<b>For natural person</b>	<b>For legal persons</b>
<ul style="list-style-type: none"><li>• Name</li><li>• Aliases</li><li>• Date of birth</li><li>• Nationality</li><li>• ID or passport information</li><li>• Last known residency</li></ul>	<ul style="list-style-type: none"><li>• Name (s)</li><li>• Aliases</li><li>• Address of registration</li><li>• Address of branches</li><li>• Other information</li></ul>



## Screening Parameters



A "**Confirmed Match**" is when an individual, group, or entity matches most or all of the identifiers published on the Sanctions Lists.



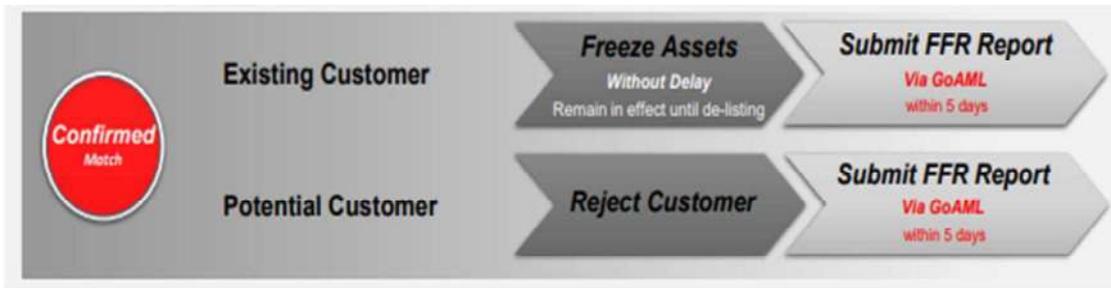
A "**Potential Match**" is when there is any match between data in the Sanctions Lists with any information in your databases.



A "**False Positive**" is a potential match to listed individuals, groups, or entities either due to the common nature of the name or due to ambiguous identifying data, which on examination proves not to be a confirmed or potential match



## Sanction Implementation.



When a '**Confirmed Match**' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC Consolidated List is identified, FIs & DNFBPs are required to take the following necessary action:

- Freeze without delay and prohibition of making funds or other assets available or provide services. [You should not close the accounts as it doesn't comply with cabinet Resolution 74 to 2020].
- Report measures via the **GoAML** platform within five business days by selecting the Fund Freeze Report (**FFR**). The report will be received by the relevant supervisory authority and the Executive Office – IEC.
- Ensure all the necessary information and documents regarding the '**Confirmed Match**' is submitted along with the (**FFR**).
- Freezing measures shall remain in effect until the person is de-listed



When a '**Potential Match**' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC Consolidated List is identified, FIs & DNFBPs are required to take the following necessary action:

- Suspend without delay any transaction and refrain from offering any funds or services.
- Report the '**Potential Match**' via GoAML platform by selecting the Partial Name Match Report (PNMR);
- Ensure all the necessary information and documents regarding the name match is submitted
- Uphold suspension measures related to the '**Potential Match**' until further instructions are received from Executive Office – IEC or the relevant supervisory authority.



### Internal Controls implemented by Promise Gold

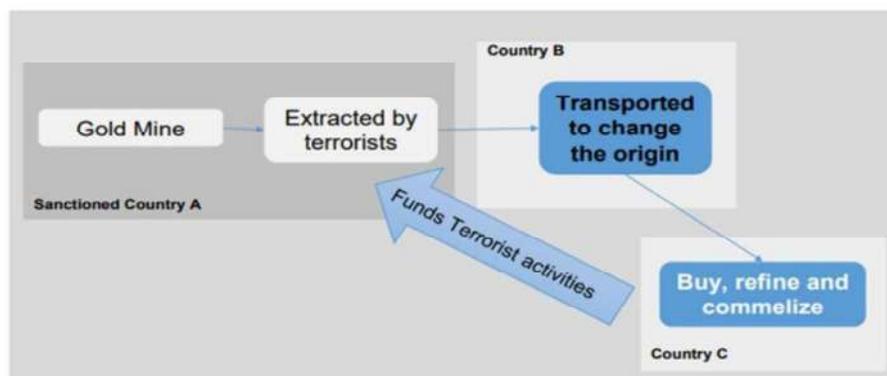
Promise Gold has placed internal controls to ensure compliance with the most recent publication of targeted financial sanctions of the UNSC Consolidated lists and the Local Lists.

Promise Gold has Policies and procedures that prohibit staff from, directly or indirectly, informing the customer or any third party that freezing action or any Other Measures are going to be implemented as per provisions of Cabinet Resolution 74/2020.

**TF evasion activities could be identified when no confirmed or potential match could be identified, but the transaction contains doubtful or suspicious information as per the following red flags:**

- Customer is engaging in complex commercial deals and arrangements that seem to be aiming to hide the final destiny of the transaction/good or the beneficial owner, which could be a designated individual, group, or entity. (E.G: the use of a front company, middlemen, or intermediaries by the designated individual to circumvent the targeted financial sanctions).
- Customer is carrying out multiple ATM cash withdrawals in short succession across various locations in territories where sanctioned people have influence or around the border of sanctioned countries linked to terrorist financing.
- Customer is suspected to be working or acting on behalf of, or is controlled by, a sanctioned individual, group, or entity.
- Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose
- Lack of details regarding reasons for transferring funds.
- Customer or transaction is suspected of being linked (directly or indirectly) to DPRK's nuclear-related, WMD-related, or ballistic missiles weapons program.
- Customer or transaction is suspected of being linked (directly or indirectly) to IRAN's nuclear weapons program.
- Customer or transaction is suspiciously involved in the supply, sale, delivery, export, or purchase of dual-use, controlled, or military goods to countries of proliferation concerns or related to illegal armed groups.
- Transaction involves the sale, shipment, or export of dual-use goods incompatible with the technical level of the country to which it is being shipped
- Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws.

### Trade in Gold





## ADVERSE MEDIA INFORMATION SCREENING

Promise Gold Refinery will conduct searches for “Negative News Screening” (NNS) and other forms of adverse information to enhance its awareness of potential Financial Crime risk posed by both existing and prospective customers. While there remain some limitations and challenges pertaining to broad media searches, NNS can be a valuable mechanism that enables Promise Gold to have a better understanding of whom they are doing business with and the risks to which an FI is exposed.

### **Risk-Based Approach and Negative News Screening**

Promise Gold has established the risk-based approach (RBA). Adherence to risk-based standards is paramount to applying a proportionate approach to NNS and effective and efficient risk management. Promise Gold recommends that the document in conjunction with its Guidance on the Risk-Based Approach and, as required, other applicable guidance issued by authorities in the jurisdiction(s) in which Promise Gold operates. Promise Gold recognizes that there is no universally agreed and accepted definition of Negative News. For the purpose of this document, it has been broadly defined as ‘information available in the public domain which FIs would consider relevant to the management of Financial Crime risk’. Negative News is also referred to as Adverse Media, Negative Media or Adverse News. Conducting searches for Negative News and other forms of adverse information will enhance awareness of potential Financial Crime Risks posed by existing and prospective customers. It can be a useful screening mechanism that enables Promise Gold to have a better understanding of who they are doing business with and the risks to which a Promise Gold is exposed.

Promise Gold Adverse Media Screening enables us to leverage a range of information, data, and analysis available in the public domain and can be a useful tool to supplement the Customer Due Diligence (CDD) process and identify factors that may impact on the risk profile of the Customer. This can assist an FI to understand the Financial Crime and related Reputational risks posed by a business relationship so that they can be managed appropriately.

Typically, there are two key factors to consider when establishing Adverse Media Information First, FIs should determine the risk categories to screen e.g., the types of crime or event in scope of Adverse Media Information. The second factor is the ‘maturity’ / stage of the crime or event committed:

- **Risk Category:**

For example, the predicate offence the FI wishes to screen in the scope of its NNS solution e.g., Money Laundering, Terrorism/Terrorist Financing, Bribery and Corruption, Organized Crime, Drug Trafficking, Human Trafficking, Wildlife Trafficking, Proliferation and Proliferation Financing, and Tax Evasion.

- **Risk Stage:**

This is the maturity of the offence and starts with an allegation, which then likely becomes an investigation which may lead to charges ending with a conviction. An FI will need to determine at which stage it wishes to be alerted to the potential Negative News, recognizing that alert volumes at the allegation stage will be higher than receiving an alert at conviction stage once the alleged crime has been investigated and may have less AML/CTF value.

### **Factors to be considered while determining the Scope of Adverse Media Information**

- the products a customer uses
- the segment to which the customer belongs
- the geographies where the customer is based or to which they have a nexus
- the status of the customer’s internal risk rating or score, which may incorporate the above elements.

### **Risk-based decisions may include:**

- Type of Screening: e.g., performing this manually, the use of internet search engines or automation through an internally or externally built solution. It could also be a combination of all of these.
- Scope of Screening: Promise Gold CDD/EDD process and technology should determine who should be screened (e.g., customers, UBOs, related parties or non-customers).
- Frequency: an Promise Gold will need to determine at what frequency and stage of the customer lifecycle screening should take place (e.g., daily, weekly, monthly, quarterly, annually, whenever



- CDD/EDD is conducted, including onboarding, triggered event, periodic, on-going basis).
- Media Sources/Lists: an FI may establish specific media sources to be in-scope of monitoring (e.g., consideration can be given to the credibility of the source, and the coverage of adverse information within a specific geographical span).
- **Risk Categories and Stages:**  
**Timelines:** Promise Gold has established a period of how far back media should be screened for the in scope risk categories. A multi-year look-back threshold may be appropriate, either for all media or higher or lower periods based on the crime/offense types. Additionally, once an initial review has been conducted (e.g., at onboarding) it may only be necessary to screen against new media events.

### **Promise Gold Adverse Media Information Screening Processes**

- Monitoring of the screening population to certify that the total number of alerts generated matches the total of alerts worked on (referred, dispositioned and/or closed).
- This gap analysis allows FIs to identify process gaps or missing alerts
- Supervise the adherence to policies, procedures, and processes
- Implement testing of NNS processed alerts to ensure compliance with agreed, risk-based discounting standards.
- Monitoring and testing of the false positive alert population to ensure there are no missed true matches. The application effectiveness and efficiency criteria to measure the performance of **Adverse Media capabilities such as**
  - a) Screening volume
  - b) Volume of alerts generated
  - c) False positives and true matches
  - d) Quality assurance outcomes

### **Information Used to Conduct Adverse Media Screening**

<b>For natural person</b>	<b>For legal persons</b>
<ul style="list-style-type: none"><li>• Name</li><li>• Aliases</li><li>• Date of birth</li><li>• Nationality</li><li>• ID or passport information</li><li>• Last known residency</li></ul>	<ul style="list-style-type: none"><li>• Name (s)</li><li>• Aliases</li><li>• Address of registration</li><li>• Address of branches</li><li>• Other information</li></ul>



## RISK SCREENING CLASSIFICATION

### RISK PROFILING OF CUSTOMER AND SUPPLIERS

This summary outlines the methodology and key considerations for evaluating the risk profiles of customers and suppliers engaged with Promise Gold Refinery. The evaluation process is designed to systematically assess potential risks against predefined risk factors, ensuring compliance with regulatory requirements and mitigating exposure to illicit activities.

#### Evaluation process:

- **Data Collation and Verification:** Gathering and verifying all relevant data from onboarding documentation and external sources.
- **Risk Factor Assessment:** Evaluating each data point against the specified risk factors, assigning risk scores or ratings as appropriate.
- **Risk Profiling:** Developing comprehensive risk profiles for each customer and supplier, categorizing them based on overall risk levels (e.g., low, medium, high).
- **Due Diligence Implementation:** Applying appropriate due diligence measures based on the assigned risk profile, including Enhanced Due Diligence (EDD) for high-risk entities.
- **Ongoing Monitoring and Review:** Implementing continuous monitoring of customer and supplier activities and regularly reviewing risk profiles to ensure accuracy and relevance.

Screening Results	Risk Rating Category
No Hits Identified	Low Risk
False Positive	Medium Risk
Potential Match	High Risk
True Match	Prohibited



## CUSTOMER DUE DILIGENCE REVIEW

Promise Gold Refinery recognizes the critical importance of robust Customer Due Diligence (CDD) in mitigating financial crime risks, ensuring compliance with regulatory requirements, and maintaining the integrity of its operations within the precious metals sector.

CDD measures are applied proportionally to the assessed risk level of each customer, with higher-risk customers subject to enhanced scrutiny. The foundation of the CDD process involves verifying the identity and legitimacy of all customers. Customer relationships are continuously monitored for changes in risk profiles or suspicious activity. Identifying and verifying the natural persons who ultimately own or control the customer entity. Screening customers against international sanctions lists, continuously monitoring customer transactions for unusual or suspicious activity.

