



DIJLLAH JEWELLERY FZE

Risk Based Due Diligence in the Gold and Precious Metals Supply Chain

Updated Version Rev 04.01A.2022





GUIDING PRINCIPLES

The Purpose and Scope of the Guiding Principles

These Guiding Principles apply equally to, and are fully observed by

- Dijllah Jewellery FZE
- Dijllah Jewellery LLC

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
- Explain the Code of Conduct expected of all stakeholders and employees

The precepts of the Guiding Principles are required to be implemented by all staff members at every level of the company every day.

The Guiding Principles detail 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
- The Ten Principles of The UN Global Compact
- Responsible Supply Chain Policy and Procedures including Standard Operating Procedures for Enhanced Relationships with Suppliers
- Non-Conformity Policy and Standard Operating Procedures
- Risk Control Policy
- Customer Complaint Policy



Statement of Corporate Philosophy

Customer orientation, security, profitability, growth, competitiveness, hard work and attention to details 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. Further the company is committed to responsible sourcing and supply chain management and to maintaining a compliance code of conduct that meets the highest international standards set by official organizations such as OECD and DMCC.

As a policy we do not entertain any walk-in customer (individual).

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 according to their performance.

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.

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

Produces the 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.

This is achieved by ensuring that “**DIJLLAH**” focuses on:

- 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

DIJLLAH

Expects all employees of the company maintain 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.



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:

DIJLLAH is fully committed to observing the observing the precepts set out below in every aspect.

Human Rights

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

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

Labour

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

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

Principle 5 The effective abolition of child labour; and

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

Environment

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

Principle 8: Undertake initiatives to promote greater environmental responsibility; 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.



Responsible Supply Chain Management of Gold and Other Precious Metals

In 2012 The Organization 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.

In 2017, and again in 2020 with an updated version 4, the DMCC has reinforced its regulatory oversight of precious metals supplies coming into the United Arab Emirates by making its guidelines into enforceable rules that provide a common reference for all participants 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 or criminal activity in accordance with international standards.

The DMCC rules 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 and should be viewed as a documented set of procedures that all precious metals suppliers must 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.

DIJLLAH has fully adopted these rules and it is the responsibility of everyone involved in the company to fully understand the DMCC’s supply chain protocol in order to ensure that DIJLLAH is always complies with the principals of responsible supply chain management of precious metals.

A Copy of The DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain (DMCC Rules for RBD-GPM) is provided to DIJLLAH staff members as part of the staff handbook package.



Enhanced Relationships with Suppliers Standard Operating Procedure

Introduction

DIJLLAH is committed to enhance and promote the DMCC Responsible Supply Chain Management for Gold and Annex all of the OECD guidance, these Enhanced Relationships with Suppliers Standard Operating Procedures (ERSOP) ensure that **DIJLLAH** clients are implementing the due diligence on their sources of gold supplies.

ERSOP Objectives & Scope

- Develop clients' awareness of the associated risks of not complying or implementing the OECD and DMCC Due Diligence.
- Educate clients about the implementation of an appropriate KYC process for gold suppliers consistent with the DMCC rules for RBD-GPM.
- Provide constant support and guidance to their clients during the course of the supply chain cycle.
- ERSOP applies to all parties that are involved in the supply chain, including DIJLLAH and its clients, aimed at enhancing relationships with suppliers.

Enhancing the relationship with suppliers

The following measures are taken to ensure that every client that opens an account with DIJLLAH is implementing a robust KYC policy in accordance with the DMCC rules for RBD-GPM:

- DMCC RBD-GPM rules are given to the clients to be the guidelines for their KYC due diligence process.
- DMCC RBD-GPM is explained explicitly to ensure the clients understand the obligation to comply with DMCC rules
- Review and develop clients' due diligence practices if needed
- Every client must acknowledge they have received the DMCC rules for RBD-GPM and undertake to comply with it
- DIJLLAH constantly updates clients on any changes to international supply chain rules and ensures implementation in their KYC due diligence
- DIJLLAH supports clients by delivering training and awareness sessions on the DMCC RBDGPM and OECD rules and also offers clients the benefit of using DIJLLAH's due diligence methods and tools.



Non-Conformity Policy and Standard Operating Procedures

Introduction

DIJLLAH has implemented a Non-Conformity Standard Operating Procedure (NCSOP) to ensure the compliance of every supply of gold with the DMCC and OECD rules. The NCSOP also ensures the integrity of each of the transactions and alerts the Management and Compliance Department of DIJLLAH of any nonconformity.

SOP Objectives

- Achieve a maximum level of transparency for DIJLLAH and its clients over the course of the transaction cycle.
- Detect any shortfall in the conducted client due diligence.
- On-going monitoring of the client supply sources and guarantee its' compliance.
- Detect any nonconformity during the review instantly and take the appropriate action to rectify it.
- Update the management of the unconformity issues.

SCOPE

This NCSOP applies to all parties that are involved in the supply chain and the production management team.

Noncompliance Of the Source of Gold

Prior to the collection of the physical gold, DIJLLAH operations examine the documents and approve the transaction based on the KYC and the conducted due diligence. In the event of any detected non-compliance the following measures are taken:

- The compliance officer is notified, who will investigate it further with the client
- The client takes corrective action or alternatively the transaction is rejected
- The general manager is notified to acknowledge the rejection
- The case is filed in the clients file for future reference



SUPPLY CHAIN MANAGEMENT OF DIJLLAH

1. SUPPLY CHAIN MANAGEMENT SYSTEM

Rule 1.1 Overriding Principle

Since Dijllah is involved in Recycled Gold and/or Precious Metals, it must implement and maintain systems and procedures which are sufficiently robust to conduct effective due diligence on the supply chain. The complexity of the management system should depend on the volume of business, location, type of supplies processed, and complexity in the supply chain.

Dijllah should evaluate the objectives of their management system against performance to ensure attainment of the expected outcome in a periodic manner.

Rule 1.2 Supply Chain

Any reference to the “supply chain” or “suppliers” in these Rules shall include clients, suppliers, agents, intermediaries, and any other relevant entities participating in supply of gold and/or precious metals to Dijllah.

Any reference to an “ultimate beneficial owner (UBO)” shall mean any natural person holding 25% or more or more of the share capital in any corporate entity.

Rule 1.3 Policy and Process Implementation

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

- Scope
- Responsibilities.
- Criteria for supply chain due diligence.
- Main Elements of Know-Your-Customer (KYC) Processes.
- Risk Management
- Monitoring And Surveillance
- Training.

Rule 1.4 Minimum KYC Requirements

For the purposes of these Rules, the standards of KYC requirements set out in the Applicable Laws and Regulations shall be considered as the minimum KYC standards (Minimum KYC Standards) to be achieved by Dijllah.

Rule 1.5 Implementation of KYC Systems and Processes

Dijllah shall ensure that its Policy and the implementation of its Policy shall fully satisfy the Minimum KYC Standards and any other KYC requirements set out in these Rules.



Rule 1.6 Specific KYC Requirements

Dijllah shall ensure its Policy and the implementation of its Policy shall be adequate to identify:

- each supplier and supplier's supplier.
- each supplier's legal and operating structure; and
- each supplier's UBO(s).

