



DIJLLAH GOLD GROUP OF COMPANIES

GUIDING PRINCIPLES

MARCH 2015



The Purpose and Scope of the Guiding Principles

These Guiding Principles apply equally to, and are fully observed, by each company within the Dijllah Gold Group as follows:

Dijllah Jewellery FZCO
Dijllah Jewellery DMCC
Dijllah Gold Refinery FZC

Any reference to 'DIJLLAH' in this manual refers equally to all of the above companies.

The Guiding Principles of "DIJLLAH"

- Set out clearly the company's policies and principles of management
- Contribute towards a better understanding of corporate decisions by our employees
- Aim to motivate staff to achieve the maximum possible potential for all stakeholders

The precepts set out in these Guiding Principles are required to be implemented by all staff members at every level of the company on a day-to-day basis.

The Guiding Principles bring together individual company policies into one document that sets out the standards expected of shareholders, senior management, employees, service providers, clients, and suppliers, and provide a code of ethical and professional conduct for everyone to follow.

These Guiding Principles include:

- ❖ Statement of Corporate Philosophy
- ❖ Anti-Money Laundering (AML) Policy, Compliance and Supervisory Procedures
- ❖ Suppliers Code of Ethics



Statement of Corporate Philosophy

Customer orientation, security, profitability, growth, competitiveness, hard work and attention to detail are the pillars of economic success and are the basis on which we run the company.

We are committed to the highest ethical standards in the formulation and pursuit of our objectives – “our word is our bond”. The company does not engage in transactions that are doubtful and/or lack transparency.

It is the policy of the Company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorism or criminal activities. All employees of the company are required to commit to maintaining the highest possible ethical standards of business conduct and adhere strictly to the Company’s policies and procedures.

The integrity and commitment of each staff member ensures that the company provides fast, efficient, customer friendly and discreet services.

“DIJLLAH” motivates staff members to exceptional levels of achievement through teamwork, creating an enjoyable working environment, and rewarding staff fairly according to their performance.

“DIJLLAH” believes in equal opportunity for all staff members, male and female, and in the principal of providing a ‘fair day’s pay for a fair day’s work’. We are an attractive, caring and fair-minded employer.

“DIJLLAH” operates rigorously according to customers’ requirements and market potential, always bearing in mind the need to observe all legal and regulatory rules and regulations.

The basic criteria is for “DIJLLAH” to produce maximum benefit for its’ customers by offering a competitive range of tailor made physical precious metals products and services while at the same time optimizing the returns to all stakeholders in “DIJLLAH”.

This is achieved by ensuring that “DIJLLAH” is known by its’ clients for:

- Efficiency, speed and friendliness
- Error free customer service; any complaints must be settled quickly, fairly and amicably.
- High levels of security and discretion
- Exceptionally personal style of customer contact and reaction to the customers’ needs



Anti-Money Laundering (AML) Policy, Compliance and Supervisory Procedures

It is the policy of the Company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorism or criminal activities. All employees of the company are required to commit to maintaining the highest possible ethical standards of business conduct and adhere strictly to the Company's AML and KYC Compliance policies and procedures.

Money Laundering

This is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived income so that the unlawful proceeds appear to have derived from legitimate origins or constitute authentic assets. Usually, money laundering occurs in three stages:

- i. Placement Stage
Cash first enters the financial system at this stage, where the cash generated from criminal activities will be converted into commercial instruments such as money orders or traveller's cheques or deposited into accounts at financial institutions.
- ii. Layering Stage
The funds will transfer or move into other accounts or other financial institutions to separate or layer the money from its criminal origin.
- iii. Integration Stage
The funds will re-establish into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Finance of Terrorism

Terrorist Financing may not necessarily involve the proceeds of criminal conduct, but rather an attempt to hide the origin or intended use of the funds, which is, at a later stage, used for criminal purposes.

All employees of the Dijllah Gold Group of Companies are provided with a copy of the most recent version of the company's AML and Compliance policy. Each member of staff must commit to following the Company's AML policy and KYC procedures and is required to sign a form of acknowledgement that they have read, fully understood and will adhere strictly to the Company's AML and KYC Compliance policies.