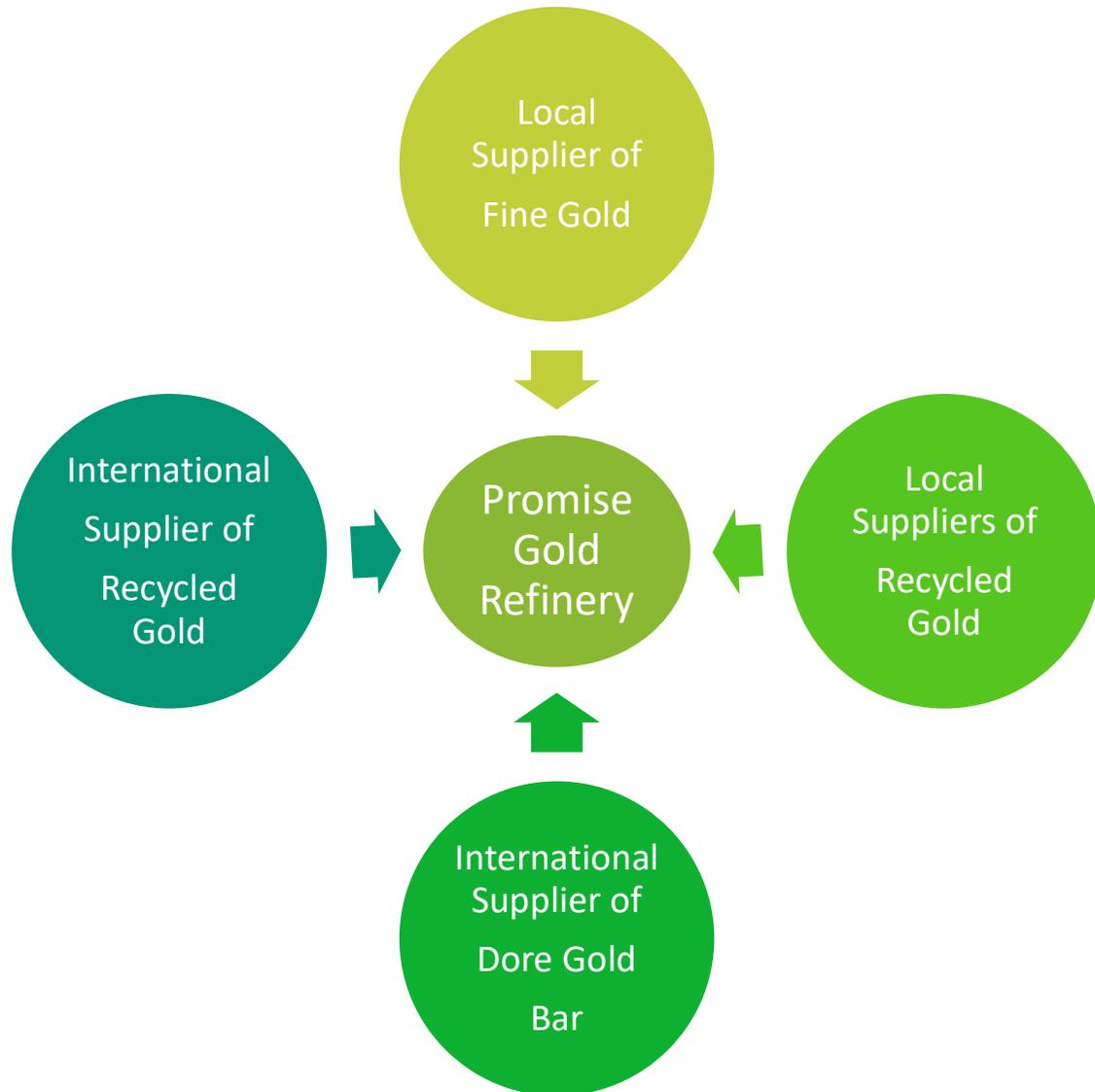
Adopting the Risk-Based Approach is the best way to improve the effectiveness of the Customer Due Diligence process – Higher the risk exposure, the more stringent AML checks to be applied.

<b>3 TYPES OF CUSTOMER DUE DILIGENCE</b>			
<b>Deciding Parameters</b>	<b>Simplified Due Diligence</b>	<b>Standard Due Diligence</b>	<b>Enhanced Due Diligence</b>
<b>Type of customer's ML/FT risk profile</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>
<b>Due Diligence measures to be applied</b>	<ul style="list-style-type: none"> <li>• Identify the UBO</li> <li>• Nationality of all Shareholders</li> <li>• Verify the identity</li> <li>• Screening               <ul style="list-style-type: none"> <li>- PEP</li> <li>- Sancation</li> <li>- Adverse Media</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Obtain Information about address and address proof</li> <li>• Understand the nature of business</li> <li>• Understand the purpose of the transaction</li> <li>• UBO Identification and Nationality</li> <li>• Screening results</li> </ul>	<ul style="list-style-type: none"> <li>• Source of Funds</li> <li>• Source of Wealth</li> <li>• PEP or PEP Association</li> <li>• Senior Management approval</li> </ul>
<b>Nature of ongoing monitoring</b>	<ul style="list-style-type: none"> <li>• Less frequent</li> <li>• Re KYC 12-16 Months</li> <li>• Re Documentation annually</li> <li>• 25% Transaction Review</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring</li> <li>• Re-KYC 12 Months</li> <li>• Re-Documentation Annually</li> <li>• 25%-50% Transaction Review</li> </ul>	<ul style="list-style-type: none"> <li>• More frequent monitoring</li> <li>• Re-KYC 12 Months</li> <li>• Re-Documentation Annually</li> <li>• 100% Transaction Review</li> </ul>
<b>Example of customer warranting specific due diligence</b>	<ul style="list-style-type: none"> <li>• A company listed on the recognized stock exchange</li> <li>• UAE Based</li> <li>• Simple Shareholding structure</li> <li>• LOB more than 5 Years</li> <li>• Geography location of Business</li> <li>• Type of Metal Traded in Fine Gold (DGD-LBMA) Local Scrap.</li> </ul>	<ul style="list-style-type: none"> <li>• LLC and Free Zone company in UAE and Low Risk International Co.</li> <li>• Multiple Layer of ownership</li> <li>• LOB less than 1 year</li> <li>• Geography location of Business</li> <li>• Type of Metal Traded in Fine (Non -Certified) and Scrap (Local – International)</li> </ul>	<ul style="list-style-type: none"> <li>• LLC and Free Zone company International and High-Risk Country</li> <li>• Multiple Layer of ownership</li> <li>• LOB less than 1 year</li> <li>• Geography location of Business and sourcing</li> <li>• Type of Metal Traded in Fine (Non -Certified) and Scrap (Local – International)</li> </ul>



## SUPPLY CHAIN RISK ASSESSMENT AND RISK MITIGATION PROCESS

Understanding the major player in the supply chain of Promise Gold Refinery





## IDENTIFICATION AND ASSESSMENT OF THE SUPPLY CHAIN RISK

Promise Gold Refinery implements internal policies and practices of mapping its supply chain in order to identify and assess the risks contributing to money laundering, terrorism financing or serious human right abuses, associated with gold and/or precious metal supply chain.

Promise Gold Refinery implements a policy to evaluate, and control identified risk in compliance with MoE- Due Diligence Regulations for Responsible Sourcing of Gold and DMCC – BRD- GPM rules, this document assists Promise Gold Refinery management in making informed decisions with respect to situations that may involve different levels of risk.

All Promise Gold Refinery staff members must read, comprehend and strictly follow its contents; the subject document is to be read in conjunction with the Promise Gold Refinery staff company handbook as amended from time to time.

Promise Gold Refinery implements an internal risk assessment process that is carried out using a risk-based approach on each party involved in the supply chain. Customers have been classified into Four categories commensurate to the level of risk involved.

1. **Low Risk Category**
2. **Medium Risk Category**
3. **High Risk Category**
4. **Prohibited Category**

### Risk Identification Process: Detailed Steps

#### 1. Supply Chain Mapping:

- **Scope:** Define the scope of the supply chain to be assessed, including all actors involved from mine to refinery.
- **Data Collection:** Gather comprehensive information about suppliers, including:
  - Names and contact details of suppliers.
  - Locations of mines and trading points.
  - Transportation routes.
  - Ownership structures.
  - Contractual relationships.
- **Visualization:** Create a visual representation of the supply chain to identify potential risk points.

#### 2. Risk Assessment Framework:

- **OECD Alignment:** Adopt the OECD's risk categories, including:
  - Conflict financing.
  - Serious human rights abuses.
  - Labour rights violations.
  - Environmental degradation.
  - Bribery and fraudulent misrepresentation of the origin of minerals.
  - Money Laundering.
- **Risk Indicators: Develop specific risk indicators for each category, such as:**
  - Presence of armed groups in mining areas.
  - Reports of child labour or forced labour.
  - Evidence of environmental damage from mining activities.
  - Lack of transparency in financial transactions.
  - Documentation inadequacies.



- **Risk Scoring: Establish a risk scoring system to assess the severity and likelihood of identified risks.**
  
- 3. **Information Gathering and Verification:**
  - **Supplier Due Diligence: Conduct thorough due diligence on suppliers, including:**
    - Requesting documentation related to sourcing practices.
    - Conducting on-site visits where feasible.
    - Reviewing supplier policies and procedures.
  
  - **Stakeholder Engagement: Engage with relevant stakeholders, such as:**
    - Local communities.
    - Civil society organizations.
    - Government agencies.
    - Industry associations.
  
  - **Third-Party Information: Utilize independent sources of information, such as:**
    - Reports from NGOs and international organizations.
    - Data from risk intelligence providers.
    - Independent audits.
  
- 4. **Risk Documentation and Reporting:**
  - **Document all steps: Every step of the risk identification process will be documented.**
  
  - **Maintain Records: Keep detailed records of:**
    - Supply chain mapping.
    - Risk assessments.
    - Due diligence findings.
    - Stakeholder engagement activities.
  
  - **Internal Reporting:**
    - Establish a clear reporting mechanism for communicating risk information to relevant personnel.
  
  - **External Reporting:**
    - Prepare reports for external stakeholders, demonstrating compliance with the OECD Due Diligence Guidance.
  
- 5. **Ongoing Monitoring and Review:**
  - **Regular Review:** Conduct regular reviews of the risk identification process to ensure its effectiveness.
  - **Update Risk Assessments:** Update risk assessments as new information becomes available.
  - **Continuous Improvement:** Implement a system for continuous improvement of the risk identification process.
  - **Auditing:** Implement regular audits of the due diligence process.



## Low Risk

- The customers that satisfy the KYC standards
- Type of Metal supplied
- Sourcing from Low Risk Countries mentioned as per OECD and FATF listing
- Provision of Complete Transactional Documents of supply chain (**Traceability is fully evident with supporting document**)
- Screening Report with out Sanction /PEP/ Adverse Media Report concerns.
- Clearly identified UBO with Identity documents
- No Scope of Concerns of Human Rights , Child labor and Environmental Concerns

## Medium Risk

- The customers that satisfy the minimum KYC standards.
- Type of Metal supplied
- Sourcing from Medium Risk Countries mentioned as per OECD and FATF listing.
- Provision of Complete Transactional Documents of supply chain (**Traceability is fully evident with supporting document**)
- No Sourcing from High Risk Country or CAHRA Regions
- No Sanctions /PEP/Adverse Media Hit.
- No Scope of Concerns of Human Rights , Child labor and Environmental Concerns

## High Risk

- The customers that satisfy the minimum KYC standards.
- Type of Metal supplier (Dore Gold)
- Sourcing from High Risk Countries mentioned as per OECD and FATF listing.
- Sourcing from CAHRA Listed country however not from the Regions mentioned in the List
- Provision of Complete Transactional Documents of supply chain (**Traceability is fully evident with supporting document**)
- Involvement of PEP , however not from any Sanctioned country
- No Scope of Concerns of Human Rights , Child labor and Environmental Concerns

## Prohibited

- The customers that doesn't satisfy the minimum KYC standards.
- Type of Metal supplier (Dore Gold-International Scrap without documents.
- Sourcing from High Risk Countries mentioned as per OECD and FATF listing,without proper documents
- No Sourcing from CAHRA Listed country however not from the Regions
- No Traceability of metal
- Involvement of PEP , Sanctioned country and Adverse Media with convictions
- No Scope of Concerns of Human Rights , Child labor and Environmental Concerns



### RISK RATING BASED ON THE METAL TYPE SUPPLIED BY THE SUPPLIER

Type Of Metal	ML and FT Concerns	Supply Chain Concerns
Fine Gold	High Risk	Low Risk
Recycled Gold	Medium Risk	Medium Risk
Dore-Alluvia Gold	Low Risk	High Risk

### RISK RATING BASED ON SUPPLIERS' BUSINESS MODEL and TYPE of METAL

Type of supplier	Risk Associated
Local Jewellery Manufacture	Low Risk
Local Dealers of Precious metals (Fine -Recycled Gold)	Medium Risk
International Dealers of (Fine -Recycled Gold)	Medium Risk
International Primary Gold Dealers (Exporters only)	High Risk
International Primary Gold Dealers (Exporters and Aggregators)	High Risk
International Miners (LSM)	High Risk
International Miners (ASM)	High Risk

### RISK RATING BASED ON SUPPLIERS' LOCATION OF BUSINESS AND TYPE OF METAL

Geographical Location	Type of Metal	Approval Requirements
Low Risk Country	Fine Gold	CO approval
Low Risk Country	Recycled Gold	CO -CM approval
Medium Risk Country	Fine Gold	CO -CM approval
Medium Risk Country	Recycled Gold	CO -CM /CCO approval
High Risk Country	Fine Gold	CO -CM /CCO approval
High Risk Country	Recycled Gold	CO -CM/CCO approval
High Risk Country	Dore Gold	CO -CM/COO approval
CAHRA Listed Country	Any type of Gold	Put on Hold for <b>CCO/MD Approval</b>
Sanctioned Country (OFCA-UKHTM-EU- DFTA)	Any type of Gold	Put on Hold for <b>CCO/MD Approval</b>
United Nations Security Council and UAE	Any type of Gold	<b>Prohibited/Rejected</b> No approval required

1. Co- Compliance Officer
2. CM-Compliance Manager
3. CCO- Chief Compliance Officer
4. MD- Managing Director



## CONDUCTING SUPPLY CHAIN DUE DILIGENCE TO IDENTIFY POTENTIAL RISKS

Promise Gold Refinery will establish a robust framework for identifying and assessing risks within its gold supply chain, adhering to regulatory requirements of Ministry of Economy's Due Diligence Regulations for Responsible Sourcing of Gold and the OECD Due Diligence Guidance. This framework mandates a comprehensive risk assessment prior to engaging with new suppliers, followed by ongoing due diligence to continuously monitor and mitigate potential risks.

Leveraging the management systems implemented under applicable regulations, Promise Gold Refinery will tailor its due diligence measures based on the identified risks. High-risk supply chains will be subject to enhanced due diligence protocols to effectively mitigate identified vulnerabilities.

If, through the information gathered, Promise Gold Refinery can reasonably determine that it does not engage with gold mined, transported, or traded in a Conflict-Affected and High-Risk Area (CAHRA). However, the established management systems will be maintained and regularly reviewed to ensure ongoing effectiveness.

Irrespective of CAHRA involvement, Promise Gold Refinery will uphold stringent Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) measures, adhering to all applicable legislation and regulations governing Designated Non-Financial Businesses and Professions (DNFBPs). This comprehensive approach ensures both responsible sourcing and compliance with all relevant legal obligations.