For gold and/or precious metals sourced from ASM, each Dijllah shall ensure that its Policy and the implementation of its Policy shall be adequate to identify:

- a) ASM supplies originating from non-Conflict-Affected or High-Risk Areas identifying and the area from where the supply originated with, at least, the following information.
 - KYC on the immediate counterparty.
 - the export license/permit for the aggregator who exports the supply;
 - proof of the supply being legally exported from the origin country with appropriate weight, purity and adequate tax/royalty being paid; and
 - the mine location.
- b) The Origin of Each ASM's Supply From Conflict-Affected Or High Risk Areas.
- c) to the extent possible, each ASM's legal and operating structure conforming to the applicable legal framework (where it exists) as well as their engagement in opportunities for formalization as they become available; and
- d) each ASM's third party service provider(s) (i.e. logistics, processors, transportation, intermediaries, security, etc.) UBO(s) for ASM located in Conflict Affected or High-Risk Areas

Rule 1.7 Record Keeping and Updating of Information

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

- a) For every supplier or UBO that is a natural person, his/her:
 - full name (as shown on a national identity card or passport)
 - nationality.
 - physical address (place of residence and original domicile);
 - employer details (if any); and
 - complete and accurate copy of a valid identity card or passport (any copy should be certified).
- b) for every supplier or UBO of a supplier that is a corporate entity.
 - its legal status and category of entity.
 - its full name.
 - its domicile or country of registration.
 - a description of its principal business activities.
 - the address of its registered office and principal place of business (if different);
 - the KYC requirements of each legally authorised representative that is a natural person (in accordance with (a) above);
 - a copy of the instrument(s) authorising each of its legally authorised representatives.
 - the KYC requirements of each UBO (in accordance with (a) above for natural persons and in accordance with this (b) for corporate entities), except for government entities and publicly listed companies for which such information is publicly available.
 - a copy of its constitutional documents; and
 - a copy of its valid commercial or professional licence or registration.



Rule 1.8 KYC Requirements for Politically Exposed Persons

If a supplier or any UBO of a supplier is considered to be a politically exposed person (PEP) Dijllah must document and follow specific internal escalation procedures to ensure that the matter is addressed at the appropriate internal authority level and dealt with in accordance with the Minimum KYC Standards.

In addition to meeting the Minimum KYC Standards, each Dijllah must establish the source of wealth of PEPs and their families and associated persons and are required to implement adequate transaction monitoring systems for the transactions of PEPs, as further described in the Applicable Laws and Regulations.

Rule 1.9 Appointment of a Dedicated Supply Chain Officer

Dijllah must appoint a person to carry out the role of a dedicated compliance or risk officer (Supply Chain Officer).

The Supply Chain Officer must

- be a senior member of staff of the Dijllah
- have the necessary competence, knowledge, experience and training in supply chain due diligence and KYC processes.
- be provided with all resources necessary to perform his/her functions and role in accordance with these Rules; and
- be able to communicate critical information to senior management, staff and suppliers.

Rule 1.10 Functions and Duties of the Supply Chain Officer

The Supply Chain Officer shall:

- review and sign off on each gold and/or precious metals supply chain due diligence exercise.
- continually monitor and assess the Dijllah' s supply chain due diligence processes.
- ensure that the Policy and each associated due diligence exercise carried out by an Dijllah are adequate for the purposes of these Rules.
- train staff and promote awareness within the Accredited Member's organisation with respect to responsible supply chain due diligence, the Accredited Member's Policy, KYC requirements and applicable laws; and
- Update the Policy and related processes as and when required.

Rule 1.11 Appointment of a Compliance Officer

Dijllah is required to appoint a “compliance officer” (Compliance Officer) to carry out the functions of such role as set out in the Applicable Laws and Regulations. For the purposes of these Rules, the Compliance Officer may be the same person as the Supply Chain Officer.

Rule 1.12 Functions and Duties of the Compliance Officer

Dijllah shall ensure that its Compliance Officer is familiar with and carries out its role and function in accordance with the requirements of the applicable laws and regulations.



Rule 1.13 Records of Internal Inventory and Transactional Documentation

Dijllah must develop and maintain internal documentation and records of supply chain due diligence to cover internal inventory and transactional documentation which shall include:

- details of physical form, type (i.e., Mined Gold and/or Precious Metals, or Recycled Gold and/or Precious Metals) and physical description of gold and/or precious metals including any imprints and/or hallmarks; and
- details of weight and assay of gold and/or precious metals after proper internal verification and/or third-party verification.
- full KYC due diligence of all suppliers including their due diligence practices e.g. information on suppliers' due diligence process and KYC requirements. Accredited Members shall encourage their suppliers to adopt processes and policies similar to the Policy and the Minimum KYC Standards.
- the unique reference number of each entry/input and exit/output.
- the name, stamp and logo of the refiner/producer/manufacture
- the year of refining/production
- the dates of applicable purchases and sales including financial transaction information (such as payment amount, currency, mode of payment, etc.)
- the mode of payment).
- an inventory list classified as per supplier.

“Track and Trace” mechanism for tracing products back to purchased material, which shall include (where applicable):

- Shipping/transportation documents
- Sales documents with specific lot numbers.
- Mining licence(s) and related permissions (for mined gold and/or precious metals).
- Import/export licence(s) and form(s); and
- Reconciliation of documentation.

Dijllah shall avoid, where practicable, cash purchases and ensure that all unavoidable cash purchases of minerals are supported by verifiable documentation and preferably routed through official banking channels. Cash purchases shall, in any event, be made in compliance with Applicable Laws and Regulations.

Rule 1.14 Record Keeping

Dijllah must keep relevant records, files, documents, papers, communications, and forms related to its compliance with these Rules and its KYC obligations for at least five (5) years from the latest of:

- the date of the most recent transaction in respect of the latest material intake from a supplier.
- the date of conclusion of a complete inspection by DMCC.
- the date of closing of the account of the supplier or termination of the relationship with the supplier; and
- date of closing of an investigation on a particular transaction or supplier.



Dijllah is required to keep relevant records, files, documents, papers, communications, and forms related to relations with potential suppliers that were not entered into or progressed due to a high-risk evaluation by the Accredited Member, for at least Five (5) years from the date the decision was taken not to enter into or progress the relationship.

Rule 1.15 Enhanced Relationships with Suppliers

Dijllah must continually attempt to enhance communications and relationships with each of its suppliers and encourage each supplier to commit to a supply chain policy consistent with the DMCC Rules for RBD-GPM and Annex II of the OECD Guidance. This can be achieved through the following means:

- a. maintaining adequate KYC due diligence processes for suppliers in accordance with these DMCC Rules for RBD-GPM, and reviewing suppliers' own due diligence practices.
- b. establishing long-term relationships with each supplier.
- c. sharing with each supplier the DMCC Rules for RBD-GPM and the Accredited Member's obligations under the DMCC Rules for RBD-GPM.
- d. communicating expectations that each supplier commits to the compliance and undertakes mineral supply chain due diligence and risk management consistent with the DMCC Rules for RBD-GPM and Annex II of the OECD Guidance.
- e. incorporating the provisions of the DMCC Rules for RBD-GPM and audit and monitoring rights into contracts and/or agreements and KYC forms with each supplier; and
- f. considering ways to support and build capabilities of suppliers to ensure compliance with the Accredited Member's Policy and the DMCC Rules for RBD-GPM.

Rule 1.16 Uncooperative Suppliers

Dijllah reasonably concludes that a supplier is not providing a sufficient degree of cooperation to enable it to carry out its obligations under the DMCC Rules for RBD-GPM (**Uncooperative Supplier**), Dijllah is recommended to seek disengagement from such supplier and is required to:

- Document the Accredited Member's efforts in accordance with these Rules (including Rule 1.15).
- Report the matter to DMCC, upon request by DMCC; and
- Details of such disengagement of suppliers should be included in the management report.

