

**Independent Reasonable Assurance Report  
(ISAE 3000 Engagement)**

on

**Regulated Entity's Follow up Review Compliance Report**

on

**Compliance with the MoE Due Diligence Regulations for Responsible Sourcing of Gold**

for the period

**1 January 2023 to 31 December 2023**

**RG REFINERY FZE**

**04 December 2024**

[This document includes 5 pages in total including the cover page]

To,  
The General Manager,  
RG Refinery FZE,  
400 M2 Warehouse T5-123, T5-124, T5-104,  
P.O.Box 513414 Sharjah,  
United Arab Emirates.

## **Independent Reasonable Assurance Report to RG Refinery FZE (ISAE 3000 engagements)**

### **Introduction**

AKW Tax Reclaim Accounting & Consultancy (“AKW” or the “Reviewer”) was engaged by RG Refinery FZE (the “Regulated Entity”) to provide an Independent Reasonable Assurance on its Follow up Review Compliance Report (the “Regulated Entity’s Compliance Report”) on compliance with the MoE Due Diligence Regulations for Responsible Sourcing of Gold, Version 1, August 2022 (the “MoE Due Diligence Regulations”) for the period from 1 January 2023 to 31 December 2023.

### **Scope**

The objective of this engagement was to provide an opinion on whether the Regulated Entity’s Compliance Report dated 04 December 2024 describes fairly the activities undertaken during the year to demonstrate compliance, and whether management’s overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations.

### **Responsibility of the Management of the Regulated Entity**

The Management of the Regulated Entity is responsible for the preparation and presentation of the Regulated Entity’s Compliance Report in accordance with the MoE Due Diligence Regulations. This responsibility includes establishing and maintaining an effective governance framework, including risk management systems and internal controls from which the reported information is derived. Furthermore, the responsibility includes designing, implementing and maintaining management systems and processes relevant to the preparation of the Regulated Entity’s Compliance Report that is free from material misstatement, whether due to fraud or error. The information in relation to the activities described within the Regulated Entity’s Compliance Report is determined by the Management of the Regulated Entity to be appropriate and relevant to validate the degree of compliance with the MoE Due Diligence Regulations.

### **Our Independence**

We confirm that we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. In conducting our engagement, we confirm that we satisfy the Minimum Criteria for Reviewers as set out in the MoE Due Diligence Regulations Annex I - Review Protocol (the “MOE Review Protocol”) to carry out the assurance engagement.

## Our Responsibility

Our responsibility was to:

- perform a follow-up review of the Regulated Entity, in accordance with the ISAE 3000 standard, following the relevant guidance set out in the MOE Review Protocol.
- provide an opinion on whether the Regulated Entity's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance, and whether management's overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the fairness of the Regulated Entity's Compliance Report and the fact that management's overall conclusion has been drawn in accordance with the requirements of the MoE Due Diligence Regulations and with the MoE Review Protocol. The nature, timing and extent of procedures selected depend on our judgment, including the risk of material misstatements, whether due to fraud or error, in the Regulated Entity's Compliance Report. In making those risk assessments, we considered internal control relevant to the Regulated Entity's preparation of the Regulated Entity's Compliance Report.

In conducting the follow-up review, we meticulously planned and implemented an approach to gather essential evidence, information, and explanations pertinent to our defined scope. The process encompassed several key steps, including the following:

- Develop a detailed follow-up review plan, outlining the scope, criteria, principles, and intended activities, which was then communicated to the Regulated Entity for full transparency and collaboration.
- Conduct an opening meeting onsite with the Regulated Entity's top management and key process owners to introduce the Review Plan, align on the review protocol, set the timeline, and emphasize the confidentiality essential to the process.
- Gather essential documentation including objectives, plans, procedures, standards, instructions, licences and permits, specifications, drawings, contracts, supply chain policies, and other pertinent policies and procedures that demonstrate the management systems, due diligence process and risk management practices. The process also included the collection of client details, transaction records, and origin data.
- Collection of documents relating to inventory controls, inspections of records, minutes of meetings, audit reports, records of monitoring programmes and results of measurements.
- Execute the onsite review phase, and engage in deep analysis to gather evidence supporting the review objectives. This included interviews with senior management, key process owners, and workers, visual inspections and physical walkthroughs of operational areas, and a comprehensive review of pertinent documents.
- Assessment of the evidence gathered during the review to evaluate the Regulated Entity's implementation of and compliance with the MoE Due Diligence Regulations including:
  - Regulated Entity's Supply Chain management systems (with emphasis on compliance and risk management structures, related operating policies and procedures, reporting mechanisms, training and development programmes).