### Promise Gold Refinery will use the following parameter to conduct its risk assessment

1. Counterparty Risk Assessment
2. Geographical Risk Assessment
3. Transactions Risk Assessment
4. Product Risk Assessment
5. Delivery Channel Risk Assessment

#### 1. Counterparty Risk Assessment

Promise Gold Refinery will incorporate the following criteria into our Counterparty Risk Assessment and Know Your Customer (KYC) procedures, specifically targeting suppliers identified, to enhance due diligence and mitigate supply chain risks:

### Enhanced KYC and Risk Assessment Criteria:

#### 1. Comprehensive Supplier KYC Information:

- Detailed KYC information of suppliers, including but not limited to, legal registration, ownership structure, and operational history.
- Thorough documentation of the origin and transportation of gold, ensuring traceability and transparency.

#### 2. Red Flag Identification:

- Systematic identification and documentation of Red Flags, as defined in Step 2.2 of applicable regulations, within the supply chain.
- Implementation of a robust system for flagging and escalating identified risks.

#### 3. Supply Chain Complexity:

- Assessment of the number of participants within the supply chain to determine its complexity.

#### 4. Counterparty Due Diligence Practices:

- Evaluation of the extent and effectiveness of counterparty due diligence practices.
- Verification of the supplier's internal controls and risk management procedures.

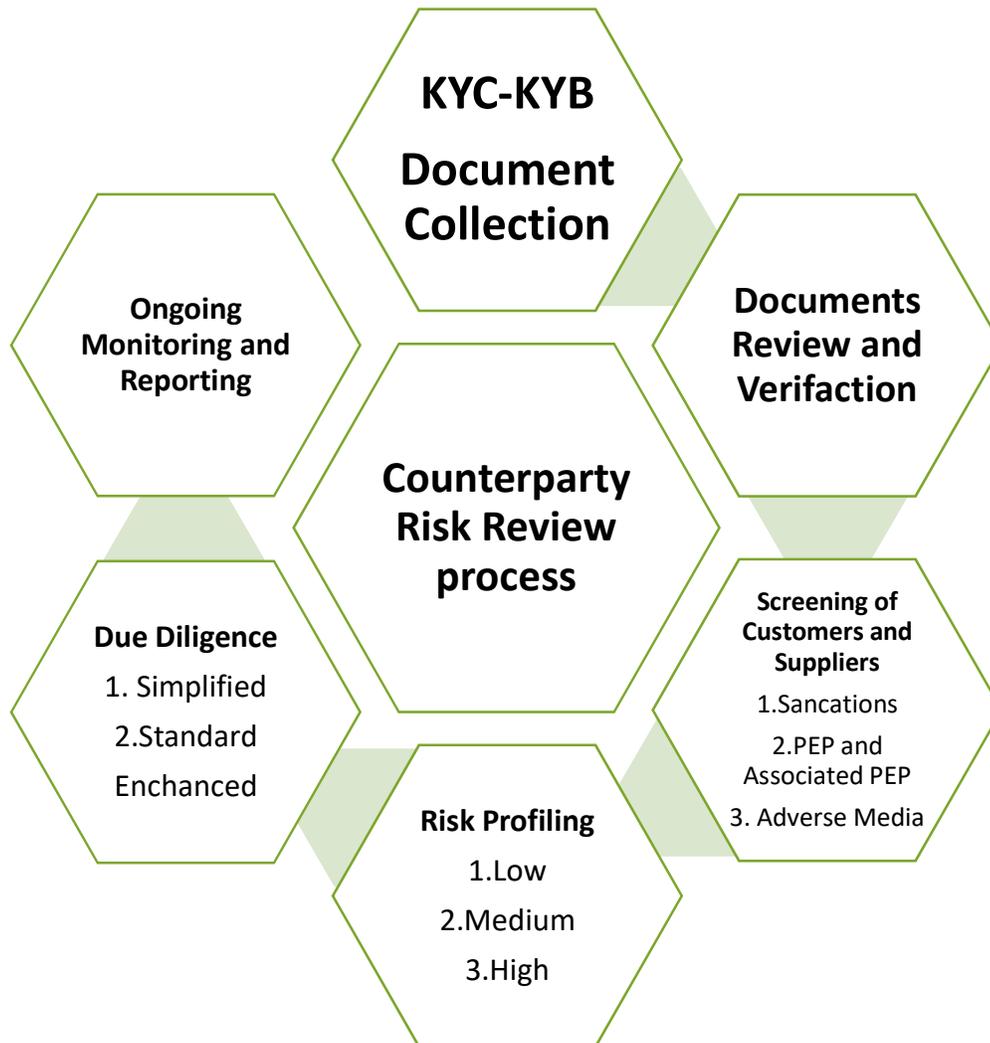
#### 5. OECD Guidance Conformance:

- Assessment of the counterparty's conformance with the OECD Due Diligence Guidance during gold sourcing.
- Documentation of the counterparty's policies and procedures in relation to the OECD guidance.



- 6. Supplier Establishment Duration:**
  - Assessment of the length of establishment of the supplier or other counterparties within the supply chain.
- 7. Ownership Structure Complexity:**
  - Identification and assessment of complex ownership structures, including multiple layers of ownership and the involvement of trusts or similar vehicles, to detect potential anonymity or obfuscation.
- 8. Mining Operation Size:**
  - Determination of the size of mining operations (Artisanal and Small-Scale Mining (ASM) or Large-Scale Mining (LSM)), if applicable.
- 9. Politically Exposed Persons (PEPs):**
  - Identification of any involvement of Politically Exposed Persons (PEPs) or individuals closely related to them.
- 10. Adverse Media and Sanctions Screening:**
  - Thorough screening of suppliers and other supply chain actors against adverse media and sanctions lists.
  - Documentation of all screening results and findings.

By incorporating these criteria into its KYC and risk assessment procedures, Promise Gold Refinery will enhance its ability to identify and mitigate risks within its gold supply chain, ensuring compliance with regulatory requirements and promoting responsible sourcing practices. We have documented the KYC and Document requirements in detail in our Know Your customer and supplier section.





## 2. Geographical Risk Assessment

Promise Gold Refinery will implement a rigorous geographical risk assessment framework to accurately identify the location and origin of all gold sourced, recognizing that varying origins present distinct risk profiles necessitating tailored due diligence measures. This assessment will be evidence-based, drawing upon supplier-provided information and independent research.

Geographical Risk Assessment and Origin Verification Procedures:

### a. Mined Gold Origin Verification:

- Promise Gold Refinery will establish robust procedures to trace the origin of mined gold directly to the mine site.
- Enhanced due diligence will be employed to identify and prevent misrepresentation of mined gold as a mining by-product (e.g., gold obtained from copper mining), ensuring accurate origin reporting.
- This includes thorough documentation of mine site locations, mining permits, and transportation records.

### b. Recyclable Gold Origin Verification:

- The origin of recyclable gold will be defined as the point at which the gold becomes recyclable, such as the initial sale to a gold recycler or refiner.
- Due diligence measures will be implemented to detect and prevent attempts to misrepresent newly mined gold as recycled gold, ensuring the integrity of recyclable gold sourcing.
- This includes detailed records of the recycled material, and the origin of the recycled material.

### c. Grandfathered Stocks Assessment:

- For gold stocks with verifiable dates predating January 1, 2012, no origin determination will be required.
- However, if Red Flags (as defined in Section 2.2 of applicable regulations) are identified, indicating potential violations of AML/CFT regulations or international sanctions, a comprehensive supply chain review will be conducted.
- This will include enhanced monitoring of the supply chain, and increased scrutiny of all documentation.

### d. Evidence-Based Origin Determination:

- Promise Gold Refinery will prioritize evidence-based origin determination, utilizing verifiable documentation and independent research.
- Supplier-provided information will be rigorously verified through cross-referencing with external databases and industry reports.
- Geographic Information Systems (GIS) and other technologies will be employed to map and analyse supply chain routes and origin points.

### e. Risk-Based Approach:

- The geographical risk assessment will adopt a risk-based approach, prioritizing due diligence efforts based on the identified risks associated with specific origin regions.
- High-risk regions will be subject to enhanced due diligence measures, including on-site visits and independent audits.
- All identified risks will be documented and included in the ongoing due diligence process.

By implementing these procedures, Promise Gold Refinery will enhance its ability to identify and mitigate geographical risks associated with gold sourcing, ensuring compliance with regulatory requirements and promoting responsible sourcing practices.



Promise Gold Refinery will enhance its geographical risk assessment by incorporating the following location-based risk factors, utilizing reasonable efforts and recognized sources of information, to ensure a comprehensive evaluation of potential risks within its gold supply chain:

**Location-Based Risk Factors for Geographical Risk Assessment:**

- a. AML/CFT and Regulatory Environment:**
  - Evaluation of the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) and other relevant regulatory environments in the supplier's jurisdiction and all locations within the supply chain.
  - Assessment of the effectiveness of regulatory oversight and enforcement.
- b. Conflict and Human Rights Abuses:**
  - Identification and assessment of the level of conflicts or human rights abuses in any location within the supply chain, utilizing reliable sources such as international organizations, NGOs, and reputable media outlets.
  - Documentation of any reported incidents or patterns of abuse.
- c. Bribery and Corruption:**
  - Evaluation of the level of widespread bribery and corruption in locations within the supply chain, utilizing reliable sources such as Transparency International and other reputable indices.
  - Assessment of the potential for corruption to influence sourcing practices.
- d. Criminal Organization Involvement:**
  - Assessment of the level of involvement or potential involvement of criminal organizations in locations within the supply chain.
  - Identification of any known criminal activities or networks that may pose a risk.
- e. Proximity to CAHRA Markets/Processing Operations:**
  - Evaluation of the level of access from locations within the supply chain to nearby markets or processing operations identified as Conflict-Affected and High-Risk Areas (CAHRA).
  - Assessment of the potential for gold to be laundered or mislabelled through these channels.
- f. Law Enforcement Effectiveness:**
  - Assessment of the level of enforcement of laws addressing significant criminal activity in locations within the supply chain.
  - Evaluation of the capacity and effectiveness of law enforcement agencies.
- g. Payment Mechanisms:**
  - Analysis of the payment mechanisms used in the supply chain, distinguishing between formal banking systems and non-banking systems.
  - Assessment of the risks associated with non-transparent or unregulated payment methods.
- h. International Sanctions and Embargoes:**
  - Identification and assessment of any international sanctions or embargoes imposed by the UN Security Council and/or the UAE against countries or individuals/entities within the supply chain.
  - Documentation of any potential sanction's violations.
- i. CAHRA Involvement:**
  - Identification of any direct or indirect involvement of countries designated as CAHRA in the supply chain.
  - Implementation of enhanced due diligence measures for any identified CAHRA involvement.



Promise Gold Refinery conducts its Enterprise-Wide Risk Assessment (EWRA), geographical risks are crucial, especially given the global nature of the gold industry and the refinery's location in the UAE. Here are some key geographical risk factors to consider.

We consider three major rating parameters that we consider while conducting risk assessment are as follows

Rating Provided by	Type of Risk Associated	Risk Rating
OECD Risk Rating	Supply Chain Risk	Based on the List
CAHRA Listing	Supply Chain Risk	Based on the List
FATF High Risk Country Rating	Money Laundering Risk	Based on the List
Know Your Country Risk Rating	Money Laundering Risk	Based on the List
UAE-UN Sanction Watchlist	Money Laundering Risk	Prohibited List

### Other Risk Associated with the Products are as follows

1. Geopolitical Stability in the Country
  - <https://www.knowyourcountry.com/country-reports/>
2. Level of AML Implementation in the Country
  - <https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-fatf-plenary-june-2024.html>
  - <https://www.knowyourcountry.com/ratings-table/>
  - <https://www.fatf-gafi.org/en/countries/global-network/middle-east-and-north-africa-financial-action-task-force--menafa.html>
  - <https://www.fatf-gafi.org/en/countries/global-network/eastern-and-southern-africa-anti-money-laundering-group--esaamlg.html>
3. Presence of Organized Crime in the country
  - <https://globalinitiative.net/initiatives/ocindex/>
4. Presence of terrorist Organization in the country
  - <https://www.state.gov/reports/country-reports-on-terrorism-2023/>
5. Human Rights Abuse in the country Reports
  - <https://www.ohchr.org/en/publications/annual-report/ohchr-report-2023>
  - <https://www.amnesty.org/en/countries/>
6. Sanctions and Embargoes on the country.
  - <https://ofac.treasury.gov/sanctions-programs-and-country-information>
  - <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2025.html>
  - <https://www.fatf-gafi.org/en/countries/global-network/eastern-and-southern-africa-anti-money-laundering-group--esaamlg.html>

By incorporating these location-based risk factors, Promise Gold Refinery will enhance its ability to identify and mitigate geographical risks, ensuring responsible sourcing and compliance with regulatory requirements.



### **3. Transactions Risk Factors**

Promise Gold Refinery will implement a comprehensive transactional risk assessment framework to identify and mitigate potential risks associated with individual transactions within its gold supply chain. This framework will incorporate the following criteria to ensure thorough scrutiny and due diligence:

#### **Transactional Risk Assessment Criteria:**

##### **a. Inconsistency with Local/Market Practices:**

- Assessment of transaction details (amount, quality, potential profit, etc.) for consistency with prevailing local or market practices.
- Identification and investigation of any significant deviations that may indicate suspicious activity.

##### **b. Inconsistency with Previous Shipments:**

- Comparison of transaction volumes, types, and concentrations of material with previous shipments from the same client.
- Investigation of any unexplained discrepancies or variations.

##### **c. Excessive Cash Transactions:**

- Identification and scrutiny of transactions involving the use of excessive cash.
- Implementation of measures to mitigate the risks associated with cash transactions, such as enhanced KYC and reporting requirements.

##### **d. Transaction Structuring:**

- Detection and prevention of attempted transaction structuring designed to avoid government reporting thresholds.
- Implementation of robust monitoring and reporting systems to identify suspicious patterns.

##### **e. Risk Severity and Probability:**

- Assessment of the identified risks, including their severity and the probability of adverse impacts.
- Implementation of risk-based due diligence measures commensurate with the assessed risk level.

##### **f. Transportation Discrepancies:**

- Reconciliation of gold transportation records with the declared location of origin.
- Investigation of any discrepancies or inconsistencies that may indicate misrepresentation or illicit activities.