Rule 1.17 Security Requirements

Each Policy must include adequate security requirements to ensure compliance with these DMCC Rules for RBD-GPM, in particular, in relation to material sourced from LSM or ASM mining companies. These requirements may include any of the following:

- Using 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 Rule 1.13.
- Reporting any inconsistencies to senior management, the Supply Chain Officer and/or the Compliance Officer (as appropriate).
- Regarding any supplier with whom problematic issues recur as an Uncooperative Supplier in accordance with these Rules.
- 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 (EITI).



Rule 1.18 Cooperation with law enforcement agencies

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

Training of staff and KYC

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

Dijllah must implement a training programme (Training Programme) for all persons involved in the responsible supply chain due diligence, which shall include regular training for new staff and refresher sessions for existing staff to be conducted based on the level of risks and job profiles in engaging with the supply chain participants.

Rule 1.19 Grievance Mechanism

Dijllah must establish a grievance mechanism for internal and external stakeholders who are impacted by the Accredited Member's operations to enable those stakeholders to voice concerns relating to an Accredited Member's risk management processes and supply chain policy to the senior management.

RULE 2. SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT

Rule 2.1 Overriding Principle

Since Dijllah is conducting business in the gold and/or precious metals supply chain it is required and be individually responsible for applying and implementing its Policy and management system and mapping its supply chain in order to identify and assess the risks of contributing to conflict, Money Laundering, Terrorism Financing or serious Human Rights abuses, associated with gold and/or precious metals which they produce, distribute, transport, export, sell and/or purchase.

If Dijllah can reasonably determine on the basis of the information collected under Rule 1 that it does not deal in gold and/or precious metals mined, transported or traded in a Conflict-Affected and High-Risk Area, no additional due diligence is required. The management systems established in Rule 1 should be maintained and regularly reviewed and the Member is expected to improve its due diligence practices and risk assessment process over time.

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

Rule 2.2 Risk-based Approach

Dijllah must conduct an internal risk assessment carried out on a risk-based approach (Risk Assessment) on each party, included or third parties involved in the supply chain for gold and/or precious metals from the mine(s) to the Accredited Member including third party service providers (i.e. logistics, transporters, processors and intermediaries).



Rule 2.3 Considerations of Risk Assessments

In carrying out any Risk Assessment, Dijllah shall take into account the following considerations (as applicable to the circumstances of the Risk Assessment):

a. The geographical origin and location of gold and/or precious metals, based on reasonable and good faith efforts, including consideration of

- the origin, location and transportation.
- the level of government regulation and supervision.
- the extent of cash transactions used in the country.
- the level of conflicts or Human Rights abuses in any location comprising part of the supply chain.
- payment systems used.
- the level of involvement or potential involvement of any criminal organisation.
- the level of involvement or potential involvement of any high-risk businesses (such as gaming and casinos, etc.).

- the level of access from a location comprising part of the supply chain to nearby markets or processing operations that are termed as conflict and/or high-risk areas.
- the level of enforcement of laws addressing significant criminal activity; and
- the existence of sanctions and/or embargoes that have been directed against the country and/or individuals/entities in that country.

b. counterparties in the supply chain, including consideration of

- KYC information of the Accredited Member's suppliers as identified under Rule 1 (including information about the origin and transportation of the gold and/or precious metals).
- any Red Flags (as defined in Rule 2.4 below) identified in any part of the entire supply chain.
- the number of participants in the supply chain (i.e. the greater the number, the higher the risk);
- the level of control that a counterparty has over its own suppliers.
- the level and adequacy of the due diligence practices of a counterparty.
- whether a counterparty's due diligence practices have been audited by a qualified third-party auditor.
- for how long the counterparty has been carrying out activities in the gold and/or precious metals business.
- a counterparty's willingness to disclose its beneficial owners.
- a counterparty's attempts to be or remain anonymous (e.g., through the use of third -party intermediaries such as lawyers, accountants, etc.);
- the scale of mining operations of a supplier (ASM or LSM), if applicable; and
- The involvement of any PEPs that have been entrusted with prominent public functions or individuals who are closely related to such persons.

c. Applicable transactions, including consideration of:

- the proportionality of the due diligence to the identified risks and severability and probability of adverse impacts of the applicable transaction.
- gold and/or precious metals that are transported and/or exported which are not reasonably reconciled with the declared location of the origin.
- unexplained geographic distance in the supply chain
- the nature of the underlying assets (for example melted recyclable gold and/or precious metals transactions may be higher in risk than unprocessed recyclable gold and/or precious metals).
- the level of concentration of gold and/or precious metals.
- any unusual circumstances that are not consistent with the local or market practices (amount, quality, potential profit, etc.).



- the use of cash in excess of government thresholds.
- payment by cash and/or physical delivery to unrelated third parties
- transaction structuring to make payments in smaller multiple transactions to avoid government thresholds.

Rule 2.4 Red Flags

For the purposes of these Rules, a Red Flag shall be any (including a combination or aggregate of more than one) of the following:

- Location-based Red Flag, as further described below
- Supplier-based Red Flag, as further described below; or
- Circumstances-based Red Flag, as further described below.

Rule 2.5 Location-based Red Flags

A Location-based Red Flag shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances

- the gold and/or precious metals originate from or have been transported through a Conflict-Affected and High-Risk Area.
- the gold and/or 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/or precious metals (for example where the declared volumes of gold and/or precious metals from that country are in excess of its known reserves and/or expected production levels).
- the gold and/or precious metals are claimed to originate from a country through which gold and/or precious metals from Conflict-Affected and High-Risk Areas are known or reasonably suspected to transit; or
- the gold and/or precious metals are claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold and/or precious metals from Conflict-Affected and High-Risk Area is known or reasonably suspected to transit.

Rule 2.6 Supplier-based Red Flags

A Supplier-based Red Flag shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances:

- a supplier or other participant in the supply chain of gold and/or precious metals operates in any location that could give rise to a Location-based Red Flag, or has a shareholder or other interests in any supplier of gold and/or precious metals from one of the above-mentioned locations; or
- a supplier or other participant in the supply chain of gold and/or precious metals is known to have sourced gold and/or precious metals from any location that could give rise to a Location-based Red Flag in the twelve (12) months previous to the applicable transaction.

Rule 2.7 Circumstances-based Red Flags

A Circumstances-based Red Flag shall be the occurrence of any anomalies or unusual circumstances that are identified through the information collected under Rule 1 to give rise to reasonable suspicion that the gold and/or precious metals applicable to any transaction of the Accredited Member may contribute to any conflict or serious abuses associated with the extraction, transportation of and/or trading in gold and/or precious metals.



