



ISOQAR (India) Private Limited

Reviewer's Comprehensive Management Report for Reasonable Assurance review As Per MOE Due Diligence Regulations for Responsible Sourcing of gold

Reference Standard: M.O.E. Due Diligence Regulations for Responsible sourcing of gold. (Version 1 dated 01.08.2022)

PROMISE GOLD REFINERY FZC

600 m2, warehouse No. Q30049, Saif Zone, Sharjah.

Reporting period	01 Jan 2023 to 31 Dec 2023
Audit dates	29 th to 31 st August,2024
Report Date	4 th September,2024

Company Name		PROMISE GOLD REFINERY (FZC).
Location		SHARJAH
Reporting period:		01 January 2023 - 31 December 2023
Date of report		4 th September,2024
Person responsible for this report	Name	Mr. Mohammad Trahum Nawaz Shamshi
	Contact	+971 501749491

Audit Team Leader	Audit Team Members
Mr. Nitin Pandya	-

The Reviewer's Reasonable Assurance Report

The aim of this report is to summarize the steps taken by (the "**Company**", the "**Refiner**", "**PROMISE GOLD REFINERY (FZC)** ") to achieve compliance during the calendar year 2023 with the Rules MOE Due Diligence Regulations for Responsible Sourcing of Gold Version 1, August 2022.

Summarized conclusion

The Regulated entity PROMISE GOLD REFINERY (FZC) was audited by conducting an on-site assessment during 29th to 31st August,2023 and the transactions during the calendar year 2023 (01.01.2023 to 31.12.2023) were reviewed.

We have collected, reviewed and verified policy, procedures, transaction records and due diligence records both before the audit and during audit planning and post audit. For audit results please refer to our qualifying notes mentioned on the last few pages of this report.

Evaluation

Disclosure on the Individual rating of the level of compliance or non-compliance for the sub-points of each Rules 1-5 of MOE Due Diligence Regulations for Responsible Sourcing of gold Version 1, August 2022 issued by the Ministry of Economics (the "**MOE**").

1.1 Adopt and commit to a policy for managing risk in gold from CAHRAs

Regulated Entities must establish gold supply chain policy that incorporates the risk and risk mitigation measures.

- Scope
- Roles and responsibilities of employees, Management, and board of Directors.
- Know you counterparty (KYC) and Customer Due Diligence Measures.
- Supply chain risk assessment and risk mitigation process.
- Ongoing monitoring measures
- Independent audit mechanism
- Record retention required.
- Training Programs

Verified and confirmed that PROMISE GOLD REFINERY (FZC) policy and procedure are in place for

- a. Ethical Sourcing
- b. AML/CFT policy
- c. KYC procedure covering for CDD & EDD
- d. Verified the supply chain risk assessment plan and procedure for its mitigation.

Following policies are published on the company website : <https://promisegoldrefinery.com/our-policies/>

The policy published are a) Anti Money Laundering policy, b) Grievance policy, c) Responsible sourcing policy, d) Due Diligence and risk assessment & e) Anti Bribery Policy.

Currently members have done risk assessment based on country compliance, customer, AML/CFT compliance, PEP Status etc. and the risk assessment done is appropriate.

Currently counter party risk assessment is done in Excel sheet, which is appropriate looking at the nature and scale of business operations.

Recommendation:

We recommend using the ERP based tools for auto alerts for KYC and risk assessment and screening alerts as an improvement action.

The policy details the requirements of ongoing monitoring of KYC and all business transactions for adherence to policy and procedures.

It has also defined re-KYC criteria and risk review criteria based on High, Medium, and Low risk

General understanding was found satisfactory.

Regulated Refiner has provided following trainings during the period.

- Training was provided on following dates. We have verified the training material and training records dated Training on suspicious activity and red flags done as on 28.08.2023
- Training on AML CFT training for DPMS done as on 22.09.2023
- Training on responsible sourcing of gold on CAHRA is done as on 18.10.2023

	<ul style="list-style-type: none"> • Work shop on Due diligence regulation for responsible sourcing of gold is done as on 06.12.2023
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1.2.1 Established Management Structure to implement supply chain Due Diligence

Regulated Entities must establish an internal governance system to effectively implement and maintain a Supply Chain Due Diligence program on an ongoing basis. The minimum requirements are as follows:

<ul style="list-style-type: none"> • Provide oversight of the Supply Chain Due Diligence framework. • Ensure that effective structures and communication processes are in place for critical information sharing. • Assess the effectiveness of the Supply Chain Due Diligence policies and processes on an ongoing basis. • Ensure that the compliance officer's responsibilities include gold Supply Chain Due Diligence matters. • Ensure the availability of required resources to manage the Supply Chain Due Diligence process. • Delegate authority and assign responsibility to staff for Supply Chain Due Diligence policies and procedures. 	<p>Verified and confirmed PROMISE GOLD REFINERY (FZC) policy and procedure for ethical sourcing and supply chain due diligence.</p> <p>During the onsite assessment we verified the adherence to supply chain policy with respect to supply chain due diligence and transaction monitoring.</p> <p>Mr. Mohammad Trahum Nawaz Shami has been appointed as a compliance officer</p> <p>The organization was established as on 15 Aug 2021 and started its commercial refining since July 2023.</p> <p>It has the necessary resources in place for the refining process and other compliance purposes.</p> <p>Verified Job description detailed for each function in the organization and found in line with the guidance.</p> <p>Training records verified for compliance officer. AML CFT and OECD sourcing policy trainings were done as per details below</p> <ul style="list-style-type: none"> • Training was provided on the following dates. We have verified the training material and training records dated Training on suspicious activity and red flags done as on 28.08.2023 • Training on AML CFT training for DPMS done as on 22.09.2023 • Training on responsible sourcing of gold on CAHRA is done as on 18.10.2023
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1.2.2 Established Management Structure to implement supply chain Due Diligence

Regulated Entities must appoint a compliance officer, who must be a senior person in the organization, reporting directly to the Chief Executive Officer (CEO) (or equivalent) and has access to the board of directors, or equivalent.