- Regulated Entity's due diligence measures (including KYC procedures, process and implementation and post-account opening and pre-transaction risk assessments including Red Flag assessment), and
- Minimum information recording to ensure track and trace i.e., date of gold receipt, physical form and weight of gold, source of origin, point of origin in transportation and/or customs documents (recording of seal numbers and/or packaging list).
- Conduct a closing meeting with the Regulated Entity's leadership and key process stakeholders to present the findings, conclusions, and actionable recommendations for enhancements, aimed at bolstering improvement.
- Review the statements made by the management in the Regulated Entity's Compliance Report as compared to the findings arising from the above procedures performed.

The procedures performed relate to the Review Period from 1 January 2023 to 31 December 2023 and do not extend to any assertions made in the Regulated Entity's Compliance Report regarding events subsequent to the Review Period.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our reasonable assurance report, including our opinion, has been prepared solely for the Management of the Regulated Entity and the Ministry of Economy to determine whether the Regulated Entity has complied with the MoE Due Diligence Regulations and for no other purpose.

### Inherent Limitations of the Review Process

Whilst the Reasonable Assurance Report provides a rigorous assessment of the Regulated Entity's compliance with the MoE Due Diligence Regulations, it is crucial to acknowledge certain inherent limitations of the methodology and scope.

- **Subjectivity in Assessing Compliance:** Evaluating compliance with MoE Due Diligence Regulations often involves qualitative judgments and interpretations. Despite efforts to establish rigorous criteria and assessment tools, the evaluation of compliance may be subject to subjective biases or varying interpretations.
- **Scope of Document Review:** The testing of the accuracy and authenticity of selected documents, including management assertions and claims about its Due Diligence performance, was conducted through interviews and sample document reviews. However, the authenticity of these documents was not independently verified by contacting the respective government organizations or third-party entities.
- **Reliance on Information Provided:** The review relied on information provided by the Regulated Entity. While we have conducted its due diligence to verify the accuracy of this information, we did not independently validate the data or information provided. Thus, the conclusions are based on the assumption that the information provided is complete and accurate.
- **External Factors:** The Reviewer cannot predict or guard against future changes or factors arising after the review date, such as changes in legislation, regulatory focus, or the Regulated Entity's business model.
- **Timeliness of the Review:** Given the fast-moving nature of financial transactions, the findings of this review reflect the situation at a particular point in time. Issues of non-compliance could arise or be resolved in the intervening period between reviews.
- **Human Error and Fraud:** There is always an inherent risk of errors, omissions, and fraudulent acts not being detected,



regardless of the thoroughness of the procedures employed. This review cannot ensure the detection or prevention of all such issues.

### Our Opinion

In our opinion, the Regulated Entity's Compliance Report dated 04 December 2024 for the period from 1 January 2023 to 31 December 2023 describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations for Responsible Sourcing of Gold, Version 1, August 2022.

### AKW Tax Reclaim Accounting & Consultancy



Faisal Ahmed  
Engagement Partner



04 December 2024  
Dubai, UAE

# COMPLIANCE REPORT

## RG REFINERY FZE



REPORT ON FOLLOW UP REVIEW  
OF DUE DILIGENCE REGULATION  
FOR RESPONSIBLE  
SOURCING OF GOLD

## INTRODUCTION:

As a leading gold refinery in the United Arab Emirates, RG Refinery recognizes the paramount importance of responsible sourcing in its supply chain and remains committed to upholding the highest standards of ethical conduct. Established as a premier gold refinery in the United Arab Emirates, RG Refinery has earned acclaim for its commitment to excellence and ethical practices within the precious metals industry. Recognizing the dual imperative of responsible sourcing and anti-money laundering measures, RG Refinery has embarked on a steadfast journey to ensure that its operations align with the highest standards of integrity and transparency.