Rule 2.8 Procedures relating to Red Flags

- a. Accredited Members must review all Red Flags in an in-depth and detailed manner.
- b. If an Accredited Member has reasonable grounds to suspect that a prospective transaction with a supplier may result in a Red Flag, it must conduct enhanced research prior to engaging in and concluding the transaction. Such enhanced research is aimed at obtaining evidence of any factual circumstances of the supply chain in order to determine any risks. Such research should include the research methods specified below taking into account the risk-based proportionalities to the level of the risks identified in Rule 2.3 to 2.7.
- c. the research methods that shall comprise Desk Research, On-Site Visits and Random Sample Verification.
- d. **Desk research includes (where available):**
 - Identifying each company in the supply chain.
 - Identifying the UBO(s) of each company in the supply chain.
 - Obtaining financial information (such as balance sheets, annual reports, rating agencies' reports, insolvency information) on each company in the supply chain.
 - Ensuring that each company in the supply chain holds the necessary permits and licences.
 - Ensuring that each company in the supply chain is not listed on any sanctions and/or embargoes list; and
 - Reviewing research reports including those from governments, international organisations, NGOs and media, maps, UN reports and UN Security Council sanctions, industry literature relating to mineral extraction and its impact on conflict, Human Rights, or environmental harm in the country of potential origin, or other public statements (e.g., from ethical pension funds).
- e. On-Site Visits includes individual visits to gold and/or precious metals suppliers, or joint on-the-ground assessment teams, teaming up with industry or multi-stakeholder mechanisms or initiatives, or using suitably qualified, knowledgeable, and independent assessors, to generate and maintain information on the circumstances and processes of the following activities listed in the OECD Guidance:
 - Gold and/or precious metals extraction (for LSM whether mined by medium and large-scale mining in red flagged operations or LSM gold purchased from other sources), physical access to mines, mine capacity against recorded mine production and discrepancies).
 - Gold and/or 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/or precious metals (inventory, trans-shipment, relabelling, etc.).
 - transportation of gold and/or precious metals
 - trading of gold and/or precious metals (including importing and exporting); and
 - the weight and assayed quality characteristics of the gold and/or precious metals that are used in the above-mentioned activities
 - taxes, fees, royalties, compensation, or other payments to governments which relate to the extraction, trade, transport and export of gold and/or precious metals.
 - where applicable, request information from mining suppliers about their participation in the EITI.
 - payments made to public or private security forces or other armed groups
 - use or presence of security services, training of security personnel, associated risks
 - evidence of serious abuses of Human Rights.
 - For ASM gold only, identification of the suppliers of ASM gold and/or precious metals, mine of origin, transportation, processing, taxes, royalties and other payments to governments, KYC information, evidence of serious abuses of Human Rights, information on any direct or indirect



- support to non-state armed groups or public or private security forces
 - For recyclable gold and/or precious metals, value and place of transaction, type of material, type and organisation of supplier, manufacturing facilities, and unusual circumstances.
- f. **Random Sample Verification** involves the verification of transactional records.

Rule 2.9 Policy Updating and Suitability

Dijllah Policy should contain suitable systems, procedures and processes for risk identification and assessment (including suitably addressing Red Flags) and such systems, procedures and processes should be updated continually on an ongoing basis upon the occurrence of the change of any relevant circumstances.

RULE 3. RISK CONTROL PLAN

Rule 3.1 Overriding Principle – Development of Risk Control Plan

Dijllah must develop and implement a plan and policy to evaluate and control any identified risk(s), including emerging risks and incident reporting, and mitigate against any adverse implications of such risk(s) (Risk Control Plan).

The Risk Control Plan is designed to assist Accredited Members in making informed decisions in respect of:

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

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

Rule 3.2 Alignment with International Standards

Dijllah must develop or adapt on a continuing basis its Risk Control Plan to include internationally accepted common principles, standards, and processes for responsible supply chain management. In particular, Accredited Members should carry out at least one annual review of the Policy and management systems, and a further review when there is a major change in circumstances, their business, operations or supply base, risk nature, or a major change in applicable rules and regulations. In developing Risk Control Plans, each Accredited Member should engage in or support, where appropriate, industry or other programmes on responsible supply chain management. For instance, Refiners are encouraged to support legitimate ASM producers to build secure, transparent, and verifiable gold supply chains (consistent with the OECD Guidance).

Rule 3.3 Content Requirements

Each Risk Control Plan should include the following (Content Requirements):

- a) reporting mechanisms for identified risks to the Accredited Member's senior management and Supply Chain Officer and Compliance Officer



- b) enhanced engagement with the internal functions of the Accredited Member, in charge of transparency, information collection and control over the supply chain.
- c) enhanced engagement with suppliers through establishing a chain of custody and/or traceability system where a Red Flag has been identified.
- d) enhancement of the physical security practices as referred to in Rule 1.17.
- e) physical segregation and security of shipments where a Red Flag has been identified
- f) incorporation of rights of the Accredited Member to conduct additional checks on any supplier or UBO where a Red Flag has been identified.
- g) continuity of trading activities while developing risk mitigation controls (including measurable steps, monitoring, review of performance, and reporting to senior management), such as.
 - (i) building and/or exercising leverage over the participants in the supply chain who can most effectively mitigate the risks.
 - (ii) temporarily suspending trading activities with a specific supplier where a Red Flag has been identified.
 - (iii) disengaging for at least 3 months, with a specific supplier who fails to comply with the mitigating controls within a period of 6 months, and/or disengaging entirely if such controls are not feasible and/or unacceptable in light of the cost-benefit analysis and the capabilities of the Accredited Member conducting the due diligence.
- h) consulting with suppliers and affected stakeholders and agreeing on the risk mitigation controls which should be adapted to the Accredited Member's specific suppliers and the contexts of their operations, state clear performance objectives and provide for sufficient time for affected stakeholders to review and implement.
- i) reviewing on a regular basis the results of the mitigation measures, undertaking additional fact and risk assessment for risks requiring mitigation or after a change of circumstances, as per Rule 2.
- j) communicating to senior management.

Where a Red Flag has been identified, Dijllah will consider the following as an indicative measure of an approach to activities with the relevant supplier.

Risk Level	Control Mechanism
Low Risk	Start or continue trading activities
Medium Risk	Start or continue trading activities whilst mitigating the identified risks
High Risk	Suspend trading activities whilst mitigating the identified risks by obtaining additional information/data confirming or refuting the adverse risk assessments, OR disengage from the source(s) of the risk within a reasonable time frame (to be assessed on a case-by-case basis)



RULE 4. INDEPENDENT THIRD-PARTY AUDITS

Rule 4.1 Overriding Principle

Dijllah is required to ensure its own compliance with DMCC Rules for RBD-GPM and arranging at their own cost for this compliance to be reviewed by an independent third-party reviewer as stipulated in Rule 4.2.

Rule 4.2 DMCC Review Protocol

DMCC Review Protocol (Annex 2) sets out the methodology DMCC requires each auditor (when acting as a “reviewer” in the meaning given to that term in the DMCC Review Protocol) (Reviewer) to comply with when conducting any independent third-party audit (if instructed to do so) of an Accredited Member (Review).

Rule 4.3 Minimum Review Requirements

In carrying out any Review, each Reviewer must verify the following:

- a) the adequacy of the related policies and processes to implement DMCC Rules for RBD-GPM (as well as the obligations stemming from the Resolution).
- b) The adequacy of external and internal controls to mitigate risks.
- c) The conformity to and compliance with the DMCC RULES for RBD-GPM in all communications with participants across the entire supply chain.
- d) The establishment of the chain of custody and traceability of information for all activities;
and
- e) The implementation of on-going risk assessment using a risk-based approach including the adequacy (considering both timing and method) of the accredited member’s response to the outcome(s) of the risk assessments.

Rule 4.4 Minimum Requirements of Reviewers

Each Reviewer must have the following characteristics

- a) independence from the Accredited Member subject to the relevant Review.
- b) no conflict of interest between the Reviewer and the Accredited Member subject to the relevant Review;
- c) no specific services being provided by the Reviewer to the Accredited Member in relation to any due diligence exercise (other than general related guidance).
- d) the competence to carry out the relevant Review.

Each Reviewer must keep confidential the confidential information of the Dijllah, subject to any legal requirements of disclosure or any other reasonable requirements of the Dijllah, taking into account all circumstances (including the nature and ownership of the information and any previous dissemination of such information).