If an employee is accused of having violated any aspect of the company's AML policy, a formal meeting with the Compliance Officer will take place to review the alleged offence. If after due process a violation is proved to have taken place the offence will be noted on the employee's personnel file and a written warning issued. If the employee is proven to have violated the company's AML policy on a second occasion that employee's contract of employment will be immediately terminated. The company reserves the right to notify the relevant authorities of any or all such proven offences and to cooperate fully with all appropriate Regulatory Authorities.

1. Compliance Officer Designation and Duties (responsible for AML Policy)

The Company designates a duly qualified Compliance Officer to oversee and implement its Anti-Money Laundering Program and KYC procedures. The duties of the Compliance Officer include administering and monitoring the company's AML policy, overseeing Compliance related internal and external communication,



and conducting AML training for all employees. The Compliance Officer will also ensure that detailed AML and KYC records are maintained and kept for periods as directed from time to time by the appropriate Regulatory Authorities.

2. Sharing Information with Other Financial Institutions

The company's Compliance Officer will share information about those suspected of terrorism and money laundering with other financial institutions for the purposes of identifying and reporting activities that may involve terrorist acts or money laundering activities but only if an appropriate NonDisclosure Agreement is signed between the respective parties.

3. Customer Identification and Verification

The company is committed to maintaining the highest standards of Know Your Customer (KYC) procedures and to verifying the identity of any customer seeking to open an account, using all practical means before proceeding. Detailed records will be maintained in-house and use will be made of client identification services such as "Mineral Care" in order to verify a potential client's identify and good standing, ensuring that the prospective client does not appear on any global sanctions lists, such as FATF or OFAC. The Company's business development relationship managers responsible for on-boarding clients must ensure that the prospective client is fully aware that the Company will be conducting rigorous KYC background checks and identity verification. If any prospective client objects in any way to this process the account opening procedure will immediately be terminated.

Risk-Based Information on Various Account Types

We require the following information and documentation for all Prospective Corporate Clients seeking to open a new account with the Company:

- A completed Opening of Account Form
- A completed Know Your Customer (KYC) Form
- Certificate of Incorporation
- Memorandum of Association
- Trade License
- Full details of all beneficial owners if not mentioned in the M & A's
- List of Directors if not mentioned in the M & A's
- List of Authorized Signatures with their specimen signatures and passport copies
- List of Authorized Traders with specimen signatures and passport copies
- Certified copies of utility bills or bank statements as proof of home address for all directors and beneficial owners
- Certified/Notarized Passport Copies of all directors and beneficial owners
- Registered Address of the company
- Latest Audited Financials

Customers Who Refuse To Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, the company will (subject to management approval) not open a new account and after considering the risks involved, consider closing any existing account, and advising the relevant regulatory authority such as the DMCCA.



4. Verifying Information

We verify the customer's identity in the on-boarding process for new accounts using appropriate documentary evidence. The following documents are considered to be adequate for verifying the identity of individuals:

- An valid driver's license
- A valid passport
- Other Government identification documents that show nationality, residence, and photograph or other biometric safeguard

The following documents are appropriate for verifying the identity of Companies:

- A Certificate of Incorporation
- A Government issued business or trade license
- Notarized partnership agreements
- Corporate Resolutions, or similar documents.

We will not proceed with the activation of an account and engagement in transactions with any client until the Identification Verification process has been completed and the Compliance Officer has granted approval.

We fully document our Client Identification Verification process, including all identifying information provided by a customer, the methods used and results of verification, and details of the resolution of any discrepancy in the identifying information.

Before opening an account, and on an ongoing basis, we check to ensure that a customer does not appear on any published lists of known or suspected terrorists or terrorist organizations.

5. Supervisory Procedures for Opening Accounts

The account opening procedure structure drives the collection and use of information on the client's source of wealth, net worth, and sources of income to detect and deter possible money laundering and terrorist financing.