##### **g. Unexplained Geographic Distances:**

- Analysis of the geographic distances involved in the supply chain to identify any unexplained or illogical routes.
- Investigation of any unusual transportation patterns that may indicate attempts to obscure the origin of gold.



When considering a transactional-based risk assessment for a gold refinery like Promise Gold Refinery, it's crucial to understand the complexities of the precious metals industry and the associated risks.

<b>Payment Type</b>	<b>Risk Category</b>
<b>Virtual Currency Payment</b>	Prohibited
<b>Cash Based Transaction</b>	High Risk
<b>Cross Country Transaction</b>	Medium Risk
<b>Banking Channel Transaction</b>	Low Risk

### **Transaction Monitoring**

- Implementing systems to monitor transactions for suspicious patterns.
- Identifying transactions that deviate from expected norms.
- Reporting suspicious transactions to the relevant authorities.

By incorporating these transactional risk assessment criteria, Promise Gold Refinery will enhance its ability to identify and mitigate potential risks associated with individual transactions, ensuring compliance with regulatory requirements and promoting responsible sourcing practices.

## **4. Product Risk Assessment**

Promise Gold Refinery will incorporate the following product risk assessment criteria into its supply chain policy to ensure appropriate due diligence based on the specific characteristics of the gold supplied:

### **Product Risk Assessment Criteria:**

#### **1. Nature of Gold Supplied:**

- **ASM (Artisanal and Small-Scale Mining) Gold:**
  - Recognize the potentially higher risks associated with ASM gold due to challenges in traceability and formalization.
  - Implement enhanced due diligence measures to verify the origin and legitimacy of ASM gold.
- **LSM (Large-Scale Mining) Gold:**
  - Assess the due diligence practices of LSM suppliers, including their compliance with environmental and social standards.
  - Verify the validity of mining licenses and operational permits.
- **Gold By-Product:**
  - Implement procedures to verify the legitimacy of gold by-products, ensuring they are not used to misrepresent the origin of conflict-affected or high-risk gold.
  - Verify that the main product that the gold is a by product of, is from a responsible source.
- **Melted Recyclable Gold:**
  - Implement robust traceability measures to verify the origin and processing of melted recyclable gold.
  - Assess the recycler's due diligence practices and compliance with responsible sourcing standards.



- **Unprocessed Recyclable Gold:**
  - Implement thorough due diligence to verify the origin and legitimacy of unprocessed recyclable gold.
  - Implement procedures to ensure that unprocessed recyclable gold is not being used to hide the origin of newly mined gold.
- **Clearly document the risk variations associated with each product type.**

## 2. Level of Gold Concentration:

- Assess the level of gold concentration in the supplied material.
- Implement risk-based due diligence measures based on the concentration, recognizing that higher concentrations may indicate higher value and potential risk.
- Implement procedures to ensure that the declared gold concentration is accurate.
- Implement procedures to analyse if the declared gold concentration is in line with the declared origin of the gold.

As Promise Gold Refinery is a regulated entity, it must consider product-based risks specific to the gold refining industry. These risks can arise from the physical nature of gold, its high value, and the complex processes involved in refining.

### Classification of Product Based Risk

Product Type	Sub Category	Risk Class- ML	Risk Class- Supply chain
Primary Gold	ASM Mined Gold	Low Risk	High Risk
Primary Gold	Alluvial Gold	Low Risk	High Risk
Primary Gold	LSM Mined Gold	Low Risk	Medium Risk
Recycled Gold	Industrial by product	Medium Risk	Medium Risk
Recycled Gold	Melted/Smelted	Medium Risk	Medium Risk
Fine /Refined Gold	Non-Certified Gold Bar	High Risk	Low Risk
Fine /Refined Gold	Certified Gold Bar (DGD-LBMA)	High Risk	Low Risk

### Other Risk Associated with the Products are as follows

#### Illicit Gold:

- Risk of sourcing gold from conflict zones or illegal mining operations.
- Challenges in verifying the origin and legitimacy of gold supplies.
- Reputational damage and legal penalties associated with handling illicit gold.

#### Quality and Purity:

- Variations in the quality and purity of raw gold supplies.
- Risks associated with inaccurate assaying and grading.
- Potential for adulteration or contamination of gold products.

#### Product Tampering:

- Risk of tampering with the gold product, to remove some of the gold, and replace it with a cheaper metal.
- Vulnerability during storage, transportation, and processing.
- Need for robust security measures.



By carefully assessing these product-based risks, Promise Gold Refinery has developed effective risk mitigation strategies and ensure the integrity and security of its operations.

By incorporating these product risk assessment criteria, Promise Gold Refinery will tailor its due diligence efforts to the specific characteristics of the gold supplied, enhancing its ability to mitigate risks and ensure responsible sourcing throughout its supply chain.

### **5. Delivery Channel Risk Assessment**

Promise Gold Refinery will incorporate the following delivery channel risk assessment criteria into its supply chain policy to ensure the secure and responsible transportation of gold, mitigating potential risks associated with delivery and logistics

#### **Delivery Channel Risk Assessment Criteria:**

##### **1. Unrelated Third-Party Deliveries:**

- Identification and scrutiny of physical gold deliveries to unrelated third parties that deviate from normal business practices.
- Implementation of enhanced due diligence measures to verify the legitimacy and rationale for such deliveries.
- Documentation of all related parties, and the reason for the delivery.

##### **2. Courier/Transport-Related Risk Factors:**

- Assessment of physical security practices employed during gold transportation, including the use of sealed security boxes and other measures to prevent tampering or removal of contents.
- Evaluation of the reliability and security protocols of courier and transport companies.
- Implementation of procedures to ensure that the security of transport is monitored.
- Implementation of procedures to check for tampering.

##### **3. Third-Party Transportation Company Due Diligence:**

- Verification of the extent of reliability and KYC information of third-party transportation companies, validated through accepted standards.
- Assessment of the transportation company's compliance with relevant regulations and industry best practices.
- Implementation of contracts with transportation companies that outline security and due diligence requirements.
- Implementation of procedures to verify that the transportation company has adequate insurance, and security protocols in place.

When incorporating a supply chain-based risk assessment into an enterprise-wide risk assessment for Promise Gold Refinery, it's vital to recognize the unique vulnerabilities of the gold industry

#### **Origin of Gold:**

- Conflict-Affected and High-Risk Areas (CAHRAs): Sourcing from these areas carries risks of funding conflict, human rights abuses, and illegal armed groups.
- Artisanal and Small-Scale Mining (ASM): While vital to many economies, ASM can present challenges in traceability and responsible practices.

#### **Traceability and Due Diligence:**

- Complex Supply Chains: Gold can pass through multiple intermediaries, making it difficult to trace its origin.
- Lack of Transparency: Insufficient documentation and information sharing can obscure the true source of gold.



**Ethical and Environmental Concerns:**

- Human Rights Violations: Risks of forced labour, child labour, and other abuses in mining operations.
- Environmental Degradation: Concerns about pollution from mining activities, particularly mercury use.

**Legal and Regulatory Risks:**

- Non-Compliance: Failure to meet regulations related to responsible sourcing and Anti-Money laundering.
- Sanctions and Trade Restrictions: Risks associated with sourcing gold from sanctioned countries or entities.

By incorporating these delivery channel risk assessment criteria, Promise Gold Refinery will enhance its ability to mitigate risks associated with gold transportation and delivery, ensuring the security and integrity of its supply chain.

**Risk Analysis Scenarios**

Likelihood of Occurrence	
Likelihood Type	Occurrence
Low	The scenario which occurs less than once per year, very unlikely
Medium	The scenario which occurs a few times per year, there is a reasonable chance
High	The scenario which occurs several times per year, high chance

Impact on Business	
Impact Type	Loss/damage and measures to be taken
Low	Negligible loss or damage, no measure from Compliance Officer, no effect
Medium	Limited loss or damage, simple measure from Compliance Officer, short-term effect
High	Significant loss or damage; enhanced measures from Compliance Officer, long-term effect

Level of Controls	
Control Type	Control Status
Strong	There are several measures in place to control risk, fully operational and fully effective
Effective	Risk is managed adequately, could be improved in certain parts, but works adequately & is effective
In Effective	Risk is not managed adequately, substantial improvement is necessary, but it has some effect
Non-Existent	No controls or controls have no effect



Residual Risk	
Residual Risk	Description
Low	The risk is unlikely to cause damage
Medium	There is a slight chance of this risk causing some damage
High	There is a considerable likelihood of this risk causing significant damage

Risk Appetite	
Residual Risk	Description
Accept	Mitigating measures are working
Reduce	Reduce risk or improve controls
Avoid	End the activities

### IDENTIFY RED FLAGS/ HIGH RISK INDICATORS IN THE GOLD SUPPLY CHAIN

Promise Gold Refinery will incorporate the following Red Flags and High-Risk Indicators, based on the origin of gold information, into its due diligence procedures to identify potential risks within its gold supply chain:

#### Location Based Red Flags

Promise Gold Refinery will incorporate the following Red Flags and High-Risk Indicators into its due diligence framework to identify and mitigate potential risks associated with the origin and transportation of gold within its supply chain

- a. **CAHRA or Sanctioned Country Origin/Transit:**
  - Any indication that the gold originates from or has been transported through a Conflict-Affected and High-Risk Area (CAHRA) or countries subject to international sanctions will trigger enhanced due diligence.
  - This includes thorough verification of origin and transportation documentation, and enhanced screening.
- b. **Discrepancy in Production Levels:**
  - Gold originating from a country known to have limited discovered reserves and expected production levels will be considered a Red Flag.
  - This discrepancy will prompt further investigation to ensure the legitimacy of the gold's origin.
- c. **Transit Through CAHRA Transit Countries:**
  - Gold originating from a country through which gold from CAHRAs is known or reasonably suspected to transit will trigger enhanced scrutiny.
  - This will include increased monitoring and verification of transportation routes and documentation.
- d. **Recyclable/Scrap Gold from CAHRA Transit Countries:**
  - Gold claimed to originate from recyclable/scrap or mixed sources and refined in a country where gold from CAHRAs is known or reasonably suspected to transit will be considered a high-risk indicator.
  - This will trigger rigorous verification of the recycled/scrap gold's origin and processing.



**e. Weak Oversight and High-Risk Countries:**

- Gold originating from or transported through countries known to have weak oversight of Money Laundering, corruption, bribery, presence of informal banking systems, and known cash intensiveness in the economy will trigger enhanced due diligence.
- This includes increased scrutiny of financial transactions and supplier due diligence.

## **SUPPLIER RED FLAGS**

Promise Gold Refinery will augment its due diligence framework with the following enhanced Red Flags and High-Risk Indicators to further strengthen its risk mitigation strategies within the gold supply chain

**a. Red Flag Location Operation/Interest:**

- If suppliers or other known upstream entities operate in, or have shareholder or other interests in suppliers from, red flag locations of gold origin and transit (as defined in 2.2.1), this will trigger immediate enhanced due diligence.
- This includes thorough investigation of the relationship and potential risks.

**b. Recent Sourcing from Red Flag Locations:**

- If suppliers or other known upstream entities have sourced gold from a red flag location of gold origin and transit within the last 12 months, this will be considered a significant Red Flag.
- This will necessitate rigorous verification of sourcing practices and enhanced monitoring.

**c. Discrepant/Inconsistent KYC Information:**

- Discrepant or inconsistent KYC information obtained during supplier identification and verification, or refusal to provide requested documentation, will trigger immediate investigation.
- This will include enhanced scrutiny of supplier information and potential termination of business relationships.

**d. Adverse Listings:**

- If suppliers or beneficial owners are listed in any government lists for Money Laundering, fraud, or terrorism, or are subject to international sanctions regulations, this will result in immediate termination of business relationships and reporting to relevant authorities.
- This includes thorough screening against relevant lists.

**e. Absence of Ethical/AML Policies:**

- If suppliers do not have policies and practices related to ethics, integrity, and combating Money Laundering, bribery, and corruption, this will be considered a significant Red Flag.
- This will necessitate supplier engagement to implement such policies or potential termination of business relationships.

**f. Lack of Counterparty Risk Assessment:**

- Lack of effective assessment of supplier's counterparties risk assessment framework to identify risks in the upstream Supply Chains, will be a red flag.
- This will require the supplier to provide proof of an effective risk assessment framework.



**If Promise Gold Refinery has sourcing of ASM gold, we will consider the following aspects while identifying and assessing risk.**

Promise Gold Refinery will incorporate the following ASM-specific risk indicators into its due diligence framework to address the unique challenges associated with sourcing gold from Artisanal and Small-Scale Mining (ASM) operations.

**Supplier Identification and Verification:**

- Rigorous identification and verification of ASM gold sources, including gold ore processing plants, traders, and local exporters.
- Documentation of all involved parties and their roles in the supply chain.
- Implementation of procedures to verify the legitimacy of the ASM supply chain.

**Legitimate ASM Mining Project Verification:**

- Verification of whether the mining project can be considered legitimate ASM, including:
  - Legal registration and compliance with local laws.
  - Cooperative-based and/or government-recognized status.
  - Central bank supported initiatives.
- Documentation of all relevant permits and approvals.

**Mining Practice Standards and Best Practices:**

- Assessment of whether the mining practice is subject to recognized standards and best practices, including:
  - Environmental management practices.
  - Occupational health and safety standards.
  - Community engagement and social responsibility.
- Verification of compliance with relevant industry guidelines.

**Ethical and Environmental Considerations:**

- Evaluation of whether the ASM gold source considers ethical and environmental elements during gold handling and processing, including:
  - Responsible chemical management (e.g., mercury use).
  - Environmental impact assessments.
  - Fair labor practices.
  - Community impact assessments.
- Verification of policies and procedures related to ethical and environmental considerations.

By integrating these ASM-specific risk indicators into its due diligence framework, Promise Gold Refinery will enhance its ability to assess and mitigate the unique risks associated with sourcing gold from ASM operations, promoting responsible and sustainable practices within its supply chain.



### **The Business Relationship, Counterparty, or Customer:**

- Suddenly cancels the transaction when asked for identification or information.
- Is reluctant or refuses to provide personal information, or the Promise Gold Refinery has reasonable doubt that the provided information is correct or sufficient.