<ul style="list-style-type: none"> • Monitor the Supply Chain Due Diligence process; • Improve the Supply Chain Due Diligence • Manage and implement a training and awareness program. • Collaborates with the relevant Supervisory 	<p>Mr. Mohammad Trahum Nawaz Shami has been appointed as a compliance officer and his understanding and knowledge about the ethical sourcing and compliance to AML is satisfactory.</p> <p>Regulated entity has established the supply chain policy</p>
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<p>Authority and the FIU by providing all requested data, and allow their authorized employees to view the necessary records and documents that will allow them to perform their duties</p>	<p>and it has a mechanism to improve it by way of EDD, on-going monitoring and other tools.</p> <p>Supplier due diligence processes include the review of KYC of companies and individuals with supporting legal and supporting id proof.</p> <p>Also verified the screening records which are populated based on multiple databases and identifies any negative hits against company or individual. KYC screening records verified. The tool used is AML tracer.</p> <p>Regulated entity has published its policy on the website for easy access to stake holders see the link: https://promisegoldrefinery.com/our-policies/</p> <p>NC #1 The compliance office is not competent to handle the supply chain due diligence. Our findings are on following ground.</p> <ul style="list-style-type: none"> • Not having any related qualification and work experience in the field of compliance. • No formal external training has been attended by compliance officers. • Due diligence process has been implemented with the help of external consultant, however capability as a compliance team (internal is weak), which can need to be improved. • At present looking an local scrap refining risk is low however potential risk is high considering future business of mined gold and international exposure.
<p>1.2.3 Established Management Structure to implement supply chain Due Diligence</p>	
<p>Regulated Entities shall perform a fit & proper test and conduct KYC checks of the compliance officer, and other employees involved in the procurement process, during recruitment and on annual basis.</p>	<p>Regulated entity has identified the Re-KYC norms as once in 12 months. During the audit we could not verify the implementation on a test check basis as the entity started its operation less than 12 months. (commercial operation started since July-2023)</p> <p>General understanding of the employees is satisfactory.</p> <p>Regulated refiner is in the business of pure refining on job work basis and raise debit note for refining charges,</p> <p>During the calendar year the have only processed supplies of 81 scrape (scrap gold refining and fine gold refining for conversion from 995 to 999 and conversion of 1 kg to 1 total bar)</p> <p>We have completed 100 % KYC verification of 3 scrap suppliers , who are local register dealers in precious metal</p> <ul style="list-style-type: none"> • Delor Gold Trading LLC • Avani Trading LLC

	<ul style="list-style-type: none"> • CMV <p>During the review no deviation was found, overall satisfied with the KYC details collected.</p> <p>Regulated entity has followed following procedure which has been verified 100 %</p> <p><u>Following procedure is followed for registering of suppliers of scrap for refining business</u></p> <ul style="list-style-type: none"> • Account opening form is issued, where in details of company (registration no, license copy and details of UBO etc. is captured • Supporting documents such as, Trade license, MOA, VAT certificate, Tenancy documents, UBO KYC and other supporting documents are collected. • Supplier site visit is carried out once in a year and report is maintained. • Signed declaration has been obtained for AML, non-PEP, Ethical sourcing, Metal origin and confirmation of OECD Policy communicated, and awareness provided is obtained. • Supplier AML & Ethical sourcing policy has been obtained. • Letter of Authorized signatory is obtained, and authorized persons basic Photo ID proof has been obtained. • Supplier risk assessment has been carried out manually in excel sheet, criteria of risk assessment include country risk, CAHRA & Sanction status, UBO country, Product based risk assessment and transaction risk assessment & Length of business are used. • Screen of UBO and Supplier is done with the help of Web based application and it is on-going monitoring, system generate email alerts if notify any negative heat. (MYAML.IO application is used for screening of the customers and UBO Both.) • PEP Assessment is done based on desk search and written confirmation from UBO is obtained that they are not PEP. • Supplier due diligence procedure is followed, pre identified checklist is used for AML compliance, Ethical sourcing as per OECD.
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	<ul style="list-style-type: none"> • Further Management does the market survey before adding any new party. Verified the SDD (Standard due diligence) records for all 3 suppliers. 										
<p>1.2.4 Established Management Structure to implement supply chain Due Diligence</p>											
<p>Regulated Entities must develop and implement a training program for all persons involved in the responsible Supply Chain Due Diligence process. The training program:</p>											
<ul style="list-style-type: none"> • Should be provided during staff recruitment and on an ongoing basis; • Includes a mixture of topics between generic Supply Chain Due Diligence training and role specific matters; • Should be provided at least on bi-annual basis via face to face or digital channels; • Effectiveness should be assessed through questionnaires and feedback forms; and • Records related to the training and subsequent assessments should be kept as part of the overall record keeping mechanism of the Regulated Entity and should be available upon request by the Supervisory Authority. 	<p>As the regulated entity currently has 24 employees and confirms that training on AML CFT and Ethical sourcing was provided more frequently than the bi-annual.</p> <p>Conducted the sample interview and found understanding at acceptable level.</p> <p>Employees are aware of their roles and responsibilities.</p> <p>Verified the training records of following dates</p> <ul style="list-style-type: none"> • Training was provided on the following dates. We have verified the training material and training records dated Training on suspicious activity and red flags done as on 28.08.2023 • Training on AML CFT training for DPMS done as on 22.09.2023 • Training on responsible sourcing of gold on CAHRA is done as on 18.10.2023 										
<p>1.3.1 Establish a system for transparency, Information sharing, and control on the gold Supply Chain.</p>											
<p>For natural persons, the name, as in the identification card or travel document, nationality, address, attaching a copy of a valid identification card or travel document, and approval needs to be obtained from the senior management, if the supplier or any of the Beneficial Owner is identified as a PEP.</p>	<p>During the calendar year 2023 The Regulated Refiner has deal with all 3 suppliers for scrap where only refining service was provided and as Auditors we have reviewed their KYC and transaction details as per details mentioned below.</p> <ul style="list-style-type: none"> • During the calendar year total 81 transaction of refining scrap and fine gold is received. • Operations starts since July-2023. • Approx 75 % of the gold refining transactions are fine gold received for refining from the supplier • Regulated refiner is not trading and only doing the refining services and has issued 1kg gold bars or 1 total bar only. • No mined gold received <table border="1" data-bbox="792 1629 1442 1757"> <thead> <tr> <th data-bbox="792 1629 938 1757">Name of Scrap Suppliers</th> <th data-bbox="938 1629 1049 1757">No of Refining Transaction</th> <th data-bbox="1049 1629 1175 1757">No of Fine Gold Refined</th> <th data-bbox="1175 1629 1305 1757">Overall Risk Assessment as on 27.12.23</th> <th data-bbox="1305 1629 1442 1757">Sample selected</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of Scrap Suppliers	No of Refining Transaction	No of Fine Gold Refined	Overall Risk Assessment as on 27.12.23	Sample selected					
Name of Scrap Suppliers	No of Refining Transaction	No of Fine Gold Refined	Overall Risk Assessment as on 27.12.23	Sample selected							