6. Monitoring Accounts For Suspicious Activity

We routinely monitor the activity over client's accounts to perform identification of patterns of unusual deal size, trading volume, the form or type of transactions, and geographic factors such as whether jurisdictions identified as "Non Co-operative" are involved, or if any of the "Red flags" are indicated. We monitor transactions, including deposits and wire transfers, in the context of other account activity to determine if a transaction lacks financial sense or is suspicious because it might be an unusual transaction for that customer.

7. Red Flags

Red flags that indicate possible money laundering or terrorist financing include but are not limited to the following:

- Customer exhibits unusual concern when questioned about compliance with our AML policies,



particularly with respect to identity verification, type of business activity, assets of the company, or a reluctance or refusal to disclose any information related to business activities, or furnishing unusual or suspect identification or business documents.

- The information provided by the customer that identifies a legitimate source for funds is found to be false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate a legitimate source wealth, income and/or assets.
- The customer (or a person publicly associated with the customer) has a questionable background, or has been the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of the industry.
- The customer makes a funds deposit for purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer of the proceeds out of the account.

8. Responding to Red Flags and Suspicious Activity

When a member of the company detects any red flag, it will be reported immediately to the employee's direct manager and the Compliance Officer. The matter will be investigated further under the direction of the Compliance Officer, and this may include gathering additional information internally or externally from third party sources. The Compliance Officer will report any suspicious Red Flags to the appropriate Regulatory authority.

9. Suspicious Transactions Reporting

Filing a report

Reports are completed and filed for any suspicious transaction or series of transactions that may include but will not be limited to the following:

- The transaction implies that funds are derived from illegal activity, or
- The transaction is intended to, or is conducted in such a way so as to, hide or disguise funds, or assets derived from illegal activity as part of a plan to violate the law or regulation.
- The transaction is designed in such a way so as to avoid any requirements of Government regulations.
- The transaction involves the use of the company to facilitate criminal activity.

10. AML Record Keeping

Maintenance and Confidentiality

All reports and any supporting documentation are maintained confidentially by the Compliance Department and kept for periods as designated from time to time by Regulatory authorities but for a minimum of at least five years.

The company limits access to confidential and sensitive information on a "need to know" basis (subject to management approvals), and restricts access for reviewing reports as well as stressing the importance of confidentiality before a person is allowed access such information.



Responsibility for Maintaining AML Records

The Compliance Officer (or Designate) is responsible for ensuring that appropriate and up to date AML records are maintained and filed as required from time to time by the reporting Regulatory Body.

11. Training Programs

The Compliance Department performs regular AML training for all members of staff.

All new employees must complete an AML training program within three months of their hire date. Thereafter all employees must receive on-going AML training on annual basis.

The training will include, but may not be limited to:

- How to identify red flags and signs of money laundering that arise during the course of the employees' duties?
- What to do once identifying a risk?
- The record retention policy and the disciplinary consequences.

AML Training records are maintained by the Compliance Department showing the dates of when members of staff received training and the subject matter of the training.

12. Programs to Test AML Policy

The company performs a written follow-up to ensure that it addresses and implements corrective measures for any deficiencies noted during its annual review.

The Company's internal audit program includes the testing of AML records and covers the following:

- Audit objectives and scope of the examination.
- Recommendations on improving the AML program
- A discussion of any noted deficiencies and an action plan for implementation by management to address these deficiencies.
- An overall opinion of the adequacy of the Company's AML program

13. Monitoring Employees, Employee Conduct, and Accounts

The Compliance Officer conducts background checks, including any criminal records, on all new employees. Any suspicious or questionable background information will be discussed with senior management prior to making any final employment decision.

14. Confidential Reporting of AML Non-Compliance

Employees are expected to report any violations of the company's AML compliance program to the Compliance Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to other senior officers of the company. Such reports will be confidential, and the employee will suffer no retaliation for making them.