Is reluctant, unable, or refuses to explain:

- Their business activities and corporate history;
- The identity of the beneficial owner;
- Their source of wealth/funds;
- Why they are conducting their activities in a certain manner;
- Who they are transacting with;
- The nature of their business dealings with third parties (particularly third parties located in foreign jurisdictions).
- Is under investigation, has known connections with criminals, has a history of criminal indictments or convictions, or is the subject of adverse information (such as allegations of corruption or criminal activity) in reliable publicly available information sources.
- Is a designated person or organization (i.e. is on a Sanctions List).
- Is related to, or a known associate of, a person listed as being involved or suspected of involvement with terrorists or terrorist financing operations.
- Insists on the use of an intermediary (either professional or informal) in all interactions, without sufficient justification.
- Actively avoids personal contact without sufficient justification.
- Is a politically exposed person, or has familial or professional associations with a person who is politically exposed.
- Is a foreign national with no significant dealings in the country, and no clear economic or other rationale for doing business with Promise Gold Refinery .
- Is located in a significant geographic distance away from the Promise Gold Refinery , with no logical rationale.
- Refuses to co-operate or provide information, data, and documents usually required to facilitate a transaction, or is unfamiliar with the details of the requested transaction.
- Makes unusual requests (including those related to secrecy).
- Is prepared to pay substantially higher fees than usual, without legitimate reason.
- Appears very concerned about, or asks an unusual number of detailed questions about compliance-related matters, such as customer due-diligence or transaction reporting requirements.
- Is conducting a transaction which appears incompatible with their socio-economic, educational, or professional profile, or about which they appear not to have a good understanding.
- Uses legal persons, legal arrangements, or foreign private foundations that operate in jurisdictions with secrecy laws.
- Requests services that could improperly disguise the nature of the precious Metal and Stones or conceal beneficial ownership from competent authorities, without any clear legitimate purpose.
- Claims to be a legitimate DPMS but cannot demonstrate a history or provide evidence of real activity.
- Is a business that cannot be found on the internet or social business network platforms (such as LinkedIn or others).
- Is registered under a name that does not indicate that activity of the company is related to precious Metal and stones, or that indicates activities different from those it claims to perform.



- Is a business that uses an email address with a public or non-professional domain (such as Hotmail, Gmail, Yahoo, etc.).
- Is registered at an address that does not match the profile of the company, or that cannot be located on internet mapping services (such as Google Maps).
- Is registered at an address that is also listed against numerous other companies or legal arrangements, indicating the use of a mailbox service.
- Has directors or controlling shareholder(s) who cannot be located or contacted, or who do not appear to have an active role in the company, or where there is no evidence that they have authorized the transaction.
- Is incorporated or established in a jurisdiction that is considered to pose a high money laundering, terrorism financing, or corruption risk.
- Has a complex corporate structure that does not appear to be necessary or that does not make commercial sense.
- Appears to be acting according to instructions of the unknown or inappropriate person(s).
- Conducts an unusual number or frequency of transactions in a relatively short time period.
- Asks for shortcuts, excessively quick transactions, or complicated structures even when it poses an unnecessary business risk or expense.
- Requests payment arrangements that appear to be unusually or unnecessarily complex or confusing (for example, unusual deposit or instalment arrangements, or payment in several different forms), or which involve third parties.
- Provides identification, records or documentation which appear to be falsified or forged.
- Requires that transactions be affected exclusively or mainly through the use of cash, cash equivalents (such as cashier's cheques, gold certificates, bearer bonds, negotiable third-party promissory notes, or other such payment methods), or through virtual currencies, for the purpose of preserving their anonymity, without adequate and reasonable explanation.

#### **The Transaction-Based Red Flags:**

- Involves the use of a large sum of cash, without an adequate explanation as to its source or purpose.
- Involves the frequent trading of precious Metal and stones (especially diamonds and gold) or Jewellery for cash in small incremental amounts.
- Involves the barter or exchange of precious Metal and stone (especially diamonds and gold) or Jewellery for other high-end Jewellery.
- Appears structured so as to avoid the cash reporting threshold.
- Involves delivery instructions that appear to be unnecessarily complex or confusing, or which involve foreign jurisdictions with no apparent legitimate connection to the counterparty or customer.
- Includes contractual agreements with terms that are unusual or that do not make business sense for the parties involved.
- Involves payments to/from third parties that do not appear to have a logical connection to the transaction.
- Involves merchandise purchased with cash, which the customer then requests the merchant to sell for him/her on consignment.
- Involves precious Metal and stones with characteristics that are unusual or do not conform to market standards.
- Involves the unexplained use of powers-of-attorney or similar arrangements to transact business on behalf of a third party.



- Appears to be directed by someone (other than a formal legal representative) who is not a formal party to the transaction.
- Involves a person acting in the capacity of a director, signatory, or other authorized representative, who does not appear to have the required competency or suitability.
- Involves persons residing in tax havens or High-Risk Countries, when the characteristics of the transactions match any of those included in the list of indicators.
- Is carried out on behalf of minors, incapacitated persons or other categories of persons who appear to lack the mental or economic capacity to make such decisions.
- Involves several successive transactions which appear to be linked, or which involve the same parties or those persons who may have links to one another (for example, family ties, business ties, persons of the same nationality, persons sharing an address or having the same representatives or attorneys, etc.).
- Involves recently created legal persons or arrangements, when the amount is large compared to the assets of those legal entities.
- Involves foundations, cultural or leisure associations, or non-profit-making entities in general, especially when the nature of the merchandise or the characteristics of the transaction do not match the goals of the entity.
- Involves legal persons which, although incorporated in the country, are mainly owned by foreign nationals, who may or may not be resident for tax purposes.
- Involves unexplained last-minute changes involving the identity of the parties (e.g. it is begun in one individual's name and completed in another's without a logical explanation for the name change) and/or the details of the transaction.
- Involves a price that appears excessively high or low in relation to the value (book or market) of the goods, without a logical explanation.
- Involves circumstances in which the parties:
  - Do not show particular interest in the details of the transaction.
  - Do not seem particularly interested in obtaining a better price for the transaction or in improving the payment terms.
  - Insist on an unusually quick completion, without a reasonable explanation.
- Takes place through intermediaries who are foreign nationals or individuals who are non-resident for tax purposes.
- Involves unusually high levels of assets or unusually large transactions compared to what might reasonably be expected of clients with a similar profile.
- Involves indications that the counterparty does not have or does not wish to obtain necessary governmental approvals, filings, licenses, or other official requirements.
- Involves any attempt by a physical person or the controlling persons of a legal entity or legal arrangement to engage in a fraudulent transaction (including but not limited to: over- or under-invoicing of goods or services, multiple invoicing of the same goods or services, fraudulent invoicing for non-existent goods or services; over- or under- shipments (e.g. false entries on bills of lading); or multiple trading of the same goods and services).



### **Mean of Payment**

- Involves cash, cash equivalents (such as cashier's cheques, gold certificates, bearer bonds, negotiable third-party promissory notes, or similar instruments), negotiable bearer instruments, or virtual currencies, which do not state the true payer, especially where the amount of such instruments is significant in relation to the total value of the transaction, or where the payment instrument is used in a non-standard manner.
- Involves unusual deposits (e.g. use of cash or negotiable instruments, such as traveller's cheques, cashier's cheques and money orders) in round denominations (to keep below the reporting threshold limit) to pay for precious Metals and stones. The negotiable instruments may be sequentially numbered or purchased at multiple locations, and may frequently lack payee information.
- Is divided into smaller parts or instalments with short intervals between them.
- Involves doubts as to the validity of the documents submitted in connection with the transaction.
- Involves third-party payments with no apparent connection or legitimate explanation.
- Cannot be reasonably identified with a legitimate source of funds.

### **Customer Behavior:**

- Established customer (including bullion dealers) dramatically increasing their purchase of gold bullion for no apparent reason.
- Foreign nationals purchasing gold bullion through multiple transactions over a short time period.
- Bullion transferred among associates using bullion accounts (including family members) for no apparent commercial purpose.
- Occupation inconsistent with customer's financial profile. For example, the customer may list their occupation as 'student' or 'truck driver' yet transfer large values of funds to bullion accounts.
- Customer buying gold bullion and using a General Post Office or private service mailbox as their address, without listing a corresponding box number.
- Unusual pattern and nature of bullion transactions inconsistent with the customer profile. o A previously unknown customer requesting a refiner to turn gold into bullion

### **Company Behavior:**

- Changes to the business name of entities registered to deal in gold.
- Trading company registration in a tax haven, even though its business relates to another jurisdiction. o Movement of abnormally large sums of money in individuals' and companies' accounts, unrelated to the nature of their business.
- Unusual deposits, i.e. use of cash or negotiable instruments (such as traveler's cheques, cashier's cheques and money orders) in round denominations (to keep below reporting threshold limit) to fund bank accounts and to pay for gold. The negotiable instruments may be sequentially numbered or purchased at multiple locations, and may frequently lack payee information.
- Numerous sole proprietorship businesses/private limited companies set up by seemingly unrelated people (proxies), but controlled by the same group of people. False addresses are used to register such businesses.
- Use of a corporate structure of shell companies located across different jurisdictions
- Gold industry organizations not reporting suspicious transactions to the UAE Financial Intelligence Unit (FIU), where there is an obligation to report.
- Significant number of companies registered to one natural person. o Commercial activities are not easy to track, as the companies are registered elsewhere. o No clarity on how the company transports its merchandise.



### **Trade-Based behavior (also related to Trade-Based ML)**

- Cash payments for high-value orders are an indication of trade-based ML (TBML) activity. o Misclassification of gold purity, weight, origin and value on customs declaration forms.
- Gold is shipped to or from a jurisdiction designated as 'high risk' for money laundering activities or sensitive/non-co-operative jurisdictions.
- Gold is transhipped through one or more such high-risk/sensitive jurisdictions for no apparent economic reason.
- Consignment size or type of commodity being shipped appears inconsistent with the exporter or importer's scale or capacity in their regular business activities, or the shipment does not make economic sense, i.e. there is no reasonable explanation for the client's financial investment in the shipment.
- The transaction involves the use of front or shell companies. Both shell and front companies can be used to facilitate TBML, but in different ways. A shell company has no real operating activity, and is used to hide ML activity and the identities of individuals involved, to obscure the money trail. If activity is traced to the company, it is literally an empty shell.

### **Product Differentiation:**

- The bullion has physical characteristics that are inconsistent with industry standards.
- Gold prices are higher than those of the local gold market.

### **Payment Behavior:**

- A number of affiliated entities in the payments chain.
- Transit movement of funds and changes in purposes of payments.
- Payments to shell companies with further withdrawals
- Granting of loans (with zero interest rates) to foreign companies or persons
- Natural person or business sells gold saying that it comes from a place with no extraction license or from places with no gold mines
- Large amount of funds transferred internationally, then withdrawn quickly. o International transfers to countries where the company is not registered.
- Significant cash withdrawals from bank accounts by participants within the gold trading industry.
- Division of funds in cheques and smaller cash transactions to pay for merchandise.
- Purchase of gold bullion with bank cheques may be an attempt to conceal the source of the funds and underlying ownership.
- The use of cash to purchase bullion, especially when there are multiple purchases in a short timeframe, or when large amounts are purchased at once, or when there are structured cash deposits into an account to finance a single gold bullion purchase.
- Original source of funds to buy gold bullion cannot be established. The transaction involves the receipt of cash (or by other payment methods, including cheques or credit cards) from third party entities that have no apparent connection with the transaction or front or shell companies or wire instructions / payment from parties which were not identified in the original letter of credit or other documentation. Transactions that involve payments for goods through cheques, bank drafts, or money orders not drawn on the account of the entity that purchased the items also need further verification
- Transactions between domestic buyers and sellers with sales proceeds sent to unknown third parties overseas.



### **Predicated Crime Activity - Gold Mining Behavior:**

- Gold production and commercialization by a person or business without a license.
- An ethnic community hiring a third party for the entire operation of a mine.
- Licensed mines, where the production has decreased with no apparent explanation
- The development of mining activities using machinery and equipment that is not in accordance with the characteristics of the licensed small or artisanal mining
- The development of mining activities without compliance with the administrative, technical, social and environmental regulation
- The development of mining activities in prohibited areas.

### **RISK INDICATORS FOR DPMS**

- DPMS entity has a peculiar structure that is unreasonable and complex, e.g., there is potential involvement of shell companies, a parent or subsidiary of an offshore company, in which the UBO is difficult to identify or cannot be identified (whose main purpose is to hide the UBO and/or disguise fund transfers as a capital transfer or normal business transaction).
- DPMS set up as a front company (presence of real business activity; use to commingle legitimate and illegitimate funds, mainly used effectively in cash-intensive businesses).
- Large and complex transactional behaviours for newly established entities as DPMS.
- Unnecessarily maintaining multiple bank accounts for the same entity (DPMS) or opening accounts under the names of employees.
- DPMS entity or its representatives are transacting outside of the normal monetary system or are making excessive use of cash transactions.
- DPMS or its representatives are using gold as a medium of exchange.
- The circulation of funds between multiple DPMS accounts, or between 'unrelated' parties which are in different lines of business that might also be suspected of being 'shell companies' (no real business activity; incorporated for ML purposes exclusively).
- The transaction structure appears to be unnecessarily layered and designed to obscure the true origin of funds.
- DPMS entity's owners, shareholders, or authorized signatories, or any of its counterparties, have been the subject of adverse news from a trusted media source.
- DPMS or any of its controlling persons, or its affiliates, have been found to be associated with a high-risk jurisdiction.
- DPMS entity that is heavily engaged in cross-border cash movement.
- DPMS entity repeatedly depositing large cash amounts in an account, or exchanging foreign currencies, which is supported by 'cash declaration forms,' also known as DRIC forms (Declaration Regarding Importation of Cash).
- DPMS or its representatives fail to provide a 'customs declaration' in relation to a local/foreign currency cash deposit related to buying/selling precious stones.
- DPMS entity engages in transactions and shipping routes or methods that are inconsistent with standard business practices.
- Contracts, invoices, or other trade documents provided by a DPMS have vague or missing descriptions, appear to be counterfeit (including false or misleading information), include a resubmission of previously rejected documents, or are frequently modified or amended.
- DPMS entity or any of its counterparties appear to import precious metals and stones that originate from a country in which there is limited production or no mines at all.