RG Refinery has proactively embraced its role as a responsible DPMS. Throughout the reporting period spanning from January to December 2023, RG Refinery has rigorously monitored its supply chain to ensure that the gold it processes originates from lawful and ethical sources, thereby mitigating the risk of contributing to human rights, environmental degradation, and illicit financial activities.

Moreover, in alignment with international regulations and best practices, RG Refinery has implemented robust anti-money laundering measures to safeguard its operations from being exploited for illicit financial activities. By fostering a culture of compliance and continuous improvement, RG Refinery remains committed to upholding its reputation as a trusted partner in the global precious metal's refinery.

In this compliance report, we delve into the specific initiatives undertaken by RG Refinery during the reporting period to promote responsible sourcing of gold and combat money laundering. Through transparent disclosure and meticulous analysis, we aim to provide with a comprehensive understanding of our efforts and achievements in these critical areas of our responsibility.

RG REFINERY DETAILS	
NAME	RG REFINERY (FZE)
ADDRESS	400 M2 Warehouse T5-123, T5-124, T5-104 P.O Box 513414 Sharjah - UAE
LOCATION	SHARJAH, UAE
PREPARED BY	JOEL JOHN (COMPLIANCE OFFICER)
APPROVED BY	MOHAMMED SHAMEEM NENDOLI (GENERAL MANAGER)



## RESPONSIBLE SOURCING DUE DILIGENCE FRAMEWORK

RG Refinery FZE's Responsible Sourcing Programme aims to consolidate, strengthen, and formalize existing due diligence standards for gold refining. Its primary objective is to ensure the ongoing enhancement of Responsible Sourcing practices and to provide assurance to customers that all gold procured from RG Refinery FZE adheres to rigorous standards of responsible sourcing. The company engages in assaying, minting, smelting, and refining recycled gold and gold bars, emphasizing its commitment to maintaining strong relationships with suppliers and customers while upholding business ethics and human rights standards within its gold refining operations. Through due diligence processes, including social, ethical, and environmental considerations, RG Refinery FZE ensures compliance with its Responsible Sourcing and Supply Chain policy. This includes encouraging suppliers and customers to adhere to conflict-responsible sourcing practices and undergo proper transaction reviews.

Furthermore, the company is dedicated to upholding responsible sourcing principles and preventing any involvement in conflicts or related human rights. RG Refinery FZE's supply chain due diligence procedures align with the standards outlined in the OECD Due Diligence Guidance for Responsible Supply Chains. The company remains steadfast in its commitment to continuously improve its Responsible Sourcing obligations and uphold the highest levels of leadership, integrity, and transparency within the global gold refining market.

### STEP 01: ESTABLISHING AN EFFECTIVE GOVERNANCE FRAMEWORK

Compliance Statement: RG Refinery FZE is Not compliant with the Moe Due Diligence Regulations for Responsible Sourcing of Gold - Medium Risk Deviations at step 1

#### ❖ Adopting and committing to a policy for managing risks in gold supply chain due diligence

RG Refinery is committed to upholding supply chain diligence through the implementation of the Responsible Sourcing of Precious Metals Supply Chain Policy. This policy aligns with the Responsible Sourcing Programme and adheres to the OECD Due Diligence Guidance for Ethical Supply Chains of DPMS. Our policy encompasses recycled gold and silver transactions, proving our commitment to follow the responsible sourcing practices. Additionally, we pledge to adhere to international standards and domestic laws, particularly those related to environmental and sustainability practices. As part of our dedication to sustainability, RG Refinery outlines its contributions to fostering a sustainable precious metals industry in our statement, which highlights our ongoing efforts toward sustainability goals. Furthermore, we introduced a supply chain policy to our suppliers,



complementing our existing Occupational Safety and Compliance hygiene procedure and policy. These policies, coupled with regular reviews of us.

Supply Chain Policy, which ensure our compliance with MOE (UAE) guidelines for Responsible Sourcing of Gold and Silver. Our Supply Chain Policy is easily accessible on our company and undergoes annual review to maintain effectiveness and relevance.