Suppliers Code of Ethics

This Suppliers Code of Ethics applies equally to, and is fully observed, by all of the Dijllah Gold Group of Companies (“DIJLLAH”) which are as follows:

Dijllah Jewellery FZCO
Dijllah Jewellery DMCC
Dijllah Gold Refinery FZC

Any reference to ‘DIJLLAH’ in this document applies equally to all of the above.

1. Purpose

This Standard governs the conduct of all Suppliers of all types and forms of precious metals to “DIJLLAH”. 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 of “DIJLLAH” 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 “DIJLLAH”. The key attributes expected from 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 “DIJLLAH”.

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 “DIJLLAH”.

4. Compliance with Laws

Suppliers must comply with all applicable laws, rules and regulations in every jurisdiction in which they do business with “DIJLLAH”. 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, Labour Standards, the Environment, and Anti-corruption. In all business dealings with “DIJLLAH”, Suppliers must comply with the principles of the UN Global Compact (see appendix A for reference).

6. DMCC Guidelines 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. Subsequently the Dubai Multi Commodity Centre (DMCC) issued practical guidance to assist DMCC licensed members and non-members within the UAE’s gold and precious metals industry on the implementation of the OECD guidelines on conducting due diligence and developing a risk management framework for responsible supply chain management of gold and precious metals when sourcing from conflict-affected and high risk areas. The guidance provides a common reference for all actors in the supply chain on a step-by-step basis to ensure responsible sourcing and chain of custody of the gold and precious metals and to eliminate the risk of direct or indirect support to any kind of conflict in accordance with international standards. (See Appendix B for reference)

7. Certification

“DIJLLAH” 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 “DIJLLAH” 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. “DIJLLAH” 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, “DIJLLAH” will decide at its sole discretion whether or not to disclose the reasons for any such action.

8. Acknowledgement of Policy By The Supplier

WE acknowledge that we have read and understand this “DIJLLAH” Suppliers Code of Ethics and Appendices and agree to comply with its provisions at all times during the business relationship with the company.

Name:

Supplier:

Authorized Signature:

Date:



APPENDIX A

The Ten Principles of The UN Global Compact

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- 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:

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; and

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.



APPENDIX B

Responsible Supply Chain Management of Gold and Other Precious Metals

In 2012 The Organisation for Economic Co-operation and Development (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 Areas. Subsequently the Dubai Multi Commodity Centre (DMCC) issued practical guidance to assist DMCC licensed members and non-members within the UAE’s gold and precious metals industry on the implementation of the OECD guidelines on conducting due diligence and developing a risk management framework for responsible supply chain management of gold and precious metals when sourcing from conflict-affected and high risk areas. The guidance provides a common reference for all actors in the supply chain on a step-by-step basis to ensure responsible sourcing and chain of custody of the gold and precious metals and to eliminate the risk of direct or indirect support to any kind of conflict in accordance with international standards.

“DIJLLAH” has adopted these practical guidelines and it is the responsibility of everyone involved in the global precious metals business, including our suppliers, to fully understand these DMCC/OECD rules in order to ensure that they are in full compliance with the principals of responsible supply chain management of precious metals.

While supplies from those refineries that hold an international accreditation such as the London Bullion Market Good Delivery or Dubai Good Delivery standards can be categorized as low risk in as much as they have to adopt and follow the DMCC/OECD guidance in order to obtain and retain their approval status, nevertheless the rules below do apply to all supplies of precious metals, particularly gold with its high value and geographic locations of production in possible high risk areas.

The DMCC guidelines set out a step by step framework for risk based due diligence in the gold and precious metals supply chain, and a summary of the key aspects is set out below. This summary should be viewed as a documented set of procedures that all of our global precious metals suppliers should adhere to. As the DMCC guidance is aimed at the whole supply chain it may well be that not every rule will apply to every client, the aim is to have a balanced understanding of the pipeline in order to mitigate as far as possible the inherent risks involved in the supply of physical gold and other precious metals. The essence of compliance in any form is “does this make sense and appear to be within the rules to any reasonable person?”

Summary of the DMCC Guidance For Responsible Supply Chains For Gold & Other Precious Metals

A. A company must ensure that robust systems are in place in the gold and precious metals supply chain to ensure that its conducts effective due diligence on the supply chain.