	Delor Gold Trading LLC	58	47	Medium	22		
	Avanish Trading LLC	22	13	Medium	10		
	CMV-	1	1	Medium	1		
	We have verified the transaction record which consists of delivery notes, invoices, Fire assay reports etc.						
1.3.2 Establish a system for transparency, Information sharing, and control on the gold Supply Chain. For legal persons and legal arrangements:							
<ul style="list-style-type: none"> • The name; • Legal form; • Memorandum of association or equivalent constitutional document; • Commercial license; • Country of incorporation; • Countries of operations; • Headquarter office address or the principal place of business; and • Names of relevant persons holding senior management positions and acting as authorized representatives in the legal person or legal arrangement, including authorization letters. 	Regulated entity found complaint with these requirements of KYC Verified 100 % KYC of all 3 suppliers and no discrepancy has been reported. We have verified the same and further details are maintained in our audit notes.						
1.3.3 Establish a system for transparency, Information sharing, and control on gold Supply Chain.							
Regulated Entities are required to verify that any person purporting to act on behalf of the supplier is authorized through official documents such as power of attorneys, and verify the identity of that person as prescribed in section (1.3.1) and (1.3.2) above.	Verified and confirm that the regulated entity has performed a supplier Due Diligence and following declaration and confirmations has been obtained from suppliers/ customer along with account opening . Declaration for AML (source of fund), PEP, OECD Communication, Country of Origin (UAE goods only). & declaration and basic photo id proof of authorized person has been obtained.						
1.3.4 Establish a system for transparency, Information sharing, and control on gold Supply Chain.							
Regulated Entities are exempted from identifying and verifying the identity of any shareholder, partner, or the Beneficial Owner, if such information is obtainable from reliable sources where the supplier or the owner holding the controlling interest are a company listed on a regulated stock exchange.	Verified the compliance against this clause however none of the suppliers or customers are falling under this category. None of the supplier is a public listed company.						
1.3.5 Establish a system for transparency, Information sharing, and control on gold Supply Chain.							

<p>For gold supplied from ASM, the policy should provide for gathering additional information, including:</p>	
<ul style="list-style-type: none"> • Identification and verification of the local exporter through documents such as export licenses; • Mine location and ASM's legal existence and conformity to legal framework (if available) or their willingness to formalize the legal framework; 	<p>Regulated entities have started its refining operations since July-2023 and only refining of scrap and fine gold No trading or purchase of metal has been carried out. Regulated refiner is not dealing in mined gold , thus this section was not applicable to them during the review period.</p>
<p>1.3.6 Establish a system for transparency, Information sharing, and control on gold Supply Chain.</p>	
<p>Regulated Entities shall cease establishing or maintaining a business relationship or executing any transaction should they be unable to undertake CDD measures towards the supplier and should consider reporting such instances to FIU through Suspicious Activity Reports/ Suspicious Transactions Reports.</p>	<p>Regulated entity has declared that no Suspicious Transaction has been reported during the calendar year 2023. We have verified the GO AML returns of the regulated refiner. We have verified one of the Go AML reports submitted by the Regulated entity. Regulated refiner has collected cash in AED for the refining services, which has been billed on monthly basis to their customer. We have scrutinized their cash ledger and none of the transaction falls under STR.</p>
<p>1.3.7 Establish a system for transparency, Information sharing, and control on gold Supply Chain.</p> <p>Regulated Entities shall create and maintain documents inventory related to Supply Chain Due Diligence carried out by the entity.</p>	
<ul style="list-style-type: none"> • Information regarding the form, type and physical description of gold/gold bearing material; • Proof of origin of mined gold through official government issued certificate of origin or equivalent document and invoices and packing list; • Information regarding the weight and assay of gold as provided by supplier; • KYC information of supplier including identification and verification of entities and ultimate Beneficial Owners who owns 25% and above directly and indirectly; • Unique reference numbers for each input and output of gold; • Dates of input and output, purchases and sales; 	<p>Regulated entity has maintained all relevant records for each of the scrap gold received We have verified the following records</p> <ol style="list-style-type: none"> 1) Delivery documents from supplier and Regulated refiner. 2) Fire Assay report 3) Debit Note issued by regulated refiner & packing list 4) Transaction monitoring records <p>Based on our scrutiny of records it was difficult to establish type of metal received (scrap or mined) as following information/ records are not maintained</p> <ul style="list-style-type: none"> • XRF report for (which can provide information for

<ul style="list-style-type: none"> • shipping/transportation documents (such as waybill/airway bill, pro forma invoice, and bill of lading) to establish Chain of custody from origin to refinery; • Date of arrival at the refinery and date of assay finalization and financial transactions details including amount, method of payment, currency, and banking information. 	<p>other metals,</p> <ul style="list-style-type: none"> • Photograph or Video of Shipment weighing, to confirm weight and form of metal as rudimentary bar/ jewellery scrap (basically form of metal received.) <p>NC# 02 Regulated entity is lacking in maintaining internal controls and lack of detailed transaction records, which doe does not provide conformance of scrap metal processing.</p>
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1.3.8 Establish a system for transparency, Information sharing, and control on gold Supply Chain.

<p>Regulated Entities should make and receive payments for gold through official banking channels where possible and for unavoidable cash transactions there should be proper verification of origin of cash and should be reported to the FIU where applicable.</p>	<p>Regulated entity has started its business operation since July-2024 and have only provided refining services to its 3 suppliers/ customer.</p> <p>The regulated refiner has collected its refining charges in AED and billing is done on monthly basis. All transaction are accounted and in compliance with GO AML regulations</p> <p>Our Comments</p> <ul style="list-style-type: none"> • Regulated refinery has informed that no SRT has been done during the reporting period of calendar year 2023. • Regulated refinery cash ledger has been verified and signed declaration was provided. • We have verified the Go AML returns. • No cash transaction above 50,000 AED has been reported during the reporting period. • Also verified the financial audit report issued by NBN Auditing and Accounting company issued as on 9th August,2024. This report does not include any negative comments on financial compliances. • We have obtained the signed declaration for the transaction is cash and summary of cash receipt is as below <table border="1" data-bbox="792 1428 1416 1722"> <thead> <tr> <th><u>Name of Customer</u></th> <th><u>Quantity (KG)</u></th> <th><u>Amount (AED)</u></th> </tr> </thead> <tbody> <tr> <td>Avanish trading LLC</td> <td>399.34</td> <td>15973.744</td> </tr> <tr> <td>CMV Gold Jewellery LLC</td> <td>65.33</td> <td>2613.0652</td> </tr> <tr> <td>Delore Gold Trading LLC</td> <td>941.98</td> <td>42388.893</td> </tr> </tbody> </table>	<u>Name of Customer</u>	<u>Quantity (KG)</u>	<u>Amount (AED)</u>	Avanish trading LLC	399.34	15973.744	CMV Gold Jewellery LLC	65.33	2613.0652	Delore Gold Trading LLC	941.98	42388.893
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Avanish trading LLC	399.34	15973.744											
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Delore Gold Trading LLC	941.98	42388.893											