Understanding Regulations and Standards: Training & Development Conducted, training sessions with external auditors, and attended many webinars/workshops by regulatory boards as well as from other compliance experts and consultancies to enhance our understanding of Compliance, AML, CFT, PF, and OECD guidelines.

Policy Implementation Post-Audit: New Policies Introduced: Implemented crucial policies including the Anti-Bribery and Anti-Corruption Policy, Business Policy, Code of Ethics, Environmental, Health, and Safety Policy, Human Rights Policy, Grievance Policy, Information security management policy and updated our AML/CFT and Supply Chain policy and procedures.

Commitment to Compliance: We are dedicated to meeting all regulatory requirements and advancing our compliance standards to a higher level.

Supplier Engagement for Responsible Practices: Regular Meetings: We hold regular meetings with our customers and suppliers to exchange business updates and reinforce our compliance expectations.

Policy Sharing: Distributed our supply chain policy and procedures and other relevant procedures to educate our customers and suppliers, ensuring consistent compliance standards across our business network.

Continuous Improvement:

Ongoing Monitoring: We rigorously monitor business transaction /updates from regulatory authorities to continually improve our compliance practices, policies, and procedures.

Daily Implementation: These improvements are consistently reflected in our day-to-day operations.

#### ❖ **Establishing management structures that support supply chain due diligence.**

The RG Refinery FZE Responsible Sourcing and Supply Chain Management System facilitates the efficient flow of precious metals throughout the supply chain by articulating supplier due diligence requirements and ensuring adherence to the Responsible Metals Supply Chain Policy, Responsible Sourcing Programme standards, and the OECD Due Diligence Guidance for Responsible Supply Chains. Our Management System delineates corporate governance structures, delineates roles, highlights regulatory obligations, outlines ongoing due diligence responsibilities, and delineates risk assessment procedures to ensure the ethical sourcing of precious metals within our supply chain.



Our rigorous due diligence process within the Management System ensures supply chain accountability and traceability, including continuous risk assessments. Prior to and during our business relationships, we conduct risk assessments and due diligence, including AML/CTF communication, for each supplier as part of our commitment to our Responsible Sourcing Policy. These assessments align closely with the Responsible Sourcing Programme Policy.

The Management System undergoes regular review and updates. RG Refinery FZE embraces the method of continuous improvement to identify and act upon improvement opportunities, ensuring that changes are seamlessly integrated into the Management System to align with current business strategies. Continuous improvement enables RG Refinery FZE to make incremental enhancements to our risk management practices, stay abreast of market trends, and implement any audit recommendations effectively.

At RG Refinery, we take the identification and verification of our customers and suppliers very seriously. We ensure comprehensive KYC documentation is obtained and conduct rigorous due diligence before establishing any new business relationship. This diligence is maintained on an ongoing basis to uphold the highest standards of compliance.

Our compliance team is dedicated to continuous improvement. We have participated in numerous training sessions, webinars, and workshops led by regulatory bodies, compliance experts, and AML consultancies to strengthen our expertise and maintain compliance excellence. There are also several more training programs in the pipeline to further enhance our team's skills.

In addition, we've initiated and planned for several awareness and training sessions for our employees in future, emphasizing the critical importance of compliance. These sessions have significantly increased our team's focus, ensuring they adhere to policies in their daily tasks and responsibilities.

❖ **Establish a system of transparency, promote widespread information sharing, and control on gold supply chain.**

RG Refinery FZE has implemented a robust internal framework encompassing due diligence, controls, and transparency across its gold and silver supply chains, with a primary focus on traceability and the identification of supply chain. Within our Supply Chain Due Diligence Controls, our commitment to ethically sourcing precious metals is fortified by the appointment of a Dedicated Compliance Officer, reporting directly to the General Manager and Senior Management. As a Compliance officer my task is to be overseeing the implementation and adherence to all aspects of our Management System and Policy. My responsibilities include managing due diligence processes, nurturing supplier relationships, and providing education on our Responsible Sourcing Policy. As a Compliance Officer, I uphold oversight of our compliance frameworks, ensuring alignment with regulatory obligations such as AML/CTF, OECD standards, our Responsible Sourcing program, Privacy regulations, Sanctions, and Anti-Bribery & Corruption measures. RG Refinery FZE conducts comprehensive assessments of suppliers to ensure adherence to our policies,