- A company must assign a dedicated compliance or risk officer with the following conditions:
- The Compliance Officer should be a senior staff member; and should have the necessary competence, knowledge, experience and training in supply chain due diligence; and must be equipped with the necessary resources to perform the relevant duties and be able to communicate critical information to top management, staff and suppliers.



B. A company must ensure that adequate documentation, records of supply chain and due diligence are maintained which should include the following:

- Physical form, type and physical description of gold and precious metals including any Imprints and/or hallmarks.
- Weight and assay of gold and precious metals after proper own verification and/or through third party verification.
- Full KYC due diligence of all suppliers including their due diligence practices, which need to conform to international standards. The KYC form should also include the company's suppliers and their locations.
- Unique reference number for each entry/input and exit/output.
- Name, stamp and logo of refiner/producer/manufacture (if applicable).
- Year of refining/production (if applicable).
- Dates of purchases and sales.
- Inventory list classified as per supplier.

All documentation should be kept for at least five years and we must have a mechanism for tracing products back to the origin of the purchased material, known as 'Track and Trace'. Documents should include the following:

- Shipping/transportation documentation.
- Sales documents with specific lot numbers.
- Mining license and related permissions.
- Import/export licenses and forms.

C. A company must ensure that we have strong relationships with suppliers through the following:

- Maintaining adequate KYC due diligence process for suppliers including reviewing suppliers' own due diligence practices.
- Establishing long-term relationships.
- Sharing with suppliers the DMCC guidance and acknowledging the receipt and compliance of the suppliers with the DMCC rules.

This section sums up exactly what we all know – there is no substitute to really knowing your customers, and your customers' customers. Strong KYC and a complete understanding of our clients' business are crucial in ensuring we comply with the DMCC guidelines.



D. A company must conduct regular training for all persons involved in the responsible supply chain process.

This includes initial training for new staff and refresher sessions for existing staff based on the level of risks and job profiles in engaging with the supply chain participants.

E. A company must identify and assess the risks in the supply chain.

The objective of this is for companies in the supply chain to identify and assess the risks associated with gold and precious metals, which they either: produce, distribute, transport, export or purchase. A company must conduct a risk-based assessment on each party included in the supply chain from the mines including suppliers, exporters and transporters of newly mined, or recycled gold and precious metals. Factors to take into consideration for conducting the risk assessments are as follows:

The geographical location of gold and precious metals supply:

- Origin and transportation.
- The level of government regulation and supervision in the country of origin.
- The extent of cash transactions used in the country of origin.
- The level of conflicts or human rights abuses in the country of origin.
- Payment systems used in the country of origin. I.e. formal banking versus informal systems such as money exchanges and 'Hawalas'.
- Level of involvement of criminal organizations in the country of origin.
- Level of high-risk businesses (such as gaming and casino, etc.) in the country of origin.
- Level of access from a country to nearby markets or processing operations that are termed as conflict and/or high-risk areas.
- Level of enforcement of laws addressing significant criminal activity in the country of origin.
- Existence of sanctions and/or embargoes that have been directed against the country and individuals/entities in that country.

When assessing counterparty risk in the supply chain a company should focus on the following:

- KYC information of the company's suppliers, which should include information about the origin and transportation of the gold and precious metals.
- Red flags (obvious high risks) in any aspect of the entire supply chain.
- Number of suppliers i.e. the greater, the higher the risk.
- Level of control that the counterparty has over its suppliers.
- Level and adequacy of due diligence practices of the counterparty.
- Whether the counterparty has due diligence practices that have been audited by a qualified third party auditor.
- How long the counterparty has been in the gold and precious metals business (longer = lower risk).
- No indication and/or disclosure of beneficial owners of the counterparty.
- Seeking anonymity by intermediating third parties such as lawyers, accountants, etc.
- Scale of mining operations of the supplier, if applicable.
- Politically exposed persons that have been entrusted with prominent public functions or individuals who are closely related to such persons.