- Deposits or transfers are received in a DPMS account followed by the immediate transfer of similar amounts to another jurisdiction.
- DPMS entity and its associates, or multiple individuals (external parties), excessively conduct foreign exchange transactions (FOREX) without any business rationale.
- Payment for imported PMS made by an entity other than the consignee for no clear business reason, e.g., by a shell or front company not involved in a trade transaction.
- Cash deposits or other transactions of a DPMS entity (or its representatives) are consistently just below the relevant reporting thresholds (transactions conducted by multiple individuals to avoid reporting requirements).
- Transactions in a DPMS account(s) are seemingly of a pass-through nature, with funds directly debited via wire transfers leaving a low balance in an account.
- DPMS entity(s) excessively obtain loans or credit facilities, which are settled before the due date through cash or cheque repayments.
- DPMS entity(s) transfer payments amongst each other, which are related to 'borrowings' or 'loans' that is referred to as 'back-to-back' or 'loan-back'.

#### **RED FLAG INDICATORS TO IDENTIFY TF POTENTIAL SANCTIONS CIRCUMVENTIONS**

- A large number of incoming or outgoing funds transfers take place through a business account, and there appears to be no logical business or other economic purpose for the transfers, particularly when this activity involves higher-risk locations.
- Funds transfers do not include information on the originator, or the person on whose behalf the transaction is conducted, when the inclusion of such information would be expected.
- Funds are sent or received via international transfers from or to higher-risk locations.
- Foreign exchange transactions are performed on behalf of a customer by a third party, followed by funds transfers to locations having no apparent business connection with the customer or to higher-risk countries.
- Transactions involving foreign currency exchanges are followed within a short time by funds transfers to higher-risk locations.
- Funds are generated by a business owned by persons of the same origin or by a business that involves persons of the same origin from higher-risk countries (e.g., countries designated by national authorities and FATF as non-cooperative countries and territories).
- Multiple accounts are used to collect and funnel funds to a small number of foreign beneficiaries, both persons and businesses, particularly in higher-risk locations.
- A customer obtains a credit instrument or engages in commercial financial transactions involving the movement of funds to or from higher-risk locations when there appear to be no logical business reasons for dealing with those locations.
- Transactions involving certain high-risk jurisdictions such as locations in the midst of or in proximity to, armed conflict where terrorist groups operate or locations, which are subject to weaker ML/TF controls.
- Multiple personal and business accounts or the accounts of non-profit organizations or charities are used to collect and funnel funds to a small number of foreign beneficiaries.
- An account opened in the name of an entity, a foundation or association, which may be linked or involved with a suspected terrorist organization.
- The use of funds by a non-profit organization is not consistent with the purpose for which it was established.
- Raising donations in an unofficial or unregistered manner.



- Client donates to a cause that is subject to derogatory information that is publicly available (e.g., crowdfunding initiative, charity, non-profit organization, non-government organization, etc.).
- Client identified by media or law enforcement as having travelled, attempted or intended to travel to high-risk jurisdictions (including cities or districts of concern), specifically countries (and adjacent countries) under conflict and/or political instability or known to support terrorist activities and organizations.
- Transactions involve individual(s) or entity(ies) identified by media and/or Sanctions List as being linked to a terrorist organization or terrorist activities.
- Client conducted travel-related purchases (e.g., purchase of airline tickets, travel visa, passport, etc.) linked to high-risk jurisdictions (including cities or districts of concern), specifically countries (and adjacent countries) under conflict and/or political instability or known to support terrorist activities and organizations.
- Individual or entity's online presence supports violent extremism or radicalization.
- Irregularities during the CDD process which could include, but is not limited to:
  - Inaccurate information about the source of funds and/or the relationship with the counterparty.
  - Refusal to honour requests to provide additional KYC documentation or to provide clarity on the final beneficiary of the funds or goods.
  - Suspicion of forged identity documents

## **RED FLAG INDICATORS FOR POSSIBLE PF ACTIVITIES**

### **Customer Profile Risk Indicators**

- During onboarding, a customer provides vague or incomplete information about their proposed trading activities. The customer is reluctant to provide additional information about their activities when queried.
- During subsequent stages of due diligence, a customer, particularly a trade entity, or its owners or senior managers, appears in sanctioned lists or negative news, e.g., relating to past ML schemes, fraud, other criminal activities, or ongoing or past investigations or convictions, including appearing on a list of denied persons for the purposes of export control regimes.
- The customer is a person connected with a country of proliferation or diversion concern, e.g., through business or trade relations, as identified through the national risk assessment process or by relevant national CPF authorities.
- The customer is a person dealing with Dual-Use goods, goods subject to export control goods, or complex equipment for which he/she lacks technical background, or that is incongruent with their stated line of activity.
- A customer engages in complex trade deals involving numerous third-party intermediaries in lines of business that do not accord with their stated business profile established at onboarding.
- A customer or counterparty, declared to be a commercial business, conducts transactions that suggest that they are acting as a money remittance business or a pay-through account. These accounts involve a rapid movement of high-volume transactions and a small end of day balance without clear business reasons. In some cases, the originators appear to be entities who may be connected with a state-sponsored proliferation program (such as shell companies operating near countries of proliferation or diversion concern), and the beneficiaries appear to be associated with manufacturers or shippers subject to export controls.
- A customer affiliated with a university or research institution is involved in the trading of Dual-Use goods or goods subject to export control.



- Customer activity does not match the customer's business profile, or end-user information does not match the end-user's business profile.
- A new customer requests a letter of credit transaction while awaiting approval of new account.

#### **Account and Transaction Activity Risk Indicators**

- A transaction involves person or entity in foreign country of proliferation concern.
- A transaction involves person or entity in foreign country of diversion concern.
- A transaction involves financial institutions with known deficiencies in AML/CFT controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws.
- Wire transfer activity shows unusual patterns or has no business or apparent lawful purpose.
- The originator or beneficiary of a transaction is a person or an entity ordinarily resident of or domiciled in a country of proliferation or diversion concern, e.g., DPRK and Iran.
- Accounts or transactions involve possible companies with opaque ownership structures, front companies, or shell companies, e.g., companies do not have a high level of capitalization or displays other shell company indicators. Countries or the private sector may identify more indicators during the risk assessment process, such as long periods of account dormancy followed by a surge of activity.
- Business or compliance personnel identify links between representatives of companies exchanging goods, e.g., the same owners or management, physical address, IP address, or telephone number, or activities that appear to be coordinated.
- The account holder conducts financial transactions in a circuitous manner.
- A transaction or account activity involves an originator or beneficiary that is domiciled in a country with weak implementation of relevant UNSCR obligations and FATF Standards or a weak export control regime (also relevant to correspondent banking services).
- The customer of a manufacturing or trading firm wants to use cash in transactions for industrial items or for trade transactions more generally. For financial institutions, the transactions are visible through sudden influxes of cash deposits to the entity's accounts, followed by cash withdrawals.
- Transactions are made on the basis of "ledger" arrangements that obviate the need for frequent international financial transactions. Ledger arrangements are conducted by linked companies that maintain a record of transactions made on each other's behalf. Occasionally, these companies will make transfers to balance these accounts.
- The customer uses a personal account to purchase industrial items that are under export control, or otherwise not associated with corporate activities or congruent lines of business.
- Account holders conduct transactions that involve items controlled under Dual-Use or export control regimes, or the account holders have previously violated requirements under Dual-Use or export control regimes.

#### **Maritime Sector Risk Indicators**

- An order for goods is placed by firms or persons from foreign countries other than the country of the stated end-user.
- A trade entity is registered at an address that is likely to be a mass registration address, e.g., high-density residential buildings, post-box addresses, commercial buildings, or industrial complexes, especially when there is no reference to a specific unit.
- The person or entity preparing a shipment lists a freight forwarding firm as the product's final destination.
- The destination of a shipment is different from the importer's location.



- Inconsistencies are identified across contracts, invoices, or other trade documents, e.g., contradictions between the name of the exporting entity and the name of the recipient of the payment; differing prices on invoices and underlying contracts; or discrepancies between the quantity, quality, volume, or value of the actual commodities and their descriptions.
- A shipment of goods has a low declared value vis-à-vis the shipping cost.
- A shipment of goods is incompatible with the technical level of the country to which it is being shipped, e.g., semiconductor manufacturing equipment being shipped to a country that has no electronics industry.
- A shipment of goods is made in a circuitous fashion (if information is available), including multiple destinations with no apparent business or commercial purpose, indications of frequent flags hopping, or using a small or old fleet.
- A shipment of goods is inconsistent with normal geographic trade patterns, e.g., the destination country does not normally export or import the goods listed in trade transaction documents.
- A shipment of goods is routed through a country with weak implementation of relevant UNSCR obligations and FATF Standards, weak export control laws, or weak enforcement of export control laws.
- Payment for imported commodities is made by an entity other than the consignee of the commodities with no clear economic reasons, e.g., by a shell or front company not involved in the trade transaction.

#### **Trade Finance Risk Indicators**

- A trade finance transaction involves a shipment route (if available) through a country with weak export control laws or weak enforcement of export control laws.
- A transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.
- A transaction involves a shipment of goods inconsistent with normal geographic trade patterns (e.g., does the country involved normally export/import good involved?).
- Based on the documentation obtained in the transaction, the declared value of the shipment is obviously under-valued vis-à-vis the shipping cost.
- Prior to account approval, the customer requests a letter of credit for a trade transaction to ship Dual-Use goods or goods subject to export control.
- Lack of full information or inconsistencies are identified in trade documents and financial flows, such as names, companies, addresses, final destination, etc.
- Identifying documents seem to be forged or counterfeited.
- Identifying documents seem to be tampered or modified documents with no apparent explanation, especially those related to international trade.
- Transactions include wire instructions or payment details from or due to parties not identified on the original letter of credit or other documentation.



## Measures to be Taken by Promise Gold in Enhanced Due Diligence Measures For High-Risk Supply Chains

Promise Gold Refinery will implement comprehensive Enhanced Due Diligence (EDD) measures when high-risk elements, Red Flags, or unknown information are identified within its gold supply chain. If no such elements are identified through the initial risk assessment standard, due diligence and ongoing management system reviews will suffice.

### EDD Implementation:

- **Trigger:** Identification of high-risk elements, Red Flags, or unknown information.
- **Scope:** EDD will encompass site visits, desk-based reviews, and ongoing transaction sample reviews.
- **Frequency:** EDD for high-risk relationships will be conducted during relationship establishment and bi-annually thereafter.

### On-Site Visits:

- Conduct On-site visits to gold suppliers, conducted individually or through joint assessment teams, utilizing competent, qualified, and independent assessors.
- generate and maintain information on supplier activities.
- Substantiate documented KYC information.

### Mine Type Determination:

Determine whether mined gold originates from Large-Scale Mining (LSM) or Artisanal and Small-Scale Mining (ASM) operations.

### Information Gathering and Documentation

The following information will be gathered and documented

1. Identification and verification of supply chain entities (operating licenses).
2. Ownership verification (direct/indirect, 25%+), and connected parties (board, senior management).
3. Mine origins, transportation routes, and trading points.
4. Legitimate ASM mine verification.
5. ASM Beneficial Owner and controller details.
6. Gold processing and transportation methods.
7. Related business identification (subsidiaries, parents, affiliates).
8. Entity identity verification (reliable, independent sources).
9. Nexus with government, political parties, military, criminal networks, or non-state armed groups (screening, public data).
10. Evidence of serious abuses (mines, transportation, processing).
11. Direct/indirect support to non-state armed groups or security forces.
12. Entity, ownership, and connected party screening (government watch lists, adverse media). UN and UAE lists are minimum requirements.
13. Mine production and capacity analysis (discrepancy recording).
14. Processing production and capacity analysis (discrepancy recording).
15. Government payment documentation (royalties, taxes, fees).
16. Payments to security forces or armed groups.
17. Militarization of mine sites, transportation, and trading points.
18. KYC information of gold exporters and all supply chain actors (logistics, processors, transportation, security).
19. Verification of sample transaction documents.



## KYC Documentation List to be collected from Suppliers of Gold Primary Gold (ASM)

Basic List of Documents from Potential Customers and Suppliers-International Dore	
1	Valid Trade License issued by
2	Latest Memorandum of Association
3	Tax Identification Number
4	Tenancy Contract/ Utility Bill of the Business Entity
5	Passport, Visa (if Non-Citizen) and National -ID of Shareholder above 25%.
6	Residential Proof of Shareholder (Utility Bill / Tenancy Contract/Driver's License)
7	Mining License / Business License
8	Export License
9	AML -CTF Policy adhered to by the company
10	Supply Chain Policy adhered to by the company
11	Duly Filled and signed Promise Gold Account Opening Form
12	Duly Filled and Signed Promise Gold Declaration Form
13	Duly Filled and Signed Promise Gold Statement of conformance of recycled gold origin
14	Duly Filled and Signed Promise Gold PEP Declaration Form
15	Duly Filled and Signed Promise Gold Source of Fund and Wealth Form
16	Duly Filled and Signed Promise Gold Responsible Sourcing Code of Ethics

Basic List of Transaction Documents from Dore Supplier		
SL No	Document Name	Information
1	Tax Invoice	Information regarding the form, type and physical description of gold/gold bearing material;
2.	Packing List	Details of Purity- No Gold Bars Number of Boxes
3.	Assay Report -XRF Report	information regarding the weight and assay of gold
4.	Certificate of Origin	proof of origin of mined gold through official government issued certificate of origin or equivalent document
5.	Airway Bill	shipping/transportation documents, to establish Chain of custody from origin to refinery;
6.	Customs Declarations	Proof the metal was cleared legally by the customs
7.	Proof of Royalty Payment	Government issued document that the metal shipped has been shipped after make the due payment of Royalty.
8.	Transit based documents	Proof of Metal collection from Airport to the refinery
9.	XRF/ Lab Report	Proof that the purity of the metal that was received in the refinery was of the purity as mentioned in the suppliers Assay Report and to understand if there any variance is note in the metal.
10.	Photographic evidence	A photographic evidence will be attached to verify the form of the metal is documented
11.	Statement of conformance	It's a declaration that the metal supplied to the refinery meets the standards that is set by the MoE.
12.	Gold Declaration Form	Declaration that the metal sent to the refinery was not sourced from any illegal source or from the region in which the metal is sourced from is decelerated.