conducting due diligence prior to extending any Refining Proposal to meet AML & CTF requirements. Continuous due diligence is maintained throughout the duration of the customer relationship, with risk assessments carried out by our dedicated Compliance Team. We actively engage with relevant authorities in the due diligence process, emphasizing traceability, transparency, and the identification of high-risk customers within the supply chain. Each transaction involving gold or silver is assigned a Unique Reference Number to facilitate traceability, with all pertinent information securely stored within a central database system to ensure regulatory compliance.

At RG Refinery FZE, we have significantly upgraded our monitoring and tracking systems for both customers and suppliers to ensure rigorous adherence to regulatory standards. Specializing exclusively in the refining of recycled gold material and gold bars, we process all payments through secure, official banking channels. Our customers provide detailed country of origin declarations and essential documentation. We manage transactions with a single, local customer, and every transaction is meticulously recorded and maintained within our comprehensive traceability systems.

RG Refinery FZE the importance of detailed and targeted training to address AML/CTF requirements and supply chain due diligence. We have already conducted training sessions covering key topics such as GoAML reporting, Targeted Financial Sanctions, and the roles and responsibilities of the Compliance Officer. Additionally, we are in the process of expanding our training materials to include ongoing monitoring mechanisms and track-and-trace systems to ensure comprehensive employee understanding. Practical assessments and periodic refresher sessions are also being implemented to reinforce knowledge and address evolving compliance needs effectively.

#### ❖ **Strengthen company engagement with gold supplying counterparties.**

RG Refinery FZE has strengthen its engagement within the gold and silver refining and supplying sector, endeavouring to assist counterparties in enhancing their due diligence capabilities wherever possible. Our approach to managing precious metals within the supply chain, as delineated in the Responsible Precious Metals Supply Chain Policy, aligns closely with the framework set up in OECD Guidance. Over the course of a year-long engagement, RG Refinery FZE has cultivated a robust customer base founded on trust and mutual recognition. Annually, we conduct internal reviews of our transactions, promptly addressing any identified issues which are then communicated to the General Manager and Senior Management, for risk assessment and further dialogue with the customer and we haven't faced any issues. Additionally, RG Refinery FZE conducts office visits and assessments of customers operating in conjunction with us, currently maintaining a single customer relationship in the UAE. These assessments serve to monitor operating conditions and ensure adherence to supplier policies. We provide guidance to customers aimed at enhancing their practices, and all precious metal supplying counterparties undergo a KYC New Customer Application, evaluating them based on AML, CTF, social, and environmental responsibilities. Counterparties failing to meet our risk assessment criteria are not onboarded. RG Refinery perform several relationship building



activities as well such as Cultivating strong relationships with gold suppliers through regular communication, meetings, and providing transparency in operations. And, providing special offers - Offered special charges to suppliers to continue working with the company.

Our Proposal and Refining Agreement templates incorporate clauses about responsible precious metal sourcing and requirements. RG Refinery FZE initiated a commitment to align with best practices in sourcing and refining dealership with suppliers, ensuring thorough documentation renewal and diligent monitoring. This commitment entails strict adherence to regulatory standards and diligent reporting on compliance.

We have distributed all relevant policies and consistently uphold the practice of securing formal declaration letters from our customers. Our diligent tracking system ensures the prompt and accurate maintenance of all essential documents for every business transaction.

RG Refinery FZE recognizes the importance of implementing a comprehensive supply chain due diligence process to achieve full traceability and align with best practices.

We have initiated and planning for the following measures:

- **Traceability Framework:** we are working on it to manage a robust framework is being established to ensure end-to-end traceability, from the origin of gold to the refinery.
- **Collaboration with Suppliers:** We are actively working with our suppliers and customers to acquire and verify documentation or certifications that validate the origin of the gold.
- **On-Site Visits:** As part of our due diligence, we are planning for on-site visits to supplier office and their customer locations to verify practices, evaluate risks, and ensure compliance with our responsible sourcing standards.
- **Monitoring and Auditing:** Regular monitoring and auditing procedures are being implemented to ensure the effectiveness and sustainability of the new traceability processes.