1.3.9 Establish a system for transparency, Information sharing, and control on gold Supply Chain.

<p>Regulated Entities should cooperate fully with regulators and law enforcement agencies in the UAE regarding gold transactions. Regulated Entities should provide access to complete information regarding all shipments and transactions carried out with regard to gold refining.</p>	<p>Regulated Entities has provided full cooperation during the pre, post and onsite assessment conducted by ISOQAR India Pvt Ltd.</p>
<p>1.3.10 Establish a system for transparency, Information sharing, and control on gold Supply Chain.</p>	
<p>All records, documents, data and information collected as part of Supply Chain Due Diligence of an actual and potential relationships should be kept, preferably, on a computerized database for not less than five years from completion of a transaction or termination of the business relationship with the supplier. The records, documents and data kept shall be organized so as to permit data analysis and tracking of financial transactions. All records, documents, data and information should be immediately available to regulators and law enforcement agencies upon request.</p>	<p>Regulated entity is established since August,2021 an started commercial refining service since July,2023</p> <p>Regulated entity has not started trading in gold or any other precious metal</p> <p>Regulated entity has done only job work of gold refinery for scraps and fine gold received from 3 suppliers from UAE only.</p> <p>Regulated entities has written policies for retention of records, which confirms its will be maintained for 5 years, however as regulated entity has just stared its operation in July-2023 we could not verify the retention of records other than records of audit period.</p> <p>Recommendation:</p> <p>1) Records are maintained manually, same could be maintained electronically for easy access and retrieval of records.</p>
<p>1.3.11 Establish a system for transparency, Information sharing, and control on gold Supply Chain.</p>	
<p>Regulated Entity’s policy must include adequate security requirements to ensure compliance with the Regulations in relation to material sourced from LSM or ASM mining entities. These requirements shall include the following measures:</p>	
<ul style="list-style-type: none"> ● The use of identifiable sealed security boxes for each shipment to avoid any tampering or removal of content; ● Physically segregating different shipments until verification is adequately completed and confirmed in accordance with Step 1.3.7; ● Reporting any inconsistencies to senior management or the Compliance Officer (as appropriate); ● Ensuring that any assessor of a shipment is independent from any conflict of interest; and ● If applicable, verify a supplier’s participation in the Extractive Industry Transparency Initiative 	<p>The regulated entity has done only refining of fine / scrap metal received from UAE based 3 suppliers and not done any other gold (mined gold)</p> <p>Thus, we could not verify the transaction records pertaining to import of gold and shipping parcel handling.</p> <p>Further all the gold received for refining are handled by refiner and road pick up services has been provided by the refiner, where delivery notes are issued.</p>
<p>1.4.1 Strengthen company engagement with gold supplying counterparties.</p>	

<p>Communicating the expectations of the refiners to the supplier on due diligence for responsible Supply Chains of gold from CAHRA. This should be done by requiring the supplier to commit to refiner’s gold Supply Chain policy (as per section 1.1 of the Regulations); or through supplier’s own policy.</p>	<p>Regulated entity has established long relationship with the direct suppliers and business relation with the promoter is for more than 2 years on personal basis</p> <p>Regulated refiner has established the policy and procedure for ethical sourcing and has established the suppliers risk assessment.</p> <p>Regulated entity has done excel based risk assessment of suppliers and all are rates as Medium risk (country based risk) and Overall risk of Counterparty is also Medium.</p> <p>Regulated entity has maintained all relevant records if Supplier Due Diligence</p>
<p>1.4.2 Strengthen company engagement with gold supplying counterparties.</p>	
<p>Sharing the AML/CFT Legislation, the Regulations, OECD Guidance, and Gold Supplement with all suppliers.</p>	<p>Verified the policy published on the company website. and grievance handling communication were seen. Also undertaking from suppliers available along with each account opening form and KYC records maintained by the regulated entity.</p> <p>https://promisegoldrefinery.com/our-policies/</p> <p>The policy published are</p> <p>a) Anti Money Laundering policy, b) Grievance policy, c) Responsible sourcing policy, d) Due Diligence and risk assessment & e) Anti Bribery Policy.</p>
<p>1.4.3 Strengthen company engagement with gold supplying counterparties.</p>	
<p>Incorporating the Supply Chain policy in line with this Regulations into commercial contracts and / or written agreements with suppliers which will be legally binding.</p>	<p>Regulated Entity has covered this requirement in supplier agreement and verified the acknowledgement copies.</p> <p>Also verified copies of supplier’s own policy copies has been collected by the regulated entity and maintained as a part of KYC and Standard Due Diligence.</p>
<p>1.4.4 Strengthen company engagement with gold supplying counterparties.</p>	
<p>Supporting suppliers through capacity building measures and information sharing to improve Supply Chain practices of suppliers & other parties in the Supply Chain.</p>	<p>Regulated Refiner has published its AML policy and grievance handling policy has been published.</p> <p>Supplier declaration of policy received and adherence to compliance has been obtained and records are maintained in each individual supplier KYC records.</p>
<p>1.5 Establish a confidential grievance mechanism.</p> <p>Regulated Entities must implement a grievance mechanism</p>	
<ul style="list-style-type: none"> Employees or other stakeholders are enabled to report any misconduct, or an improper state of 	<p>Regulated Refiner has appointed a compliance officer, whose appointment letter dated 12.05.2023 has been</p>

<p>affairs or circumstances in a secured way that protects the id Refiner and from criminal and administrative liabilities.</p> <ul style="list-style-type: none"> • It acts as a warning system in additional to refiners own system for risk assessments; • All relevant parties should know the presence of such mechanism through appropriate communication channels such as policy and newsletters or through websites; • It encourages users to submit such concerns without fear of reprisal; • All submitted concerns be evaluated independently to ensure no undue influence of parties in the Refiner; • Ensure that all submissions should be treated fairly without prejudices and there should be documented procedures to share information on the status to stakeholders in a transparent manner; and • All such submission should be utilized in improving the Supply Chain mechanism and should be utilized in the risk assessment process. • Regulated Entities should use their own KYC tools and/or independent audit, assurance reports or certification of conformance with recognized responsible sourcing standards (other initiatives) can be considered as supporting evidence. 	<p>verified.</p> <p>During the interview and discussion with compliance office we felt that understanding of compliance officer has been found weak and 1 Nonconformance has been raised for the same.</p> <p>Regulated Refiner has published the policy on the web site and signed declaration from all the 3 suppliers is available and same has been verified.</p> <p>Regulated Refiner has published the grievance contact details, so that any grievance from supply chain or any other third party can be investigated and outcome shall be reported to top management.</p> <p>Detail link of policy is here :https://promisegoldrefinery.com/wp-content/uploads/2024/09/PGR-Greivence-policy.pdf</p> <p>Risk Assessment of Suppliers:</p> <p>Excel sheet-based risk assessment matrix has been used for the risk assessment of suppliers with pre identified attributes and rating has been given between 5 to 1 , where 5 is ‘High “ and 1 is ‘low - Favorable.</p> <p>Current practice is okay for 2 to 3 suppliers as per current scale of operations.</p> <p>Recommendation: To adopt ERP software for risk assessment , online screening during each transaction and risk mitigation and risk status to be maintained in ERP.</p> <p>This will help regulated Refiner to have KYC, records and risk at one place and information/ analysis will be more accurate.</p> <p>Further retention records for 5 years will be easy to comply.</p>
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<p>2.1.1 Conduct Supply Chain Due Diligence to identify potential risks</p>	
<p>Counterparty Risk Factors</p>	
<ul style="list-style-type: none"> • KYC information of the Regulated Refiner’s suppliers as identified under Step 1 of the Regulations (including information about the origin and transportation of the gold). • Identified Red Flags (as defined in Step 2.2 of the Regulations) in the Supply Chain. • Number of participants in the Supply Chain. d. Extent and effectiveness of due diligence practices of a counterparty. 	<p>The regulated Refiner has maintained relevant records for KYC compliance.</p> <p>Screening for all suppliers and UBO has been carried out.</p> <p>The process of PEP identification and additional EDD checks in case of PEP has been documented.</p> <p>We have checked KYC of all the suppliers (100 % KYC verification of all 3 suppliers.</p> <p>All the three supplies are UAE registered and are in the</p>