Rule 4.5 Composition of the Review

The following activities shall be included in each Review:

1. sufficient preparation of the Review, including the development of a detailed audit plan.
2. on-site investigations of the Accredited Member, including:
 - review of the Accredited Member’s facilities; and
 - review of a list of the Accredited Member’s suppliers.
3. consultations with the Accredited Member’s risk assessment team, Supply Chain Officer and Compliance Officer
4. audit conclusion, including the validation, reporting and recording of findings that determine the level of conformity of the Accredited Member’s supply chain due diligence with DMCC Rules for RBD-GPM; and
5. provide recommendations to the Accredited Member to improve its due diligence practices

Rule 4.6 Annual Report on Supply Chain Due Diligence

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

Rule 4.7 Review Programmes of Accredited Members

Dijllah would demonstrate its compliance with these DMCC Rules for RBD-GPM to DMCC. In carrying out such obligation, each Accredited Member must implement an audit programme, which shall include:

- (a) ensure conformity with DMCC Rules for RBD-GPM
- (b) selecting and engaging its Reviewer(s) in conformity with DMCC Rules for RBD-GPM
- (c) observing and fully cooperating with each Reviewer
- (d) implementing all recommendations provided by any Reviewer; and
- (e) upon request, providing a copy of any Review report to DMCC or any authority that regulates or otherwise governs the Accredited Member.

RULE 5. Annual Reporting On Responsible Supply Chain Due Diligence

Rule 5.1 Overriding Principle

Dijllah is required to publicly report annually on its supply chain due diligence in compliance with Step 5 of the OECD Guidance, in order to generate public confidence in the measures that it has implemented.

Rule 5.2 Minimum Requirements of Public Reporting

At minimum, each Accredited Member shall:

- a. publicly acknowledge its requirements under these Rules; and
- b. comply with Rule 4.6.

RISK CONTROL POLICY

1-Introduction

- DIJLLAH implements internal policies and practices of mapping its supply chain in order to identify and assess the risks contributing to money laundering, terrorism financing or serious human right abuses, associated with gold and/or precious metal supply chain.
- DIJLLAH implements a policy to evaluate, and control identified risk in compliance with DMCC – BRD- GPM rules, this document assists DIJLLAH management in making informed decisions with respect to situations that may involve different levels of risk.
- All DIJLLAH staff members must read, comprehend and strictly follow its contents; the subject document is to be read in conjunction with the DIJLLAH staff company handbook as amended from time to time.

2-Objective

The Risk Control Policy covers:

- DIJLLAH Compliance Officer's role and responsibilities
- DIJLLAH risk assessment methodology with regards to customers on boarding, and involved due diligence, classification criteria and escalation
- DIJLLAH minimum Know Your Customer Standards (KYC) mandated for standard due diligence
- DIJLLAH Red Flags identification and escalation process
- DIJLLAH on-going transaction monitoring as an integral part of the DIJLLAH risk assessment process
- DIJLLAH internal risk management system review frequency.

3-Scope of the policy

- This document covers DIJLLAH and its branches in the UAE as well as DIJLLAH's customers, suppliers, suppliers' suppliers and other participants involved in the supply chain
- This policy supersedes any document in place and came into effect as per its' publication date
- Any DIJLLAH staff member acting outside of the letter and spirit of this policy, whether directly or indirectly, will be subject to disciplinary action as decided by DIJLLAH senior management
- In alignment with prevailing guidelines and international best practices, DIJLLAH has developed the subject policy. DIJLLAH compliance officer conducts an annual review of the said policy and the risk management system to ensure continuous compliance with DMCC-BRD-GPM rules
- A further review when there is a major change in circumstances, our business, operations or supply base, risk nature, or a major change in applicable rules and regulations.
- It should be noted that any reference to Gold in this policy applies equally to silver, platinum and palladium

4-Organizational Structure and Responsibilities

DIJLLAH has appointed a person to carry out the role of a dedicated compliance or risk officer (Supply Chain Officer). The appointed Supply Chain Officer (Compliance Officer):

- a. Is an DIJLLAH senior manager
- b. Has the necessary competence, knowledge, experience and training in supply chain due diligence and KYC processes
- c. Is provided with all resources necessary to perform the required functions and role in accordance to DIJLLAH internal policies in alignment with DMCC-RBD-GPM rules
- d. Directly reports to the DIJLLAH President and hence maintains the capabilities to communicate critical information to senior management, staff and customers.



4.1 Functions and duties of the DIJLLAH Supply Chain Officer (Compliance Officer)

- a. Review and sign off on each gold supply chain due diligence exercise
- b. Continually monitor and assess the supply chain due diligence process
- c. Ensure that the policy in place satisfies the DMCC –RBD-GPM rules
- d. Train staff and promote awareness within DIJLLAH with respect to responsible supply chain due diligence, KYC policy and applicable laws;
- e. Update policy and related processes as and when required.

Note: all related policies to be updated on an annual basis, a further review is mandated whenever any major change in circumstances, DIJLLAH business, operations or supply base, risk nature, or a major change in applicable rules and regulations.

DIJLLAH Supply Chain Officer (Compliance Officer) has been appointed to carry out the functions required from the “Controller” as defined in the DMCC-RBD-GPM rules.

4.2 Functions and duties of the DIJLLAH Controller (Compliance Officer)

- a. Verifies the compliance of DIJLLAH in the context of applicable legislation relating to the prevention of money laundering, terrorism financing and the funding of unlawful organizations
- b. Confidentially retains and inspects all records necessary for the proper fulfilment of its tasks
- c. Receives, examines and considers suspicious transactions, notifies the FIU of any suspicious transaction, and submits any required STR to the FIU copying DMCC
- d. Reviews and proposes amendments to internal regulations and due diligence procedures relating to the prevention of money laundering, terrorism financing and the funding of an unlawful organizations
- e. Prepares annual reports to senior management that includes a proper update of status
- f. Implements adequate personal training in addition to regular open and continuous communication with staff in DIJLLAH.

DIJLLAH has formed a Compliance Advisory Committee to operate under the supervision of the Chairman of the Committee to ensure independence and on-going compliance with DMCC –BRD-GPM rules at any point of time. Compliance in DIJLLAH is not only the responsibility of compliance department; it is the responsibility of each and every member of staff and stakeholder in DIJLLAH.

DIJLLAH maintains an internal KYC and risk assessment methodology that covers DIJLLAH’s customers, suppliers, supplier’s suppliers and any other relevant entities participating in the supply chain.

5-Supply chain situation assessment and Know Your Customer procedures

DIJLLAH, in order to protect the company, its employees and stakeholders from becoming a target accused with violation of international laws and procedures in matters such as money laundering and terrorist financing, continuously applies effectively practiced Know Your customer (KYC) procedures.

5.1 Minimum KYC requirements:

During the on boarding process and prior to the initiation of any business relationship, and in accordance to the DMCC-RBD-GPM rules. The DIJLLAH Relationship Manager (RM) exerts best efforts to gather the required information with regards to the subject customer, its’ nature of business etc. Set out below is the minimum KYC standards (KYC) to be achieved by DIJLLAH

- Ensure that origin of gold is not involved with any conflicted and/or high-risk areas
- To the extent possible, each customer/supplier/ suppliers supplier business details area supported with all official identifications.
- Details of the customer’s related parties such as shareholders, authorized signatories, UBOs and any third-party providers are collected. All customers along with shareholders, authorized signatories, third party providers and UBOs are screened through use of the World Check system; search results are kept in the customer’s mandate file.



- Details of the customer's related parties such as shareholders, authorized signatories, UBOs and any third party providers are collected. All customers along with shareholders, authorized signatories, third party providers and UBOs are screened through use of the World Check system; search results are kept in the customer's mandate file.