These measures demonstrate our commitment to maintaining a responsible, transparent, and sustainable supply chain.

#### ❖ **Establish a confidential grievance mechanism.**

RG Refinery FZE is committed to cultivating a corporate environment characterized by respect and adherence to ethical principles. Recognizing the paramount importance of compliance with industry regulations and standards, we encourage, our customers, to promptly report any instances of misconduct they may encounter. It is our unequivocal stance that corrupt, illegal, or otherwise improper behaviour will not be tolerated, and we staunchly oppose any form of retaliation against individuals who bravely step forward to disclose wrongdoing. To facilitate the reporting process, RG Refinery FZE has established several avenues for employees to



voice concerns regarding identified risks or misconduct. These include in-person meetings with the compliance department for anonymous reporting, catering particularly to staff who may not have access to technology during working hours. Complaints received through these channels will be promptly reviewed and addressed by the General Manager and Senior Management.

We have significantly strengthened our stakeholder engagement program by introducing a robust Grievance Mechanism System. This system has been actively communicated to both employees and stakeholders, empowering them to address complaints and concerns efficiently through formal escalation letters or dedicated escalation emails.

RG Refinery FZE recognizes the importance of extending its grievance mechanism to external stakeholders to improve transparency and build trust. While we have a grievance system for all stakeholders, we are planning to ensure that all our customers and other external parties can easily access this system.

Our plan include:

- Communication: Sharing clear information with external stakeholders about how to access and use the grievance mechanism.
- Online Access: Providing an easy-to-use online platform for customers and other external stakeholders to submit and track grievances.
- Awareness: Informing customers and external parties about the grievance process through simple, direct communication.

These steps will help us address concerns quickly and fairly, reinforcing our commitment to transparency, accountability, and trust.

## STEP 02: IDENTIFICATION AND ASSESSMENT OF THE SUPPLY CHAIN RISK

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Compliance Statement: RG Refinery FZE is Not compliant with the Moe Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations at step 2

### ❖ Conduct supply chain due diligence to assess potential risks.

RG Refinery FZE adheres to a stringent approach in managing conflict minerals within its supply chain, following the guidelines established in the Responsible Precious Metals Supply Chain Policy. Furthermore, RG Refinery FZE aims to maintain a formal Risk Management Initiative, integral to all organizational activities.

Despite conducting transactions exclusively with a single customer in the year, the company has implemented robust risk assessment protocols outlined in the Risk Management Framework. These protocols, aligned with the Responsible Gold and Silver Guidance and regulatory requirements, ease a systematic evaluation of



supplier risks. The determination of due diligence outcomes is based on the final risk rating assigned to suppliers, with the authority's risk rating derived from collated data from various reliable sources outlined in the first step of the process.

We have deployed top-tier risk assessment software, incorporating both Customer Risk Assessment and Inherent Risk Assessment tools. These advanced technologies rigorously evaluate the risk profiles of all our customers and suppliers, ensuring that we meet and exceed regulatory requirements. By integrating these solutions, we not only enhance our ability to identify and address potential risks but also strengthen our commitment to regulatory compliance. This proactive approach enables us to safeguard our operations effectively and maintain the highest standards of industry practice.