## **Risk Management Strategy for the Identified Risk in Supply Chain Policy**

In alignment with the risks identified through the procedures outlined in this document, Promise Gold Refinery will implement a comprehensive risk appetite approach to guide its risk treatment strategies within the gold supply chain. This risk appetite policy will be integrated into the overall Supply Chain risk policy, ensuring a consistent and proactive approach to risk management.

### **Risk Appetite Policy Framework**

1. Promise Gold Refinery will define its risk appetite as the level of risk it is willing to accept in pursuit of its business objectives, considering both potential rewards and adverse impact
2. establish clear risk tolerance levels for each identified risk category (e.g., geographical, transactional, product, delivery channel, ASM-specific).
3. Develop a formal risk appetite statement that articulates the company's stance on risk-taking within the supply chain, which will be communicated to all relevant stakeholders.
4. The risk appetite policy will be reviewed and updated regularly to reflect changes in the business environment, regulatory requirements, and risk landscape

## **KEY COMPONENTS**

### **1. Post-EDD Risk Assessment and Relationship Decision:**

- Upon completion of EDD, Promise Gold Refinery will conduct a thorough assessment of the supplier's risk management practices.
- The decision to establish or continue a relationship will be contingent upon the assessment that the supplier is managing identified risks to a "reasonable extent." This assessment will be based on the documented findings of the EDD process.

### **2. Conditional Relationship Establishment/Continuation with Remedial Action Plan**

- If deficiencies are identified in the supplier's due diligence program, the relationship may still proceed, subject to the supplier's agreement to a comprehensive remedial action plan.
- This plan will be collaboratively developed, outlining specific, actionable steps to address identified shortcomings and enhance the supplier's risk management capabilities.

### **3. Quantitative and Qualitative Improvement Measurement:**

- Promise Gold Refinery will implement a robust system to track and measure the supplier's progress in executing the remedial action plan.
- This system will incorporate both quantitative metrics (e.g., completion of documentation, audit outcomes, adherence to timelines) and qualitative assessments (e.g., policy implementation, operational changes, demonstrated commitment to improvement).

### **4. Senior Management and Compliance Officer Approval**

- The remedial action plan, and the subsequent decision to establish or continue the supplier relationship, will require formal approval from Promise Gold Refinery's senior management and Compliance Officer.
- This ensures oversight and accountability in the decision-making process.

### **5. Time-Bound Improvement Target:**

- A critical component of the protocol is the establishment of a strict six (6) month timeframe for the supplier to demonstrate significant improvement in its due diligence program.



## **Suspension Protocol**

Promise Gold Refinery will implement an immediate suspension protocol in situations where Enhanced Due Diligence (EDD) reveals found suspicions of serious illicit activities within its gold supply chain. This protocol prioritizes the prevention of contributing to harmful practices and ensures compliance with regulatory requirements. Promise Gold Refinery Compliance officer will be responsible for implementing and overseeing this suspension protocol

### **a. Trigger for Suspension**

If EDD concludes that there is a founded suspicion of any of the following activities:

- Money Laundering.
- Terrorist Financing.
- Human rights abuses.
- Environmental degradation.
- Direct or indirect support to illegitimate non-state armed groups.
- Fraudulent misrepresentation of the origin of goods.

### **b. Immediate Suspension of Engagement**

- Upon identification of any of the aforementioned suspicions, Promise Gold Refinery will immediately suspend engagement with the implicated supply chain actors.
- This suspension will remain in effect until adequate risk mitigation measures are fully implemented and verified.

### **c. Comprehensive Risk Mitigation Measures:**

- Promise Gold Refinery will collaborate with relevant authorities and experts to develop and implement comprehensive risk mitigation measures.
- These measures will address the specific risks identified during EDD and ensure the prevention of future occurrences.
- This measure will be fully documented

### **d. Verification of Mitigation Effectiveness:**

- Prior to resuming engagement, Promise Gold Refinery will conduct thorough verification to ensure the effectiveness of the implemented risk mitigation measures.
- This verification may involve independent audits, on-site inspections, and detailed documentation review.

### **e. Documentation**

All findings, actions taken, and verification processes will be meticulously documented.

By implementing this immediate suspension protocol, Promise Gold Refinery will demonstrate its commitment to responsible sourcing practices and its zero-tolerance policy for illicit activities within its gold supply chain.



## **Mandatory Termination and Reporting Protocol for Severe Non-Compliance**

Promise Gold Refinery will implement a mandatory termination and reporting protocol for supplier relationships in cases of confirmed severe non-compliance. This protocol prioritizes the company's commitment to ethical sourcing and legal obligations. Immediate action will be taken to terminate the relationship and report to the FIU upon confirmation of the triggering events.

### **Mandatory Termination and Reporting Protocol:**

#### **1. Trigger for Immediate Termination:**

- Upon the definitive identification of instances of:
  - Money Laundering.
  - Terrorist Financing.
  - Human rights abuses.
  - Direct or indirect support to armed conflicts.

#### **2. Immediate Termination of Relationship:**

- Promise Gold Refinery will immediately terminate its relationship with any supplier found to be involved in the aforementioned activities.
- This termination will be absolute and without exception.

#### **3. Mandatory Reporting to the FIU:**

- In all cases of confirmed Money Laundering or Terrorist Financing, Promise Gold Refinery will submit an appropriate report to the Financial Intelligence Unit (FIU) of the relevant jurisdiction.
- Reports of confirmed human rights abuses or support to armed conflict will also be reported to the appropriate legal and regulatory bodies.

#### **4. Documentation of Findings:**

- Promise Gold Refinery will meticulously document all findings, evidence, and actions taken in relation to the termination and reporting process.
- This documentation will be retained for legal and compliance purposes.

#### **5. Internal Communication and Training:**

- Promise Gold Refinery will ensure that all relevant personnel are trained on this mandatory termination and reporting protocol.
- Clear communication channels will be established to ensure timely and effective implementation of the protocol.

#### **6. Legal and Regulatory Compliance:**

- Promise Gold Refinery will fully comply with all applicable laws and regulations related to Money Laundering, Terrorist Financing, human rights, and armed conflict.
- All information related to these terminations and reports will be handled with the utmost confidentiality.

By implementing this mandatory termination and reporting protocol, Promise Gold Refinery reinforces its commitment to responsible sourcing and its zero-tolerance policy for severe non-compliance within its gold supply chain.



## **Implementation of Risk Control Plan**

Promise Gold Refinery will implement a comprehensive Risk Control Plan for supplier relationships that fall under the 'Establish/Continue' or 'Suspend' approaches following Enhanced Due Diligence (EDD). This plan aims to mitigate identified risks, enhance supply chain transparency, and ensure ongoing compliance with responsible sourcing standards.

### **Risk Control Plan Components:**

#### **1. Reporting Mechanisms:**

- Establish clear and efficient reporting mechanisms for identified risks to senior management.
- This includes regular reporting on risk assessments, mitigation efforts, and any emerging issues.
- This also includes clear escalation procedures.

#### **2. Enhanced Supplier Engagement and Traceability:**

- Implement enhanced engagement with suppliers where Red Flags have been identified.
- Establish or enhance Chain of Custody and/or traceability systems to track gold from its origin to the refinery.
- This includes the use of technology, like blockchain, to improve the traceability of the gold.

#### **3. Enhanced Physical Security Practices:**

- Implement enhanced physical security practices to safeguard gold shipments and storage.
- This includes measures such as secure storage facilities, tamper-proof packaging, and secure transportation protocols.

#### **4. Physical Segregation and Security:**

- Implement physical segregation and enhanced security measures for gold shipments where Red Flags have been identified.
- This ensures that high-risk materials are handled separately and securely.

#### **5. Information Provision Agreement:**

- Establish a formal agreement with suppliers that facilitates the timely and accurate provision of additional information related to supply chains with identified risks.
- This agreement will outline the types of information required, the frequency of reporting, and the consequences of non-compliance.

#### **6. Supplier Disengagement:**

- Implement a phased disengagement approach for suppliers who fail to comply with mitigating controls:
  - Disengage for a minimum of three (3) months if suppliers fail to comply within a six (6) month period.
  - Disengage entirely if mitigating controls are deemed unfeasible or unacceptable based on cost-benefit analysis and the refinery's capabilities.

#### **7. Regular Review and Reassessment:**

- Conduct regular reviews of the effectiveness of mitigation measures.
- Undertake additional fact and risk assessments for identified risks requiring ongoing mitigation or in response to changes in circumstances.
- This includes regular audits and assessments of the suppliers.

### **Implementation Details:**

#### **a. Documented Plans:**

- All risk control plans will be documented and approved by senior management and the compliance officer.

#### **b. Clear Responsibilities:**

- Clear responsibilities will be assigned for the implementation and monitoring of the risk control plan.

#### **c. Continuous Monitoring:**

- Ongoing monitoring of the suppliers will be implemented.



**d. Technology Implementation:**

- Technology will be used to track and monitor the gold.

**e. Training:**

- Regular training will be conducted for all relevant personnel.

By implementing this Risk Control Plan, Promise Gold Refinery will effectively manage risks associated with 'Establish/Continue' and 'Suspend' supplier relationships, ensuring responsible sourcing and compliance with regulatory requirements.

**CONTINUOUS MONITORING FRAMEWORK**

Promise Gold Refinery recognizes that effective Supply Chain Due Diligence is not a static exercise but a dynamic, ongoing process necessitating continuous risk monitoring. To maintain resilience and ensure responsible sourcing, the refinery will implement a robust continuous monitoring framework

**1. Post-Risk Control Plan Assessment:**

- Following the implementation of a Risk Control Plan, Promise Gold Refinery will conduct a thorough assessment to determine the necessity of repeating Step 2 of the due diligence process or implementing further enhanced measures.
- This assessment will evaluate the efficacy of the implemented controls and identify any residual or emerging risks.

**2. Dynamic Due Diligence and Repeat Assessments:**

- Any changes in the supply chain, including but not limited to:
  - Changes in supplier ownership or management.
  - Alterations in sourcing regions or transportation routes.
  - Shifts in regulatory requirements or industry best practices.
  - New information regarding risks or Red Flags.
- Will trigger a review to determine the need to repeat relevant due diligence steps.
- This ensures that the refinery's risk assessment remains current and responsive to evolving circumstances.

**3. Ongoing Risk Monitoring:**

- Promise Gold Refinery will establish a system for ongoing risk monitoring, including:
  - Regular reviews of supplier performance and compliance.
  - Automated screening against sanctions lists and adverse media.
  - Periodic on-site audits and assessments.
  - Continuous analysis of transaction data for anomalies.
  - Regular analysis of geographic risks.
  - Regular analysis of product risks.
  - Regular analysis of transactional risks.
  - Regular analysis of delivery channel risks.

**4. Enhanced Measures as Required:**

- Based on the outcomes of continuous monitoring and repeat assessments, Promise Gold Refinery will implement further enhanced due diligence measures as necessary.
- This may include:
  - More frequent on-site audits.
  - Increased scrutiny of high-risk transactions.
  - Enhanced traceability systems.
  - Collaboration with industry experts or NGOs.
  - Technology implementation to improve monitoring.

**5. Documentation and Reporting:**

- All monitoring activities, assessment results, and implemented measures will be meticulously documented.
- Regular reports will be provided to senior management and the compliance officer, highlighting key findings and recommendations.



## 6. Adaptability and Continuous Improvement:

- Promise Gold Refinery will maintain a culture of adaptability and continuous improvement, ensuring that its due diligence processes remain effective and aligned with evolving best practices.
- Regular reviews of the processes will occur to ensure they are up to date.

### Implementation Details:

- **Designated Monitoring Team:**
  - A designated team will be responsible for continuous monitoring and dynamic due diligence.
- **Technology Integration:**
  - Technology solutions, such as data analytics and blockchain, will be leveraged to enhance monitoring capabilities.
- **Training and Awareness:**
  - Ongoing training and awareness programs will be provided to relevant personnel.

By implementing this continuous monitoring and dynamic due diligence framework, Promise Gold Refinery will maintain a resilient and responsible gold supply chain, mitigating risks and ensuring compliance with regulatory requirements.

## Senior Management Reporting Framework for Supply Chain Risks

Promise Gold Refinery will establish a robust senior management reporting framework to ensure that the board of directors (or equivalent) and senior management are fully informed about identified supply chain risks and the corresponding Risk Control Plans. This framework will facilitate informed decision-making and ensure effective oversight of risk management activities.

### Senior Management Reporting Framework:

#### 1. Periodic Reporting Frequency:

- Identified risks within the supply chain and the associated Risk Control Plans will be reported to the board of directors (or equivalent) and senior management on a periodic basis, with a minimum frequency of every three (3) months.

#### 2. Comprehensive Report Content:

- The report will include, at a minimum:
  - A detailed overview of identified risks within the gold supply chain.
  - A summary of the risk assessment methodologies and findings.
  - A list of counterparties identified as high-risk, including their profiles and risk classifications.
  - A comprehensive description of the Risk Control Plans implemented for each high-risk counterparty.
  - An evaluation of the effectiveness of implemented risk mitigation measures.
  - Any emerging risks or significant changes in the risk landscape.
  - Recommendations for further risk mitigation or adjustments to control plans.
  - Any findings from audits or reviews.
  - Any findings of Red Flags.
  - Any changes in the supply chain.

#### 3. High-Risk Counterparty Focus:

- The report will place particular emphasis on counterparties identified as high-risk, providing detailed information on their risk profiles and the specific Risk Control Plans implemented to manage those risks.

#### 4. Board and Senior Management Review:

- The report will be presented to the board of directors (or equivalent) and senior management for review and discussion.
- This will provide an opportunity for them to provide feedback, ask questions, and ensure that appropriate actions are being taken.



#### **5. Documentation and Record Keeping:**

- All reports and related documentation will be meticulously maintained for compliance and audit purposes.

#### **6. Action Plan Implementation:**

- Any actions or recommendations arising from the reports will be documented and tracked to ensure timely implementation.

#### **7. Regular Review of Reporting Framework:**

- The reporting framework itself will be reviewed regularly to ensure its effectiveness and relevance.

#### **Implementation Details:**

##### **a. Designated Reporting Team:**

- A designated team will be responsible for preparing and presenting the reports.

##### **b. Clear Reporting Templates:**

- Standardized reporting templates will be used to ensure consistency and clarity.