5.2 KYC requirements for politically exposed persons

All customers, suppliers, suppliers' suppliers or any ultimate beneficial owners are screened along via the World Check System or other suitable KYC/AML software

Upon the screening with World Check system in the event of a customer, supplier, supplier's supplier or any ultimate beneficial owner is considered to be a politically exposed person (PEP), the DIJLLAH RM must:

- Document and escalate the matter to both the DIJLLAH Compliance Officer and DIJLLAH President
- Conduct Enhanced Due diligence (EDD), by going deeper and gathering more related information with regards to the subject relationship

In addition to meeting the minimum KYC standards, gather all possible information to establish the source of wealth of the identified PEP and their families; local PEPS in the UAE are categorized as Low Risk subject to satisfying the above requirements, while on the other hand Foreign PEPs are categorized as High risk subject to satisfying the above requirements.

5.3 Uncooperative customers

In case DIJLLAH RM reasonably concludes that a customer is not providing a sufficient degree of cooperation to enable the RM to carry out the on boarding obligations, DIJLLAH RM should document and promptly escalate the matter to both DIJLLAH Compliance Officer and DIJLLAH President for guidance and decision.

If it is concluded as an uncooperative customer, DIJLLAH will immediately disengage from such relationship keeping a full set of documents for easy future reference.

A separate List of rejected relationships to be maintained by the Compliance Officer that includes the details of rejected relationships specifying dates and reasons of rejections.

6- DIJLLAH Risk Assessment overview

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

Low risk customers: the customers that satisfy all KYC standards and there is no reasonable ground to suspect that the subject relationship is involved with money laundering or financing of unlawful organizations. . Customer and Suppliers from Countries that are classified as Low Risk Countries as per Know Your Country Rating. No Hit identified in World Check. Have full fledge presence in Public Domain and No Adverse media information in World check and Public Domain. These Customer are subjected to SDD.

Medium Risk Customers: the customers that satisfy the minimum KYC standards and there is no reasonable ground to suspect that the subject relationship is involved with money laundering or financing of unlawful organizations. Local peps are categorized as medium risk except for any triggers that support other classification. Customer and Suppliers from Countries that are classified as Medium Risk Countries as per Know Your Country Rating. Customer/ Suppliers who have Potential Hit, but are cleared due to been identified as False Positive. These Customers and Supplier Require EDD Review.



High risk customers: the customers that are not satisfying the KYC standards at first stage, and there is a reasonable ground to suspect that the subject relationship may involve Money Laundering and/or funding of unlawful organizations. Customer or suppliers who are from Backlisted countries by UN-UAE Government. Sanctioned Countries. Companies and UBO who have adverse media information against them. True Match Hit ID been Identified in World Check. PEP from any other country other than that of UAE are Regarded as High Risk.

Note: **FPEP**, and whenever international markets are involved, the accounts are categorized as High Risk by default and All High-Risk Customer are rejected for account opening, if the customer who was previously Low /Medium Risk Customer due to above mentioned details will be moved to High Risk based on an Assessment.

6.1 On-going monitoring

The DIJLLAH Compliance Officer conducts this during the course of business; respective data updates take place accordingly when and as required:

All customers must satisfy the minimum KYC requirements and are subject to on-going review and updates commensurate with level of risk involved. Medium Risk clients require enhanced due diligence and are subject to more frequent reviews compared to the low risk customers.

Note: in case any of red Flags has been identified at any point of time an immediate review is conducted as illustrated

The DIJLLAH RM must complete the DIJLLAH Know Your Customer (KYC) checklist, which will assist in carrying out the risk assessment and must ensure that all client information on the account opening form is complete, accurate and has been verified with required documents.

If all KYC standards for customers that provide locally sourced gold have been satisfied that customer is rated as Low Risk by default.

However, the customer who is rated as Medium Risk in case any of the below has been identified, and the overall risk will be determined by the following risk elements, namely:

- The origin, location and transportation at any stage involves high risk areas
- Type of gold is not in alignment with acceptable types of gold by DIJLLAH
- Weak or unacceptable standards of enforcement of laws addressing significant criminal activity, and
- The existence of sanctions and/or embargoes that have been directed against the country and/or individuals/entities in the country
- Increased level of cash involvement in payment methods

For Customers rated as High Risk the actions set out below are mandated:

- EDD to be conducted
- DIJLLAH Compliance Manager approval is required along with the DIJLLAH Compliance Officer
- On-going monitoring
- Update at least annually and/or whenever is required.



6.2 Counterparties in the supply chain:

- KYC information to be satisfied by DIJLLAH including information on the origin transportation of gold
- Any Red Flag identified in any part of the entire supply chain
- The number of participants in the supply chain where the greater number represents more risk
- The level of control that a counterparty has on its suppliers
- The level and adequacy of due diligence practices of a counterparty
- Whether a counterparty's due diligence practices are audited by a qualified third party
- For how long the counterpart has been carrying out activities in the gold business
- A counterparty's willingness to disclose its ultimate beneficial owner(s)
- A counterparty's attempts to be or remain anonymous
- The scale of mining of a supplier, i.e. ASM or LSM if applicable
- The involvement of any PEPs that have been entrusted with prominent functions or individuals who are closely related to such persons

6.3 Applicable transactions, including consideration of:

- The proportionality of the due diligence to the identified, risks and severability of adverse impacts of the applicable transactions
- Gold that is transported is not reasonably reconciled with the declared location of the origin
- Unexplained geographic distance in the supply chain
- The level of concentration of gold and/ or precious metals
- Any unusual circumstances that are not consistent with the local or market practices (amount, quality, potential profit, etc.)
- The use of cash in excess of government threshold
- Payment in cash and/or physical delivery to unrelated third parties
- Transaction structuring to make payments in smaller multiple transactions to avoid government thresholds

6.4 DIJLLAH RISK ASSESSMENT STATEMENTS

DIJLLAH has no tolerance to accept any relationship where there is an acceptable level of suspicion of involvement with money laundering or funding of unlawful organizations, DIJLLAH management shall avoid, where practical, increased level of cash involvement and will ensure that all unavoidable usage of cash is supported by verifiable documentation and routed through banking channels. Cash involvement must be in full compliance with the provisions of the DMCC's Anti Money Laundering and Combating Financing of Terrorism policy.

6.5 The overall risk rating and corresponding approval matrix is defined below

Risk Rating	Monitoring Frequency	Type of Due Diligence	Approving Authority
Low	At Least Annually	Standard Due Diligence (SDD)	Compliance Officer
Medium	At Least Annually	Enhanced Due Diligence (EDD)	Compliance Manager
High	At Least Semi Annually	Enhanced Due Diligence (EDD)	Chief Executive Officer (CEO)



What are SDD and EDD?

SDD stands for **Standard Due Diligence** and means that the minimum KYC requirements are required to be properly satisfied by DIJLLAH prior to the initiation of any business relationship, SDD applies to Low risk rated customers only. **EDD** stands for **Enhanced Due Diligence** and means that DIJLLAH is to exert best efforts to collect more information, data, and source of wealth for existing, potential customers and suppliers and go deeper with research based on case by case with regards to the respective customer, EDD applies to Medium Risk rated customers.

6.6 Subjective Evaluation

The final step of the risk assessment involves a subjective evaluation, which uses all information obtained.

This is an additional measure that allows the DIJLLAH RM to make an assessment as whether or not the RM agrees with the mentioned rating. If the RM believes that the given risk rating is not truly reflective of the inherent risk posted by the customer, then the RM must document the reasons for recommending a departure from either Low Risk or High Risk and involve DIJLLAH President and the Compliance Officer for final decision.

