



BUREAU VERITAS CERTIFICATION

Reviewer's Assurance Report for
Reasonable Assurance Compliance Audit on DMCC Rules
on Risk Based Due Diligence in the Gold and Precious Metals
Supply Chain

For

DIJLLAH GOLD REFINERY FZC

**SITE(s): SAIF Zone,
Sharjah**

AUDIT DATE(s): 7th & 8th March 2017

Reporting Period :1st January 2016 to 31st December 2016



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Independent
Reasonable Assurance' Report to **Dijllah Gold Refinery FZC (DGR)**

This report is made for the **Dijllah Gold Refinery FZC** for the purpose of a compliance report, in accordance with the terms of our engagement letter dated 28/11/16.

1. Responsibilities

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Center and in accordance with the DMCC Review Protocol.

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

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

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

2. Subject matter

This report covers the **Dijllah Gold Refinery FZC** general level of compliance with the "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Centre and in accordance with the DMCC Review Protocol as described in your report as at **15/02/17**

3. Scope based on 'Reasonable or Limited' assurance:

The review procedures undertaken by us will cover the following:

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



The Policy is well defined and robust, and the KYC requirements have been adequately addressed was found adequate taking into consideration the application of Rule 1.1 to 1.18.

On verification of implementation four Non conformities with Medium risk were identified under Rule 1, taking into consideration the application of Rule 1.1 to 1.18. Ref: CAR report attached.

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

In respect of Rule 2, details as below verified:

(a) in relation to transactions: 260 active suppliers and received 33.7 tons of Gold for refinery during 2016 through 3826 Purchase transactions, 10 supplied over 1 ton, 44 supplied over 100kg to below 1ton.

and 6520 Sale transactions totalling 25 tons sold to 215 customers of which 37 took, over 100kgs and 25 customers took 20 Kg to 93kgs

5 % of Samples were picked from these and reviewed.

(i) the number of transactions audited: 2 samples of Mined Gold supplier and 12 of the balance suppliers of Recycle Gold.

(ii) the percentage of the audited transaction as compared to the total number of Transactions during the period subject to Review: 5 %

(iii) the total volume of Mined Gold /ASM in dorebar received: 15% totalling 5.23 tons vide 77 transactions from 6 suppliers and 28.5 tons of Recycled Gold in 3749 transactions received during the period 2016 from about 250 suppliers.

(iv) the total volume of Mined Gold: DGR do not receive any gold from mines directly. However out of the total gold refined about 15% of Mined gold is received from the Suppliers customers in relation to the total number of transactions during the period subject to Review;

(v) the total volumes of cash transactions 4.49% cash payments amounting to 62,851,717 AED made to suppliers to buy gold and 16% of cash payments received from customers on sale of gold amounting to 224,806,844AED and (if any – None) and



Verified the payments made against vouchers traceable to supply of gold and sale of gold Usage in excess of government thresholds as applicable in the Accredited Member's place of domicile was verified and found None ,DGR receives recycled and a small percentage of about 15% Mined gold from customers, Refines and deliver back to the customer or sells to customer..

(vi) the total volumes of unrelated third party payments (i.e. cash, bank transfers and metal accounts held with bullion banks) and physical gold and/or precious metal deliveries in unusual circumstances that are not consistent with local and/or International market practices (for example, value, quantity, quality, profit); this was verified and found none

(vii) adequacy and implementation of track and trace mechanism from mine/supplier to Sale and/or physical delivery to the Accredited Member's suppliers was verified, they were found adequate and satisfactory.

(b) in relation to geographical considerations:

(i) Gold and/or precious metal sourced from different geographical locations based on Physical form; quantity; actual or declared purity; country of origin and transportation; and

(ii) any transaction which is related to a sanctioned and/or embargoed country, entity, Or individual;

DGR do not source any gold, all the gold for refinery is received from direct customers based out in Dubai.

(c) in relation to risk assessment, the alignment of the risk assessment methodology with Rule 2 and any deviations from those requirements of Rule 2;-

The risk assessment verified and 1 Non conformity with medium risks was raised in alignment with rule 2.Ref: CAR report attached.

(d) the number of transactions and/or suppliers where enhanced due diligence was conducted during the period subject to Review.

None as there were no situation that required for an enhanced due diligence.

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

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



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

DGR has performed the review for the first time for the period Jan 2016 to Dec 2016 with Bureau veritas as independent 3rd party reviewer will be reporting the compliance report to the DMCC annually and also make it available in their portal upon receipt of the report.

v. Reviewed the **Dijllah Gold Refinery FZC** activities related to conducting due diligence for adherence to DMCC's Anti-Money Laundering and Combating Financing of Terrorism Policy (as the minimum acceptable standard for AML/CFT due diligence policy).

DGR has established AML/CFT and a robust KYC due diligence Policy; Under the document AML and KYC Compliance policy, in DG manual ref: DG/15/REV.001, Dt: August 2016.

The implementation of the same was verified and 4 Nonconformities with Medium risk under Rule 1 and 2 Non conformities under rule 2 was raised.

4. Emphasis of matter (if required)

Without our conclusion being modified, we refer to the non-compliance description contained in the **Dijllah Gold Refinery FZC** compliance report.

4 Nonconformities with Medium risk under Rule 1 and 1 Non conformity with Medium risk under rule 2 were raised.

This relates to the current implementation of specific due diligence procedures at **Dijllah Gold Refinery FZC** to be in conformance with "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Centre and DMCC's AML/CFT policies during the assessment period 1ST January 2016 to 31st December 2016.



5. Conclusion

In our opinion, in all material respects:

- i. The accompanying report by the directors describes fairly the level of general compliance of **Dijlah Gold Refinery FZC** with “DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain” issued by Dubai Multi Commodities Center and in accordance with the DMCC Review Protocol for the period 1st Jan 2016 to 31st December 2016.
- ii. The compliance controls that were tested, as set out in the attachment to this report, were operating with sufficient effectiveness for us to obtain Reasonable’, but not absolute, assurance that the related level of compliance were achieved in the period 1st January 2016 to 31st December 2016.

4 Nonconformities with Medium risk under Rule 1 and 1 Non conformity with Medium risk under rule 2 were raised, that requires Corrective actions to be submitted for review and action taken, refer to attached corrective action plan for details.

The corrective actions submitted were reviewed and found satisfactory, the implementation and effectiveness of the actions taken will be verified during the next on site review.

Bureau Veritas
Location: Dubai

Date: 18/04/17

Signature



Company Stamp