#### ❖ **Identify red flags or high-risk indicators in the gold supply chain.**

RG Refinery FZE meticulously evaluates risks in accordance with the standards outlined in our due diligence system and conducts thorough supply chain due diligence, employing a risk-based approach. This approach encompasses all necessary measures mandated by the Regulatory Responsible Gold and Silver Guidance before engaging in any business partnership with a precious metal supplier. Prior to establishing any business relationship, the supplier is furnished with our Responsible Precious Metals Supply Chain Policy. Our company has implemented robust systems and procedures to execute due diligence across all risk categories, with particular emphasis on enhanced due diligence obligations for precious metals. These due diligence measures encompass supply chain and onsite assessments, ongoing reassessment of business relationships, as well as diligent scrutiny and monitoring of transactions throughout the partnership. The risk assessment process prioritizes compliance with responsible sourcing obligations, along with conducting AML/KYC/CTF checks and other relevant risk assessments on each refining we ensure alignment with our Responsible Precious Metals Supply Chain Policy. As part of the Compliance team's responsibilities, rigorous risk assessments are conducted to identify potential risks related to customer/supplier relationships, encompassing human rights issues, financial crimes, and reputational risks. Due diligence checks are routinely performed on both new and existing suppliers, with centralized system-based monitoring in place. Any significant changes in operational details, ownership, or signatories prompt ongoing or enhanced due diligence activities. If a risk directly or indirectly impacts RG Refinery FZE's supply chain, all relationships are temporarily paused, and appropriate actions, including reporting to the FIU through the GOAML portal, are initiated.

Our due diligence systems undergo annual reviews and updates, with any amendments promptly communicated to staff. Additionally, ongoing due diligence activities is conducted on our gold and silver supply chain counterparts throughout the duration of our relationship with each counterparty, tailored to the level of assessed risk associated with each.

We have established comprehensive red flag and high-risk indicators and implemented robust monitoring across all company transactions. Our enhanced skills in identifying and categorizing risks are supported by the latest risk assessment



software, which evaluates the risk rating of our customers and suppliers. This meticulous approach ensures a thorough analysis of potential risks, enabling us to proactively address any concerns and maintain stringent compliance standards. Through these advancements, we continue to elevate our risk management practices and fortify our commitment to operational excellence.

❖ **Undertake enhanced due diligence measures for supply chain deemed as high-risk.**

To enhance due diligence measures within high-risk supply chains, RG Refinery employs a comprehensive approach encompassing several specific steps:

**Identification of High-Risk Areas:** We are committed to identify regions where regulatory disclosures highlight elevated risks, such as areas characterized by corruption, conflict, or human rights violations.

**Enhanced Documentation Requirements:** Suppliers are mandated to furnish additional documentation, including certifications and other relevant documents and proof of compliance with international standards, specifically for enhanced due diligence purposes.

**Comprehensive Risk Mapping:** We have meticulously mapped our supply chain to identify potential risks and implemented Enhanced Due Diligence (EDD) measures for high-risk areas. This proactive approach ensures that risks are thoroughly assessed and mitigated.

**Continuous Monitoring:** We are instituting robust systems for the ongoing monitoring of high-risk suppliers. These systems are designed to promptly detect deviations or changes from established standards, enabling us to address potential issues before they escalate. Our focus is on identifying and managing transaction-related red flags through stringent risk assessments.

**Regular Review and Improvement:** Our enhanced screening processes and due diligence measures undergo periodic reviews and updates. This ensures continuous effectiveness and alignment with evolving risk factors and industry best practices, maintaining our commitment to excellence and compliance.

### **STEP 03: MANAGEMENT OF THE SUPPLY CHAIN RISK**

Compliance Statement: RG Refinery FZE is Not compliant with the Moe Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations at step 3

❖ **Develop risk management strategy for identified risk.**

RG Refinery FZE has developed a robust risk management strategy in alignment with the standards and guidelines outlined in the Policy and Management System, alongside the Compliance Management Policy and Risk Management Framework.



Our organization has implemented a comprehensive Risk Appetite Policy to meticulously identify and address potential threats and vulnerabilities. This policy defines the boundaries within which we are prepared to operate regarding risk exposure, ensuring alignment with our organizational objectives and values. Through rigorous examination and strategic planning, we proactively mitigate risks and safeguard our operations.

We conduct thorough checks on all new suppliers, especially those in the CAHRA region, to verify the origin and type of gold procured. This ensures transparency and integrity throughout our supply chain. By adopting this proactive and strategic approach, we navigate uncertainties with clarity and confidence, enhancing our ability for all opportunities while maintaining a secure and compliant operational environment.