<ul style="list-style-type: none"> ● Counterparty's conformance with OECD Guidance while engaging in sourcing of gold. ● Whether a counterparty's due diligence practices have been audited by a qualified third-party auditor. ● Length of establishment of supplier or other counterparties in the Supply Chain. ● Complexity in the ownership structure of the counterparties such as presence multiple layers of ownership and involvement of trust and similar vehicles apparently for purpose of anonymity. ● Size of mining operations of a supplier (ASM or LSM), if applicable. ● Involvement of any PEPs that have been entrusted with prominent public functions or individuals who are closely related to such individuals. ● Adverse media/Sanctions listing findings through the screening the suppliers and other actors in the supply chain. 	<p>trading of precious metals.</p> <p><u>Following procedure is followed for registering of suppliers of scrap for refining business</u></p> <ul style="list-style-type: none"> ● Account opening form is issued, where in details of company (registration no, license copy and details of UBO etc. is captured ● Supporting documents such as, Trade license, MOA, VAT certificate, Tenancy documents, UBO KYC and other supporting documents are collected. ● Supplier site visit is carried out once ins year and report is maintained. ● Signed declaration has been obtained for AML, non-PEP, Ethical sourcing, Metal origin and confirmation of OECD Policy communicated, and awareness provided is obtained. ● Supplier AML & Ethical sourcing policy has been obtained. ● Letter of Authorized signatory is obtained, and authorized persons basic Photo ID proof has been obtained. ● Supplier risk assessment has been carried out manually in excel sheet, criteria of risk assessment include country risk, CAHRA & Sanction status, UBO country, Product based risk assessment and transaction risk assessment & Length of business are used. ● Screen of UBO and Supplier is done with the help of Web based application and it is on-going monitoring, system generate email alerts if notify any negative heat. (MY AML.IO application is used for screening of the customers and UBO Both.) ● PEP Assessment is done based on desk search and written confirmation from UBO is obtained that they are not PEP. ● Supplier due diligence procedure is followed, pre identified checklist is used for AML compliance, Ethical sourcing as per OECD. Further Management does the market survey before adding any new party.
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	<ul style="list-style-type: none"> Decision of onboarding supplies is signed by compliance officer and approved by the management as well. <p>As the reviewer, we have verified and confirm the above-mentioned procedure has been implemented and same is effective.</p>
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2.1.2 Conduct Supply Chain Due Diligence to identify potential risks

Regulated Entities should be able to identify the location and origin of the gold sourced by them using reasonable efforts.

<ul style="list-style-type: none"> Mined Gold: The origin of mined gold is the mine itself except in cases of a mining by-products A refiner should be able to identify misrepresentation of mined gold as by-product through appropriate due diligence. Recyclable Gold: The origin of recycled gold is the point at which it becomes recyclable such as when it is first sold back to a gold recycler/Refiner. A refiner's due diligence should include measures to identify attempts to misrepresent the origin of newly mined gold through recycled gold. Grandfathered Stocks: If a verifiable date from prior to 1 January 2012, no determination of origin is required. <p>Location-based risk identification should be carried out using reasonable efforts and recognized sources of information. At a minimum, following risk factors should be utilized for risk identification.</p> <ul style="list-style-type: none"> The AML/CFT and other regulatory environment in the supplier's jurisdiction or location which is part of Supply Chain Level of conflicts or human rights abuses in any location comprising part of the Supply Chain through reliable resources. Level of involvement of wide spread bribery and corruption through reliable resources. The level of involvement or potential involvement of any criminal organization. The level of access from a location comprising part of the Supply Chain to nearby markets or processing operations that are termed as CAHRA. The level of enforcement of laws addressing 	<p>The regulated Refiner has carried out a total 81 transactions of fine / scrap gold and no mined gold transactions carried out during the audit period and we have sampled</p> <p>We have sampled 33 transactions which is approx. 40 % of total transaction and 50 % by weight.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Scrap Supplier</th> <th>Gold in Kg</th> <th>%</th> <th>Transactions</th> <th>Transaction %</th> <th>Sample Checked</th> </tr> </thead> <tbody> <tr> <td>Delor Gold Trading LLC</td> <td>941.97</td> <td>66.97 %</td> <td>58</td> <td>72 %</td> <td>22</td> </tr> <tr> <td>Avanish Trading LLC</td> <td>399.34</td> <td>28.39 %</td> <td>22</td> <td>27 %</td> <td>10</td> </tr> <tr> <td>CMV</td> <td>65.32</td> <td>4.64 %</td> <td>1</td> <td>1%</td> <td>1</td> </tr> </tbody> </table> <p>All the 81 transactions are of fine & scrap gold and not a single transaction of mined gold has been reported.</p> <p>No transaction of grandfathered gold has been carried out.</p> <p>Mr. Vipin Raj has confirmed during management interaction that he has also done the market survey for the above-mentioned 3 suppliers, he has not come across any negative findings, also he knows the promoter of the suppliers from the last 5 years and more.</p> <p>Same was verified and confirmed with available KYC records for business registration etc.</p>	Scrap Supplier	Gold in Kg	%	Transactions	Transaction %	Sample Checked	Delor Gold Trading LLC	941.97	66.97 %	58	72 %	22	Avanish Trading LLC	399.34	28.39 %	22	27 %	10	CMV	65.32	4.64 %	1	1%	1
Scrap Supplier	Gold in Kg	%	Transactions	Transaction %	Sample Checked																				
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CMV	65.32	4.64 %	1	1%	1																				