##### **c. Technology Integration:**

- Technology solutions, such as risk management software, will be used to facilitate data collection and reporting.

##### **d. Training:**

- Regular training will be conducted for relevant personnel.

By implementing this senior management reporting framework, Promise Gold Refinery will ensure that its leadership is fully informed about supply chain risks and that appropriate actions are taken to mitigate those risks, ensuring responsible sourcing and compliance with regulatory requirements.



## RISK RATING AND WEIGHTAGE INDICATOR

Risk Rating Weightage		
<b>Country Wide Risk Geographical Risk Assessment</b>	<b>Rate</b>	<b>Score</b>
AML Risk Grade	15	
Supply Chain Risk Grade	15	
		<b>30</b>
<b>Customer/Supplier Risk Review Assessment</b>		
CDD -Entity Based Risk	10	
CDD-Shareholder Based Risk	10	
		<b>20</b>
<b>Transactional Risk Review Assessment</b>		
Bank TT-Risk	10	
Cash Intensively	10	
		<b>20</b>
<b>Screening Based Risk Assessment</b>		
Sanction Screening	5	
PEP Screening	5	
Adverse Media Screening	5	
UAE-UN Sanction Watchlist	5	
		<b>20</b>
<b>Product Based Risk Grading</b>		
Type of Gold	5	
Mode of Transport of Gold	5	
		<b>10</b>
<b>Total</b>		<b>100</b>

Geographical Risk Rating Weightage Calculator			
SL No	Indicators/ Sub Indicator	Sub Weightage	Weightage
<b>1</b>	Money laundering/terrorist financing risks		<b>52.5</b>
<b>1.1</b>	FATF Uncooperative / AML Deficient	<b>20</b>	
<b>1.2</b>	FATF Compliance with 40+9 Rec	<b>15</b>	
<b>1.3</b>	US State ML Assessment	<b>7.5</b>	
<b>1.4</b>	US Secretary of State terrorism	<b>10</b>	
<b>2</b>	International sanctions		<b>15</b>
<b>3</b>	Corruption Risk		<b>7.5</b>
<b>4</b>	Global Initiative Criminality Index		<b>10</b>
<b>5</b>	Global Initiative Resilience Index		<b>5</b>
<b>6</b>	EU Tax Blacklist		<b>5</b>
<b>7</b>	Offshore Finance Centre		<b>5</b>
	<b>Total</b>		<b>100</b>



## CONTROLS IMPLEMENTED

Controls Implemented to Mitigate Risk Factors arising in Business				
Control Factor	List of Documents and Tools	Assessment of Controls		
Customer Controls to Mitigate Risk Factors	KYC Documents	Trade Licence	Nature of Business, Length of Business, Country of Incorporation	
		MOA	Nature of Business- Controlling and Voting Rights- Number of Shareholder and Shareholding %	
		CDD Policy and Implementation	Implement Policy and Procedure	
		TRN/VAT/TIN	Verify if the Company is paying Taxes in Country of Incorporation	
		Tenancy Contract of Company	To identify if the company is just a shell and core company- Identify the business Location	
		ID of Shareholder UBO- Passport-National ID-Visa	To Identity if the shareholder are legal individual- To verify Nationality, Place of Birth- Date of Birth	
	Customer/ Supplier Screening	PEP or Associated PEP Screening	To verify if the Customer / Supplier and their stakeholders have Pep or Associated PEP Concern	
		Sanction Screening	To verify if the Customer / Supplier and their stakeholders have Sanction Concerns	
		Terrorist List / Financing Screening	To verify if the Customer / Supplier and their stakeholders have Terrorist List / Financing Concern	
		Adverse Media Information Screening	To verify if the Customer / Supplier and their stakeholders have Adverse Media Information Concern	
	Customer Due Diligence	Standard Due Diligence	Will be conducted on Low Risk Customers /Suppliers	
		Enhanced Due Diligence	Will be conducted on Medium and High-Risk Customers/ Suppliers	
	Site Visit Review	Site Visit Report Customer	Will be conducted to identify the location of company, process followed -Number of Employs- Websites -Desk Research	
		Site Visit Report Supplier Local	Will be conducted to identify the location of company, process followed -Number of Employees-Website -Desk Research	
		Site Visit Report Supplier International Low Risk	Will be conducted to identify the location of company, Policy followed (AML-Human Rights-Environment) -Number of Employees-Website -Desk Research	
		Site Visit Report Supplier International High Risk	Will be conducted to identify the location of company, Policy followed (AML-Human Rights-Environment) -Number of Employees-Website -Desk Research -Pictures- Video - Transit Declaration	
	Geo Risk controls	Country wise Risk Review	AML Geographic Risk Review	Know your Country and FATF Risk Rating (AML Concerns and Sanction Concerns )
			Supply Chain Geographical Risk Review	List of Countries in CAHRA (Risk Associated with Supply Chain and On Going Conflicts)
Products Risk Controls	Product Description	Declaration of Origin of Gold	To verify the Origin of Gold	
	Customs Documents	Customs Clearance Documents	To verify If the gold was purchased legally and imported/ exported Legally	
	Quality of Gold	Packing List	To verify the quantity of Gold Purity and Dimension form of the Gold	
Transaction Risk Controls	GO AML Review	Go -AML Reporting	Report all Cash Transaction above AED 55,000/- Reporting all International Bank Transfers/ Reporting all Foreign Currency Transaction even Local bank Transfers	
	Monitoring Transactions	Reviewing all transaction based on Customer/ Supplier Risk Category	Ensuring Transaction are reviewed based on Risk Category- Low Risk 25%- Medium Risk-40% and High Risk-60%.	
	Transaction Doc Review	Invoices and Receipts Review	Review and Confirming if all the documents are collected and Reviewed	
	SAR/STR Policy Implementation	Company Policy to be implemented	Ensuring No Cash Transaction is Conducted / No Virtual Currency / No Third-party Transfers	
Delivery Risk Controls	Transit Documents	AWB, Packing List, Certificate of Origin	Ensuing Supplier's Documentation are collected	
	Supply Chain Policy Implementation	Company Responsible Sourcing Policy to be implementation	Ensure OECD -DMCC Responsible Sourcing Policy has been implemented through company	



## RECORD-KEEPING & REPORTING

Promise Gold Refinery FZC maintains a robust, traceable, and auditable record-keeping framework to ensure complete transparency and accountability across its gold-supply chain. All documentation covering supplier onboarding, risk assessments, CAHRA evaluations, transaction records, refining data, payments, training logs, and compliance reports is preserved in accordance with Article 6 of Ministerial Decree No. 68 of 2024, Cabinet Decision No. 132 of 2023, and Federal Decree-Law No. 20 of 2018 (AML/CFT).

The refinery guarantees that every transaction and supplier relationship can be traced from origin to final bar through a unique Batch ID and Supplier Code embedded within the digital *Chain-of-Custody Register*. All records are stored in secure electronic repositories with daily backups and mirrored by hard-copy archives under controlled access. Data integrity and confidentiality are enforced through encryption, restricted permissions, and a formal confidentiality agreement for all personnel handling compliance data.

PGR retains every due-diligence and sourcing record for a minimum of **5 (Five) years** from the date of the last transaction, ensuring immediate retrieval within three business days upon request by the Ministry of Economy, FIU, or any competent authority. Quarterly internal audits and an annual independent third-party assurance review verify the completeness and reliability of these records. Any deficiency identified is logged in the Record Audit Register and remediated through a Corrective Action Plan overseen by the Head of Compliance.

Failure to maintain records in accordance with this policy constitutes a regulatory breach under Cabinet Decision 132 of 2023 and may attract administrative penalties or suspension of operations. The refinery's compliance team conducts yearly reviews of the record-keeping framework to incorporate best practices, technological improvements, and any updates issued by the Ministry of Economy.

This disciplined documentation approach ensures that Promise Gold Refinery remains fully compliant with the Responsible Sourcing of Gold Regulations, supports transparent audits, and upholds the refinery's commitment to ethical, lawful, and sustainable gold supply-chain management.

## INDEPENDENT THIRD-PARTY AUDIT

Promise Gold Refinery FZC maintains an independent audit framework to ensure full compliance with the UAE Ministry of Economy's Responsible Sourcing of Gold Regulations under Ministerial Decree No. 68 of 2024 and the OECD Due Diligence Guidance (Step 4). This policy guarantees that all responsible sourcing activities ranging from supplier due diligence and CAHRA risk assessment to corrective action and reporting are objectively reviewed by a qualified third-party auditor approved by the Ministry of Economy.

An **independent audit** will be conducted annually, covering the refinery's entire gold supply chain for the preceding fiscal year. The audit scope includes supplier onboarding, risk evaluation, transaction traceability, corrective action monitoring, and the integrity of record-keeping and reporting systems. Additional ad-hoc audits may be commissioned following significant non-compliance or at the regulator's request. Auditors engaged by PGR must be independent and will be from the list of Auditors published by Ministry, and free from any conflict of interest.

All audit reports, management responses, and supporting documentation are submitted to the **Ministry of Economy Responsible Sourcing Division** as part of the refinery's **Annual Responsible Sourcing Report**. Records are securely retained for at least **5 years**, ensuring traceability and readiness for inspection.

This policy reinforces PGR's commitment to transparency, accountability, and continuous improvement in ethical gold sourcing. Through annual independent verification, the refinery demonstrates adherence to national and international standards, providing stakeholders and regulators with clear assurance of its integrity, governance, and compliance maturity.



## Sanctions & Enforcement Matrix

Promise Gold Refinery FZC (PGR) operates under a strict compliance framework designed to prevent any breach of the **UAE AML/CFT laws** and the **Ministry of Economy's Responsible Sourcing of Gold Regulations**. Under **Cabinet Decision No. 132 of 2023**, the Ministry of Economy may impose administrative penalties for violations such as failing to conduct adequate due diligence, maintain ten-year sourcing records, report suspicious activities, cooperate with regulatory audits, or trading with sanctioned or high-risk entities.

Penalties range from **AED 50,000 to AED 5,000,000**, depending on the severity of the violation, and may include license suspension or cancellation in cases of repeated or serious breaches. PGR's Compliance Officer and Compliance Committee are responsible for monitoring adherence to all Responsible Sourcing and AML/CFT requirements, documenting findings in the **Sanctions and Enforcement Register**, and implementing immediate **Corrective Action Plans** for any non-compliance. The refinery maintains a zero-tolerance stance toward regulatory violations and ensures that every observation from MoE inspections or independent audits is addressed promptly. Through proactive monitoring, transparent reporting, and strong governance oversight, Promise Gold Refinery demonstrates continuous commitment to full compliance with UAE Responsible Sourcing and Anti-Money Laundering regulations.

### Administrative Penalty Matrix

Violation Category	Example of Breach	Penalty Range (AED)	Action by MoE
Failure to Implement AML/CFT Controls	Absence of written policies or risk-based approach	50,000 to 1,000,000	Written Warning and Fine and Suspension
Failure to Maintain Records	Incomplete due-diligence or sourcing files	100,000 to 1,000,000	Fine and Inspection Order
Failure to Report Suspicious Activity	STR not filed within deadline	200,000 to 1,000,000	Fine and Possible Referral to FIU
Non-Cooperation with Regulators	Refusing to submit documents or obstructing audit	500,000 to 5,000,000	Fine and License Suspension up to 6 months
Dealing with Sanctioned Entities	Transaction with UN/EU/FATF-listed party	Up to 5,000,000	Fine , License Cancellation and Referral to Prosecutor
Failure to Appoint Compliance Officer	Non-designation of MLRO / Head of Compliance	50,000 – 200,000	Fine and Order to Rectify
Failure to Implement MoE Audit Findings	Ignoring audit recommendations / CAP actions	100,000 – 500,000	Fine and Follow-up Inspection

### Reporting to Ministry of Economy

Promise Gold Refinery FZC (PGR) shall submit an Annual Responsible Sourcing Report to the Ministry of Economy (MoE) within 90 days of the financial year-end, in accordance with Ministerial Decree No. 68 of 2024. The report will include supplier risk classifications, Corrective Action Plan (CAP) status, independent audit findings, and training activities. PGR will also ensure that its Independent MoE Assurance Audit is fully completed and finalized within the same 90-day period following the close of each financial year. All reports and supporting records are reviewed and approved by the Compliance & Responsible Sourcing Committee and retained for ten (10) years as part of PGR's regulatory compliance archive.



### Annex A – CAHRA Risk Assessment Matrix

Risk Factor	Data Source / Reference	Assessment Criteria	Risk Score (1-5)	Comments / Evidence Reference	Reviewed By
Country Risk	FATF list, UN Sanctions, OECD CAHRA list, MoE advisories	Country identified as Conflict-Affected or High Risk (CAHRA)	1 - 5 =	FATF Jurisdiction under Increased Monitoring	Compliance Officer
Supplier Risk	Ownership type, UBO profile, PEP status	Shell / opaque ownership = High	1-5	World-Check report attached	Compliance Officer
Product Risk	Dore vs Recycled vs Fine Gold	Dore from CAHRA = High	1-5	Shipment docs verified	Operations Manager
Logistics Risk	Transit routes, couriers, customs	Transit through CAHRA = High	1-5	Airway Bill / Route Map	Logistics Mgr
Transaction Risk	Mode of payment, value, frequency	Cash / virtual currency = High	1-5	Bank SWIFT evidence	Finance Mgr
Reputation / Adverse Media	Media / NGO reports	Negative reports = High	1-5	Screenshot / news link	Compliance Officer

**Scoring Guide:**

1 = Low 2 = Medium-Low 3 = Medium 4 = Medium-High 5 = High

Any factor  $\geq 4 \rightarrow$  EDD required;  $\geq 5$  requires CRSC approval mandatory.



### Policy Approval and Sign-Off

This Responsible Sourcing Policy has been reviewed in its entirety and is hereby approved for implementation across all departments of Promise Gold Refinery FZC. The management of Promise Gold Refinery FZC commits to ensuring that all employees, suppliers, and business partners understand and apply this policy in their daily operations. This approval authorizes the immediate enforcement of the policy, which shall remain in effect until amended or replaced following formal review by the Compliance Department and Management.

#### Approved by:

Name / Position	Signature
<b>James Mohan Chandran</b> Compliance Officer	
<b>Vipin Das</b> Managing Director	 

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