When assessing transaction risk in the supply chain a company should focus on the following:

- Due diligence should be proportional to the value of the transaction.
- Gold and precious metals that are transited and/or exported which are not reasonably reconciled with the declared location of the origin.
- Unexplained geographic distance in the supply chain.
- Melted recyclable gold and precious metals is higher in risk than unprocessed recyclable gold and precious metals.
- Unusual circumstances which are not consistent with the local practices (amount, quality, potential profit, level of discount etc.).
- Use of cash in excess of government thresholds.
- Payment by cash and/or physical delivery to unrelated third parties.
- Structuring to make payments in smaller multiple transactions to avoid the government thresholds.

F. A company should adopt a system of red flags (high risk warnings) with respect to the location of supply, the nature of the suppliers, and circumstances of the supply with an in depth review of any supply that raises a red flag.

Location-based red flags of gold and precious metals related to origin and transportation include the following:

- The gold and precious metals originate from, or have been transported through a conflict-affected or high-risk area.
- The gold and precious metals are claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold and precious metals (i.e. the declared volumes of gold and precious metals from that country are in excess of its known reserves and/or expected production levels).
- The gold and precious metals are claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold and precious metals from conflict-affected or high-risk areas is known or reasonably suspected to transit.

In each of these location-based red flag considerations, the risk is increased when anti-money laundering laws, anti-corruption laws, customs controls and other relevant government laws are weakly or not enforced, where informal banking systems operate, and when cash is extensively used.

Supplier-based red flags include the following:

- Suppliers or other known upstream companies operate in one of the red-flagged locations of gold and precious metals' origin and transportation, or have shareholder(s) or other interests in suppliers of gold and precious metals from one of the above-mentioned red flag locations of gold and precious metals' origin and transportation
- Suppliers or other known upstream companies are known to have sourced gold and precious metals from a red flagged location of gold and precious metals origin and transit in the last 12 months.

Circumstances-based red flags include the following:

- Anomalies or unusual circumstances that are identified through the information collected in the KYC process give rise to reasonable suspicion that the gold and precious metals may contribute to conflict or serious abuses associated with the extraction, transportation of and/or trading in gold and precious metals.



A company should conduct enhanced research on red-flagged suppliers prior to engaging with them, which would include some or all of the below mentioned research methods based on the outcome of the risk assessments and the pertinent cost-benefit analysis in proportion to the level of the risks identified:

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

On-site visits to gold and precious metals suppliers and/or keeping independent or joint on-the-ground assessment teams to generate and maintain information on the circumstances and processes of the following activities:

- Gold and precious metals extraction (physical access to mines, mine capacity against recorded mine production and discrepancies)
- Gold and precious metals processing (consolidation, blending, crushing, milling, smelting, refining, etc. and recording any discrepancies in the processing and/or production and related capacity of the facility to perform relevant activities)
- Handling of gold and precious metals (inventory, trans-shipment, relabeling, etc.)
- Transportation of gold and precious metals
- The weight and assayed quality characteristics of the gold and precious metals that are used in the above mentioned activities

G. A company should develop and implement a risk mitigation/control plan with the objective of controlling the identified risk(s) in order to mitigate any adverse implications.

This policy should include the following:

- A reporting mechanism for risks identified to company's senior management and the concerned compliance or risk (or supply chain) officers.
- Enhanced engagement with suppliers through establishing a chain of custody and/or traceability system from a red-flagged supply chain.
- Enhancing the physical security practices.
- Physically segregating and securing shipments from a red-flagged supply chain, avoid co-mingling supplies from a red flag area or supplier with those from a low risk geographic area and/or an accredited refinery.

In summary the DMCC guidelines set out a framework or code of conduct for us all to follow so that we can ensure that we run our business in not only a profitable fashion but also according to ethical standards. They sums up exactly what we all know – there is no substitute to really knowing your customers, and your customers' customers. Strong KYC and a complete understanding of our clients' business are crucial in ensuring we comply with the DMCC rules on responsible supply chain management.