<p>significant criminal activity.</p> <ul style="list-style-type: none"> • Payment mechanism used (e.g. formal banking system vs. non-banking system). • The existence of international sanctions and/or embargoes that have been directed against the country and/or individuals/entities in that country by UN Security Council and/or UAE from time to time. • Involvement of countries identified as CAHRA 	
<p>2.1.3 Conduct Supply Chain Due Diligence to identify potential risks</p> <p>Transactions Risk Factors</p>	
<ul style="list-style-type: none"> • Inconsistency of transaction with the local or market practices (amount, quality, potential profit, etc.). • Inconsistency of volumes, types and concentrations of material compared with previous shipments with the same client. • Use of excessive cash in transactions. • Attempted structuring of transactions to make payments to avoid government thresholds. • Identified risks and severability and probability of adverse impacts of the applicable transaction. • Gold that are transported which are not reasonably reconciled with the declared location of the origin • Unexplained geographic distance in the Supply Chain. 	<p>The regulated Refiner has carried out a total of 81 transactions of Fine / Scrap gold during the audit period and we have sampled 33 transactions.</p> <p>Around 75% of the transactions were fine gold, where supplier has provided high purity metal for conversion from large scale bars to small size tola bars or 1 kg bars.</p> <p>Overall compliance to this section was okay, but few information was missing leading to limited assurance mainly due to lack of internal control and verification records which can assure metal type that is Dore/mined (if XRF reports are retained and verified for inclusions) and photographic evidence of weight verification, which shows image of metal received in which form (that is as scrap bar or jewellery etc) and weight checked against each bar as per packing list.</p>
<p>2.1.4 Conduct Supply Chain Due Diligence to identify potential risks</p> <p>Product Risk Factors:</p>	
<ul style="list-style-type: none"> • The nature of the gold supplied such as, ASM or LSM gold, gold by-product, melted recyclable gold and unprocessed recyclable gold. The risk may vary from product to product. • Level of concentration of gold in the supplied gold. 	<p>The regulated Refiner has carried out a total 81 transactions of scrap / fine gold refining and out of which we have audited 33 transactions, which is approx. 41 %</p> <p>No trade of Mined gold, by-product or grandfathered gold is carried out.</p> <p>Approx 75 % of transactions were of fine gold refining.</p> <p>We are overall happy with the level of records with few discrepancies as mentioned in above sections.</p>
<p>2.1.5 Conduct Supply Chain Due Diligence to identify potential risks</p>	

Delivery Channel Risk Factors:	
<ul style="list-style-type: none"> Physical delivery of gold to unrelated third parties which is not consistent with normal business practices. Courier/transport related risk factors including physical security practices such as sealed security boxes for shipment in which the tampering or removal of content during transport is likely. Extent of reliability and KYC information of third-party transportation companies validated through accepted standards 	<p>The regulated Refiner has carried out a total 81 transactions of fine / scrap gold refining and out of which we have audited 33 transactions, which is approx. 41 %</p> <p>No trade of Mined gold, by-product or grandfathered gold is carried out.</p> <p>Risk control plans were effective and no case of weight difference, tampering was observed.</p> <p>Based on transaction records no case of weight or purity deviation has been observed during the review period.</p> <p>As movement is within UAE and goods are hand delivered by either party, product insurance is taken and based on steps taken for security measure explained, the risk of gold supply chain is low.</p>
2.2.1 Identify Red Flags/ High Risk Indicators in the gold Supply Chain Delivery Channel Risk Factors:	
Location Based Red Flags	
<ul style="list-style-type: none"> The gold originates from, or has been transported through, a CAHRA or countries subject to international sanctions. The gold originates from a country known to have limited discovered reserves and expected production levels. The gold originates from a country through which gold from CAHRAs is known or reasonably suspected to transit. The gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from CAHRAs is known or reasonably suspected to transit. The gold originated or transported through countries known to have weak oversight of Money Laundering, corruption, bribery etc. 	<p>The regulated Refiner has carried out a total of 81 transactions of fine / scrap gold refining and out of which we have audited 33 transactions.</p> <p>All transactions during the period were only from UAE and as UAE has classified as medium rating.</p> <p>No supplies from CAHRA region during the review period.</p> <p>Regulated Refiner has policy and procedure in place of for ethical sourcing.</p> <p>No Red Flag has been reported.</p> <p>Verified the risk rating of all 3 suppliers and risk reporting is done on annual basis to Management (verified the report issued by compliance officer)</p> <p>All scraped gold received during the period are sourced from UAE only.</p> <p>Regulated Refiner has detailed policy and procedure in place, However, could not verified the compliance for import from other country as no such transaction during the period.</p>
2.2.2 Identify Red Flags/ High Risk Indicators in the gold Supply Chain Delivery Channel Risk Factors:	
Supplier Red Flags	

<ul style="list-style-type: none"> • Suppliers or other known upstream entities operate in one of the red flag locations, referred to in 2.2.1, of gold origin and transit, or have shareholder or other interests in suppliers of gold from one of the red flag locations of gold origin and transit, referred to in 2.2.1. • Suppliers or other known upstream entities are known to have sourced gold from a red flag location of gold origin and transit in the last 12 months. • Discrepant or inconsistent KYC information obtained through Identification and verification process of suppliers or refused to provide requested documentation. • Supplier or Beneficial Owners are listed in any government lists for Money Laundering, fraud or terrorism or that are listed under international sanctions regulations. • Supplier does not have policies and practices related to ethics, integrity, and combatting Money Laundering, bribery, and corruption. • Lack of effective assessment of supplier's counterparties risk assessment framework to identify risks in the upstream Supply Chains. 	<p>The regulated Refiner has carried out a total 81 transactions of fine / scrap gold refining and out of which we have audited 33 transactions</p> <p>No trade of Mined gold, by-product or grandfathered gold is carried out.</p> <p>No discrepancy has been observed during the transaction review, except short fall of records for confirming metal type (Refer to NC-1)</p> <p>As all the transactions of supplies during the period are of fine / scrap and within the UAE, the supply chain was very short and thus could not verify the compliance of sub-suppliers etc.</p> <p>However regulated refiner has maintained appropriate records of Supplier KYC, UBO, PEP verification, Supplier Screening</p> <p>We have verified the same and further details are maintained in our audit notes.</p>
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2.2.3 Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains

<p>Conduct onsite visits to gold suppliers individually or through joint on-the-ground assessment teams or an industry mechanism using competent, suitably qualified, knowledgeable, and independent assessors, to generate and maintain information on the circumstances and processes of the supplier's activities. Regulated Entities can establish such teams independently or jointly with other entities in the upstream Supply Chain. Onsite inspections should be aimed at substantiating the documented KYC information. Irrespective of whether the onsite visit was conducted by way of an assessment team or independently by the Regulated Refiner, the factors in 2.3.2 and 2.3.3 must be considered during the onsite visit. The responsibility remains with the Regulated Refiner irrespective of whether the on-site carried independently or jointly,</p>	<p>The regulated Refiner compliance to EDD could not be verified as during the period regulated Refiner has carried out only 81 transaction of fine / scrap refining, where due to small supply chain and low to medium risk of supply chain.</p> <p>No Red flags and CAHRA has been reported thus verification of EDD is not carried out.</p> <p>However Regulated refiner has defined policy on PEP, CAHRA and EDD in case of same been identified.</p>
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2.3.2 Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains

<p>Determine if the Mined Gold is LSM Gold or ASM Gold.</p>	<p>As regulated Refiner have not identified any High Risk, no supply from CAHRA region and no supplier based risk reported , we could not verify the implementation of EDD.</p> <p>The regulated Refiner has defined policy and procedure on EDD which is in line with MOE requirements.</p>
<p>2.3.3 Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains</p> <p>Gather information/document such as, without limitation:</p>	
<ul style="list-style-type: none"> ● Identification and verification of each Refiner in the Supply Chain through operating licenses or similar document; ● Identification and verification of the ownership of each Refiner (direct or indirect ownership up to 25% and above) and connected parties (board of directors and senior management); ● Identifying the mines of origin, the transportation routes, and points where gold is traded; ● For ASM, identify whether the mine is involved in a legitimate ASM; ● Details of Beneficial Owners and controllers of ASM; ● The methods of gold processing and transportation; ● Identification of the related businesses (subsidiaries, parents, and affiliates); ● Verification of the idRefiner of the entities using reliable, independent source ● Identification of any nexus with the government, political parties, military, criminal networks. ● Evidence of any serious abuses committed by any party in supply chain. ● Information on any direct or indirect support to non-state armed groups or public or private security; and ● Screening the Refiner name, ownership including ultimate Beneficial Owners and connected parties through government watch lists or sanction list. ● Current production and capacity of mine(s), a comparative analysis of mine capacity against recorded mine production if possible, and record any discrepancies; ● Current processing production and processing capacity of mine smelt house(s), and a 	<p>The regulated refiners EDD could not be verified as no CAHRA or high-risk supplies or High-risk transactions has been reported.</p> <p>No supplies for ASM, LSM, in-fact no supplies of mined gold during the reporting period of calendar year 2023.</p>

<p>comparative analysis of processing capacity against recorded processing production if possible, and record of any discrepancies;</p> <ul style="list-style-type: none"> • Documents related to payments to government or other regulatory agencies related royalties, taxes, or fees. • All payments made to public or private security forces or other armed groups at all points in the Supply Chain from extraction onwards, unless prohibited under applicable law; • Militarization of mine sites, transportation routes, and points where gold is traded and exported; • KYC information of the gold exporter and all actors in the Supply Chain, including international gold traders and all third-party service providers handling the gold (e.g. logistics, processors, and transportation entities) or providing security at mine sites and along transportation routes. KYC should consist of the below; and 	
<p>3.1 Devise a risk management strategy for the identified risk</p> <p>According to the risks identified as per procedures in Step 2 of this document, Regulated Entities should adopt risk appetite approach.</p>	
<ul style="list-style-type: none"> • Establish or continue: Based on the documents and information gathered through EDD (Step 2.3), Regulated Entities may establish or continue existing relationships • The Regulated Refiner should measure the improvement through quantitative/qualitative analysis. The plan should be approved by senior management and Compliance officer. • Regulated Refiner should seek significant improvement within 6 months of adoption of the plan. After failed attempts of risk mitigation. • Suspend: If EDD concludes that there is a founded suspicion of Money Laundering, Terrorist Financing, human rights abuses, environmental degradation direct or indirect support to illegitimate non state armed groups, fraudulent misrepresentation of origin of goods, the Regulated Refiner should suspend engagement with such supply. • Terminate: Upon identifying instances of Money Laundering and Terrorist financing, human rights 	<p>The regulated Refiner has well established policy and procedure for risk management.</p> <p>The regulated Refiner started its operation since July 2023, however management has in-depth knowledge of industry and have rich experience of refining approx. more than 12 years.</p> <p>The regulated Refiner has a well-established relation with its suppliers and long-term relationship has been maintained.</p> <p>During the period none of the suppliers has been suspended or terminated.</p> <p>Due to limited transactions, we could not verify the measure taken by the regulated entities in the current year and recent past. (last 12 months)</p> <p>Compliance officer has submitted year end report to management, which states that none of the suppliers has been rejected or suspending during last 12 months</p>

<p>abuse and support to armed conflicts, Regulated Entities should immediately terminate its relationship with the supplier. During such instances, the Regulated Refiner should submit an appropriate report to the FIU.</p>	
<p>3.2 Risk Control Plan</p> <p>Regulated Entities that adopt an 'Establish/Continue' or 'Suspend' approach, shall adopt a Risk Control Plan which should include, at minimum:</p>	
<ul style="list-style-type: none"> ● Reporting mechanisms for identified risks to the senior management; ● Enhanced engagement with suppliers through establishing a Chain of Custody and/or traceability system where a red flag has been identified; ● Enhancement of the physical security practices; ● Physical segregation and security of shipments where a red flag has been identified; ● An agreement with the supplier which facilitates timely and accurate provision of additional information related to supply chain with identified risks. ● Disengaging with suppliers for at least 3 months, when they fail to comply with the mitigating controls within a period of 6 months, and/or disengaging entirely if such controls are not feasible and/or unacceptable in light of the cost-benefit analysis and the capabilities of the Regulated Entities conducting the due diligence; ● Reviewing on a regular basis the results of the mitigation measures, undertaking additional fact & risk assessments for identified risks requiring mitigation or after a change of circumstances. 	<p>The regulated Refiner has well established policy and procedure for risk management which covers the actions to be taken as per risk control plan</p> <p>The regulated Refiner has carried out a total 81 transactions of fine / scrap gold during the audit period and we have audited 33 transactions</p> <p>As the regulated Refiner has started its operations in the last 6-8 months only and all transaction are of refining.</p> <p>No case of any such activity of disengagement and management actions has been identified.</p>
<p>3.3 Continuous Monitoring</p>	
<p>Supply Chain Due Diligence is a dynamic process and requires ongoing risk monitoring. After implementing a Risk Control Plan, Regulated Entities should assess if Step 2 should be repeated or, any further enhanced measures are required. Any changes in the Supply Chain may require the Regulated Refiner to repeat some due diligence steps to ensure effective monitoring of risk.</p>	<p>The regulated Refiner has well established policy and procedure for risk management which covers the actions to be taken as per risk control plan.</p> <p>No finding against this provision.</p>
<p>3.4 Senior Management Reporting</p>	

<p>The identified risks in the Supply Chain and Risk Control Plan should be reported to a Regulated Refiner's board of directors (or equivalent) and senior management on periodic basis (at least every 3 months). The report should include counterparties identified as high-risk and the respective Risk Control Plan</p>	<p>Verified the internal compliance report submitted by compliance officer dated 27.08.2024</p> <p>Details of Annual reports issued by compliance officer Mr Mohammad Trahum</p> <ul style="list-style-type: none"> • Annual PEP review report for 2023 as on 31/12/2023 → no PEP identified. • Report on rejected account opening request as on 31/12/2023 → Nil accounts rejected • Report on accounts terminated during the year as on 31/12/2023 → Nil accounts were terminated. • Yearly report on SAR/STR report on Go AML portal as on 31/12/2023 → nothing reported. • Annual counter party risk assessment as on 31/12/2023 → all 3 suppliers are at Medium risk • Annual Screening risk reported and action taken as on 31/12/2023 → Nil report • Policy and procedure annual update report → no changes and last published as on 01.06.2023 • Annual counter party sit visit report submitted for all the 3 suppliers and same was verified with report during client on boarding procedure.
<p>4.1. Audit Plan</p>	
<p><i>The audit scope should include all the major elements of a Supply Chain Due Diligence framework as outlined in the Regulations.</i></p>	<p>The regulated Refiner has conducted its first internal assessment as on 27.08.2024</p>
<p>4.1.3 Audit principles:</p>	
<ul style="list-style-type: none"> • Independence: The Reviewer organization and all of its members must be independent from the Regulated Refiner as well as from the Regulated Refiner's subsidiaries. • The auditors must not have conflicts of interest. • Competence: Reviewers should be competent enough to conduct the review efficiently. • Accountability: List of accredited Reviewers shall be published on the MOE's website 	<p>ISOQAR India Pvt Ltd is independent as per MOE guidelines and does not have any conflict of interest. Our auditors have relevant industry experience and knowledge and are trained on the subject matter.</p>
<p>4.1.4 The audit activities:</p>	
<ul style="list-style-type: none"> • Audit Preparation: The objectives, scope, language, and criteria for the audit should be clearly communicated to the Reviewers with any ambiguities clarified between the auditee and Reviewers before the initiation of the audit. • Onsite Investigation: The reviewers must conduct onsite investigations. 	<p>The regulated Refiner has provided the relevant information about the locations of operation, number and type of transactions, and all other relevant information of supply chain, which was necessary to determine the scope of audit and man day planning.</p> <p>Based on the information furnished the Auditors of</p>