Some of the factors to be considered when determining the subjective evaluation may include, but are not limited to, the following:

- a. Reputation of the customer
- b. References (face to face meetings, initiated from trusted source. etc.)
- c. Reasons the Customer chose DIJLLAH
- d. Experience (if any) of DIJLLAH RM in dealing with the customer
- e. Media reports.

6.7 Traceability and on-going monitoring of transactions

DIJLLAH minimizes business risks with non-bona fide persons and only works with customers conducting business professionally.

Each customer is assigned a risk profile, revised on regular basis. Each customer is assigned a reference ID and a file containing the required forms and documents maintained.

All commercial transactions are entered through the system; all transactions are observed and monitored by the Compliance Officer with any discrepancy identified being promptly escalated to DIJLLAH management for proper and prompt action.

The ongoing monitoring of transactions is a core element of the DIJLLAH AML framework to ensure that money laundering and terrorism financing risks are addressed. The purpose of on-going monitoring is to determine that the customer transactions fall in line with the KYC profile held on record, expected turnover, and the source of gold.



7- DIJLLAH Red Flags identification process

7.1 What is a Red Flag?

A Red Flag indicates possible money laundering or terrorist financing and includes but is not limited to the following:

- a. Customer exhibits unusual concern when questioned about compliance with our AML policies, particularly with respect to identify verification, source of gold, or a reluctance or refusal to disclose any information related to business or furnishing unusual or suspicious identification or business documents.
- b. The information provided by the customer that identifies a legitimate source of gold found to be false, misleading, or materially incorrect.
- c. Upon DIJLLAH's request, the customer refuses to identify or fails to indicate a legitimate source of gold or source of wealth.
- d. The customer, shareholder, authorized signatories and UBOs have a questionable background, or have been the subject of news report indicating possible criminal, civil, or regulatory violations.

DIJLLAH Red Flags identification process, in accordance to the DMCC- RBD-GPM rules, means that a Red Flag can be any (including a combination or aggregate) of one or more of the following:

- Location- based Red Flag, as further described below.
- Supplier- based Red Flag, as further described below; or
- Circumstances- based Red Flag, as further described below.

Location - Based Red Flags

Shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances:

- a) The gold originates from or has been transported through conflicted and/or High-risk areas.
- b) The gold is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected level of production (for example where the declared volumes of gold from that country is in excess of its known reserves/expected production levels).
- c) The gold is claimed to originate from a country through which gold from conflicted areas is known or reasonably suspected to transit; or
- d) The gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from conflicted areas and High-risk areas is known or reasonably suspected to transit.

Supplier - Based Red Flags

A supplier- based Red Flag shall be the occurrence of, or the reasonable suspicion of the occurrence of, any of the following circumstances:

- a) A supplier or other participant in the supply chain of gold operates in any location that could give rise to a location-based Red Flag or has a shareholder or other interests in any supplier of gold from one of the above-mentioned locations.
- b) A supplier or other participant in the supply chain of gold is known to have sources of gold from any location that could give rise to a Location-based Red Flag in the twelve months (12) previous to the applicable transaction.



Circumstances - Based Red Flags

A circumstances-based Red Flag shall be the occurrence of any anomalies or unusual circumstances that are identified through the information collected during customer on boarding that gives rise to a reasonable suspicion that the gold may contribute to any serious abuses associated with extraction, transportation of and/or trading.

7.2 DIJLLAH Red Flags procedures

In case of the identification of any Red Flags at any stage of the supply chain, the identified Red Flag is promptly escalated to DIJLLAH Compliance Officer as well as DIJLLAH President. Reasonable grounds must support identified Red Flags that a prospective transaction may involve any related risks.

DIJLLAH Compliance Officer shall be held responsible in coordination with other business units in DIJLLAH to investigate the case using methods of Research as below:

Desk Research includes (where available) DIJLLAH exerting its best efforts to:

- Identify each company in the supply chain
- Identify the ultimate beneficial owners of each company in the supply chain
- Ensure that each company in the supply chain holds the necessary permits and licenses
- Obtain financial information (such as balance sheets, annual reports, rating agencies reports etc.) on each company in the supply chain
- Ensure that each company in the supply chain is not listed on any sanctions and/or embargoes list
- Review research reports including those from governments, international organizations, and media relating to mineral extraction and its impact on conflict, human rights or environmental harm in the country of potential origin

Onsite Visits in addition to above desk research. DIJLLAH representative must go for onsite visits to generate and maintain information on the circumstances and processes of various activities including:

- Gold extraction/processing / handling and trading / assayed quality characteristics/ taxes and fees.
- A detailed Call Report to be prepared and signed by the DIJLLAH RM to be forwarded to DIJLLAH Compliance Officer along with any supporting documents to finalize the investigation.

Random Sample Verification

This involves the verification of related transactions selected on a random basis.

The DIJLLAH Compliance Officer to finalize the report and submit to DIJLLAH President for prompt action and decision.

Upon the investigation of the above and if it is concluded that there is no reasonable ground that the relationship is involved with any money laundering or funding of unlawful transactions, it is the duty of the DIJLLAH senior management, along with the DIJLLAH Compliance Officer, to take the final decision as per the below guidance, although each decision is made on a case-by-case basis:



- Continuity of activities while developing risk mitigation controls; arrange with concerned supplier to implement controls to mitigate the identified red flag based on risk level involved
- Temporarily suspend trading activities with the specific supplier where a red flag had been identified
- Disengaging for a period of between 3 months and 6 months with a specific supplier who fails to comply with the mitigating rules/or refrains from accepting the mitigating rules.
- Consulting with suppliers and affected shareholders and agreeing on risk mitigation controls which should be adopted
- Reviewing on a regular basis the results of the mitigation measures, undertaking additional fact and risk assessment for risks requiring mitigation or after a change of circumstance
- Any action must be officially documented where all records to be retained for a period of five (5) years in accordance to **DMCC-RBD-GBP** rules

Note: in the above-mentioned cases and if the decision is to retain relationship the mentioned account is categorized High Risk by default.

7.3 Suspicious Transaction Reporting (STR)

7.3.1 In case of reasonable grounds that the subject incidents involve AML /CFT risks the DIJLLAH Compliance Officer (Controller) is held responsible to:

- Submit a STR to the FIU in the UAE Central Bank along with all supporting documents, appropriate justifications, provide a copy of that STR to the DMCC
- Retain all related documents in a safe manner for a period of five (5) years after the date of the STR has been submitted to the mentioned regulatory bodies
- STR's are completed and files 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
 - 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

7.3.2 In case of no reasonable grounds that the subject incident involves AML/CFT risks the DIJLLAH Compliance Officer (Controller) obtains the DIJLLAH senior management official consent prior to proceeding with the subject customer, however the account is rated as High Risk.

8- DIJLLAH risk management related statements

8.1 DIJLLAH statement with regards to serious violations relating to the extraction, transportation, and commerce of valuable minerals.

Moreover, and while conducting our business or acquiring metals in areas conflicted or in high-risk areas, none of the below will be tolerated and DIJLLAH immediately will reject / cease any transaction.

- Forced labour or non-voluntary work under threat.
- Child labour use not permitted by law
- Other human rights violation such sexual violence
- Crimes such as ethnic cleaning, crimes against humanity, war crimes and serious violation of human rights.



8.2 DIJLLAH statement with regards to direct or indirect support of non- governmental armed groups
Concerning direct or indirect support of non-governmental armed groups or those in collusion during extraction, transportation, trade, import or export stages of minerals or metals, none of the below subjects will be tolerated by DIJLLAH.

- Illegal control of areas or transportation routes within the supply chain
- Illegal taxation, money extortion or racketeering in entry to mining or transportation routes
- Illegal taxation or extortion of money from intermediary organizations, export companies or from persons engaged in international trade.

8.3 DIJLLAH statement with regards to public or private security forces.

DIJLLAH shall not have any illegal taxation and money extortion relationship concerning mining areas, transportation routes, places where mineral trade is conducted, or elements closely related with supply chain, which are under illegal control of public or private security forces. DIJLLAH shall be aware of the role of public or private security forces charged with the safety of mining areas, transportation routes, personal employed at such places, materials, equipment and trade conducted. Our company and others on our supply chain shall only enter into agreements with public and private security forces that provides services in the context of safety and human rights within the framework of international standards and principles.

8.4 DIJLLAH statement with regards to money laundering and terrorist financing.

DIJLLAH takes all reasonable preventive measures, efforts and applications to obstruct money laundering and terrorist finance during the entire process covering mineral extraction, transportation, trade stages, including at points of passage to mining areas, exports and taxation. The above is secured by the on boarding process to all clients that covers areas of KYC, source of funds and wealth in addition to frequent monitoring and update as previously elaborated above it is the responsibility of the compliance officer “Controller” to ensure effective implementation and prompt escalation to any identified / suspicious transaction. It is one of the main roles of the Compliance Officer to promptly report any suspicious transactions after discussion with DIJLLAH general management (please refer to functions and duties of the “Controller”).

8.5 DIJLLAH statement with regards to miss-declaration of precious mineral source by way of bribery or deception.

DIJLLAH hereby declares that it shall in no way engage in any bribery for situations of false or incorrect information declaration, etc. nor any proposals which may be construed as such, demands, claims, or promises in activities concerning payments made to the State in matters such as mineral’s origin, taxation, fees and licensing.

8.6 DIJLLAH statement with regards to level of cash involvement.

DIJLLAH shall avoid, where practicable, cash purchases and ensure that all unavoidable cash purchases of minerals are supported by verifiable documentation and preferably routed through official banking channels. Cash purchases, shall, in any event, be made in compliance with the provisions of the DMCC’s Anti Money Laundering and Combating Financing of Terrorism Policy.



9- Enhanced Relationships with suppliers

- DIJLLAH continuously exerts best efforts to maintain and enhance communications and relationships with each of its customers, and encourages each customer to commit to a supply chain policy consistent with the DMCC-RBD-GPM rules
- DIJLLAH mandates each customer to sign a supplier's code of ethics that covers all expected norms of behaviour expected in accordance to DMCC-RBD-GPM rules
- DIJLLAH mandates each customer to sign and acknowledge that it has understanding and follows the DMCC-RBD-GPM rules and the OECD guidance
- DIJLLAH exerts best efforts to establish and enhance long-term relationships with each supplier by taking the measures below:
 - a. DMCC RBD-GPM rules are given to the clients to be the guideline for their KYC due diligence process
 - b. The DMCC RBD-GPM is explained explicitly to ensure the clients understand the obligation to comply with DMCC rules
 - c. Reviews and helps to develop the customers' due diligence practices if needed
 - d. Every customer acknowledges the receipt of the DMCC rules for RBD-GPM and the OECD guidance and undertakes to comply with it
 - e. DIJLLAH constantly informs the clients with the latest updates on the domestic and international rules and regulations to consider it in the implementation of their KYC due diligence
 - f. DIJLLAH supports customers by delivering training and awareness sessions on the DMCC RBD-GPM and OECD rules, and also offers the clients a benefit to make use of its own due diligence means and tools.

10- DIJLLAH Risk Management System review program

DIJLLAH Compliance Committee has been formed to operate under the supervision of a Chairman to ensure independence and on-going compliance with DMC –BRD-GPM rules at any point of time. Compliance in DIJLLAH is not only the responsibility of the Compliance Department; it is the responsibility of each and every staff member and stakeholder in DIJLLAH.

DIJLLAH implements suitable systems and processes for risk identification and assessment; the periodic assessment and update is an integral part of DIJLLAH risk management system; the Compliance Officer is responsible for:

- a. Conducting a review and update of all related policies and procedures on an annual basis and/or upon the occurrence of the change of any relevant circumstances or regulatory updates; to ensure its adequacy.
- b. Conduct a full assessment review of the DIJLLAH risk management system on a semi-annual basis in order to:
 - Ensure that DIJLLAH risk management system is up to date and in accordance to the prevailing business circumstances and regulations
 - Ensure the adequacy of DIJLLAH risk management system to mitigate risks in accordance to the requirements
 - Conduct a full review of the risk management system related elements (policies, processes, systems etc.) to Identify weaknesses and inherent risk involved

Prepare a detailed report of findings along with recommendations and target dates in accordance to level of risk involved:



- Submit the related report along with recommendations to the DIJLLAH senior management
- Follow up with relevant DIJLLAH business units with regards to approved corrective action until full rectification is achieved
- Retain the review report along with full set of related documents, records and communications for easy future reference for five years
- Upon request, provides a copy of any review report to the DMCC.

11- Records retention

DIJLLAH in order to ensure alignment with OECD due diligence guidelines and that DMCC requirements, directives and best practices are satisfied at each stage of process, all relevant supply chain documents, records and communications are retained for a period of five years from of the latest of:

- The date of the most recent transition in respect of the latest material intake from a supplier
- The date of conclusion of a complete inspection by the DMCC
- The date of closing of the account of the supplier or termination of the relationship with the supplier
- The date of closing of an investigation on a particular transaction or supplier.

DIJLLAH keeps relevant records, files documents and papers related to relations with potential customers that were not entered into or progressed due to a high-risk evaluation, for at least for Five (5) years from the date the decision was taken not to enter or progress the relationship.

12- Chinese Walls

DIJLLAH management at all times ensures that all customers' information is kept in a confidential manner

Customers' information covers personal information as well as business related data.

- Flow of information within DIJLLAH is restricted within the different business units
- DIJLLAH management limits access to confidential and sensitive information on a "need to know" basis (subject to management approvals) stressing the importance of confidentiality before a person is allowed to access information

All DIJLLAH staff members must read, comprehend the DIJLLAH code of conduct, the code includes minimum behavioral norms expected, and staff acknowledgment is signed and provided to DIJLLAH compliance to ensure their understating and on-going adherence.

13- Training

Compliance in DIJLLAH is not the responsibility of the compliance officer only; it is the responsibility of each and every member of staff and stakeholder:

1. To enhance the level of awareness among DIJLLAH staff members and stakeholders, the Compliance Department performs regular supply chain related programs for all members of staff
2. All new staff receives on going AML training on annual basis. The training will include but is not limited to:
 - How to identify Red Flags and signs of money laundering that arise during the course of the staff's duties?
 - What to do once identifying a risk?
 - The record retention policy and the disciplinary consequences

AML training records are maintained by DIJLLAH showing dates and names of staff members received training and the subject matter of training.



14- References

OECD due diligence guidance for responsible supply chain of minerals from conflicted – High risk areas 2nd edition

- DMCC –RBD-GPM Rules V2/2020
- Federal Law No 4 of 2002 concerning money laundering | Federal Law No 7 of 2017 concerning terrorist finance combating.
- Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations.
- Cabinet Decision No. 10 of 2019 Concerning the Implementing Regulation of Federal Law No. 20 of 2018.
- Cabinet Decision No. 74 of 2020 concerning the UAE List of Terrorists and the Implementation of UN Security Council Decisions Relating to Preventing and Countering Financing Terrorism and Leveraging Non-Proliferation of Weapons of Mass Destruction, and the Relevant Resolutions.
- Federal Law No. 7 of 2014 on Combating Terrorism Offences.