<ul style="list-style-type: none"> Document Review: Sample documents gathered during the review i.e., documents retained as part of a Regulated Refiner's Supply Chain Due Diligence framework. Audit Conclusions: Reviewers should generate audit findings based on the evidence gathered with the audit standard that is consistent with the recommendations of this section of the Regulations 	<p>ISOQAR India Pvt Ltd. has performed Pre assessments (desktop review), On site audit has been conducted and post audit follow up and closing meeting with the regulated entities.</p> <p>The audit report draft version has been shared with regulated entities and formal confirmation for acceptance of report has been obtained.</p>
<p>4.2 Audit implementation:</p>	
<p>Audit should be implemented in accordance with the audit scope, criteria, principles and activities as documented in Step 4 of the Regulations. Regulated Entities should coordinate the relevant stakeholders to carry out audits in line with recommended audit standard as set out in this document</p>	<p>The regulated Refiner has provided full cooperation during the entire pre audit, on-site audit and post audit discussion and sharing of relevant information and documents.</p> <p>Audit report has been closed and accepted by the regulated Refiner.</p>
<p>5.1 Management Systems</p>	
<p>The Regulated Entities Comprehensive Management Report should include the management systems requirements as set out in Step 1 of the Regulations. The Comprehensive Management Report should include:</p>	
<ul style="list-style-type: none"> The Regulated Refiner's management structure, roles and responsibilities with regard to Supply Chain Due Diligence. Policy & procedures. KYC & information collection procedures. Database & record keeping system. Procedures for identification and verification of all counterparties in the Supply Chain system. 	<p>The regulated Refiner has not published its annual report as this is the first audit and post audit and report submission by ISOQAR, they have assured that they will publish their first MOE Annual compliance report on their official company website.</p>
<p>5.2 Risk assessment</p>	
<p>Regulated Entities should include in their Comprehensive Management Report the risk assessment procedures (Step 2). In particular, Regulated Entities should include:</p>	
<ul style="list-style-type: none"> How the red flags are identified. Details of the red flags identified; Describe the steps taken to map the factual circumstances of those red flag operations and red flagged Supply Chains. Methods of assessment teams including collaboration with other stakeholders in the Supply Chain; and Actual or potential risks identified. 	<p>The regulated Refiner has issued its first internal report dated 27.08.2024 and it has been made in line with MOE requirements and all the section has been replied and we have verified its compliance.</p>
<p>5.3 Risk Management</p>	

Regulated Entities should include, in their Comprehensive Management Report, the risk management procedures (Step 3). In particular, Regulated Entities should include:

- The internal controls that would have assisted in gathering required information on red flagged Supply Chain;
- Describe the steps taken to manage risks, including a risk strategy for risk mitigation, procedures and mechanism in place to monitor remediation activities; and
- Details of actions taken as part of risk mitigation (number of instances where a Regulated Refiner has decided to continue, suspend or terminate relationships) without disclosing the idRefiner of those suppliers, except where law allows to do so.

As this is the first year and Regulated Refiner did not have any previous Annual report been published, thus the compliance with respect to this provision was not carried out.

Independence and Competency Statement

In conducting our engagement, we have complied with the applicable requirements and we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

Conclusion

In our opinion, in all material respects, the accompanying Refiner’s Compliance Report dated 09th March, 2024 for the period from 01 Jan to 31 Dec 23 and prepared by the Compliance officer of PROMISE GOLD REFINERY (FZC), describes fairly the level of general compliance and management’s overall conclusion contained therein is in accordance with the requirements of the M.O.E. Due Diligence Regulations for Responsible sourcing of gold.

The compliance controls that were tested, as set out in the attachment to this report, were operating with sufficient effectiveness for us to obtain Reasonable Assurance that the related level of compliance was achieved in the period 1st January 2023 to 31st December 2023.

No	Description	Compliance	Reviewers Rating	
1	Step 1: Establishing an Effective Governance Framework	Yes	<input type="checkbox"/>	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
			<input checked="" type="checkbox"/>	Compliant with the MoE Due Diligence Regulations for

				Responsible Sourcing of Gold – Low Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations
3	Step 2: Identification and Assessment of the Supply Chain Risk	Yes	<input checked="" type="checkbox"/>	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
			<input type="checkbox"/>	Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations
4	Step 3: Management of the Supply Chain Risk	Yes	<input checked="" type="checkbox"/>	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
			<input type="checkbox"/>	Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations

5	Step 4: Independent Third-Party Audit of Due Diligence Measures	Yes	<input checked="" type="checkbox"/>	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
			<input type="checkbox"/>	Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations
6	Step 5: Annual Reporting on Due Diligence Measures	Yes	<input checked="" type="checkbox"/>	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
			<input type="checkbox"/>	Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
			<input type="checkbox"/>	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations

Recommendation/ OFI(Oppportunity for Improvement)	Non-Conformance Description
<p>(1.1) We recommend using the ERP based tools for auto alerts for KYC and risk assessment and screening alerts as an improvement action.</p> <p>(1.3.10)</p> <ul style="list-style-type: none"> Records are maintained manually, same could be maintained electronically for easy access and retrieval. <p>(1.5)</p>	<p>NC #1 (1.2.2) The compliance officer is not competent to handle the supply chain due diligence. Our findings are on following ground.</p> <ul style="list-style-type: none"> Not having any related qualification and work experience in the field of compliance. No formal external training has been attended by compliance officers.

<ul style="list-style-type: none"> To adopt ERP software for risk assessment , online screening during each transaction and risk mitigation and risk status to be maintained in ERP. This will help regulated Refiner to have KYC, records and risk at one place and information/ analysis will be more accurate. Further retention records for 5 years will be easy to comply. 	<ul style="list-style-type: none"> Due diligence process has been implemented with the help of external consultant, however capability <p>NC# 02 (1.3.7)</p> <p>Regulated Refiner is lacking in maintaining internal controls and lack of detailed transaction records, which does not provide conformance of scrap metal processing</p>
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Assessment Conclusion	Compliance Status:	Non-Compliance
Based on the assessment conclusions, the overall rating of the Regulate Refiner performance is determined to represent	Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations	2 Minor non conformance