Additionally, Responsible Sourcing is integral to every refining process, compelling suppliers to adhere to regulatory standards. The management of precious metals within the supply chain follows the responsible metals supply chain policy, following OECD Guidance. This approach will enable us to mitigate identified risks through comprehensive risk assessment and enhanced due diligence prior to setting up any business relationship with a precious metal supplying counterparty. Furthermore, any identified risks causing or contributing to conflicts within RG Refinery FZE's supply chain prompt the initiation of a Supplier Relationship Review, followed by internal investigations and collaboration with the supplier. If deemed necessary, an Improvement Plan is enacted to ensure compliance with regulatory and OECD requirements, thereby safeguarding RG Refinery FZE's supply chain integrity.

#### ❖ Risk control plan

A comprehensive risk control plan for supply chain responsible sourcing of gold and silver RG Refinery FZE includes the following elements:

**Risk Assessment:** We have developed methods/procedures to identify risks within the supply chain and are diligently implementing them in accordance with best practices and compliance standards. We are looking forward to evaluating potential risks at each stage of the supply chain, including environmental, social, and governance risks such as human rights violations, environmental degradation, and corruption.

**Due Diligence Procedures:** Implement due diligence procedures to verify the compliance of suppliers and ensure responsible sourcing practices, compliance with international standards (e.g., OECD Due Diligence Guidance), and conducting office site visits and audits.

**Supplier Engagement and Collaboration:** Engaged with suppliers to promote responsible sourcing practices, provide training, and support, and collaborate on addressing identified risks and improving transparency within the supply chain.

**Risk Mitigation Strategies:** Developed and implemented risk mitigation strategies to address identified risks, such as setting up clear sourcing criteria, and setting up a working culture that require compliance with responsible sourcing standards. We have implemented advanced internal risk assessment tool and methods to



systematically gather information on red flagged supply chains. Our approach includes conducting enhanced due diligence to identify and mitigate potential risks. This process is supported by a comprehensive Risk Control Plan, designed to proactively address and manage identified risks.

RG Refinery FZE has already established a basic Risk Control Plan to address the risks associated with the origin of gold. However, we recognize the need for a more detailed and comprehensive approach. Moving forward, we are focused on developing a clear, more structured Risk Control Plan that outlines specific risk mitigation strategies in greater detail.

This updated plan will ensure that all identified risks are effectively managed with well-defined control measures. By enhancing the documentation and accessibility of the plan, we aim to support better implementation and continuous monitoring, ensuring that our risk management efforts are both proactive and efficient.

Through this refined approach, RG Refinery is committed to strengthening our risk management framework and further aligning with industry best practices for responsible sourcing.

#### ❖ **Continuous Monitoring**

**Monitoring and Reporting Mechanisms:** Set up monitoring mechanisms to track and assess the effectiveness of risk control measures, including regular audits, and transparent reporting on supply chain practices and performance. We are continuously monitoring the progress on risk mitigation as per the Risk Control Plan and periodically report about it to the Senior Management.

**Continuous Improvement:** Foster a culture of continuous improvement by regularly reviewing and updating the risk control plan in response to changing circumstances, emerging risks. By incorporating these elements into a comprehensive risk control plan, RG Refinery FZE can enhance transparency, mitigate risks, and promote responsible sourcing practices throughout its gold and silver supply chain.

#### ❖ **Senior management Reporting**

RG Refinery FZE upholds a robust risk management strategy aimed at mitigating potential risks associated with its operations. This strategy encompasses clear, measurable steps, ongoing performance monitoring, regular risk reassessment, and comprehensive reporting to senior management.

Furthermore, if there exists a possibility, either direct or indirect, of involvement in any of the activities, refining operations from the concerned source are suspended until more information is obtained to confirm or refute preliminary findings. Our Refining Proposal expressly stipulates that any suspicion of anti-money laundering/counter-terrorist financing (AML/CTF) activities or non-compliance with industry standards may constitute a breach of contract, subject to immediate action.

In the event of such breaches or suspicions, materials are promptly quarantined pending further investigation and potential return to the respective supplying

counterparties, in accordance with documented procedures outlined in our Management System and authorities mandate action.

Decisions about the termination of business relationships are guided by the terms outlined in the Refining Dealership Proposal, which delineate requirements and breach criteria. The authority to terminate the dealership, as documented within our Management System. Notification of termination and reference to breach conditions are communicated to the consent people.

We intend to consistently oversee the advancement of risk mitigation in accordance with the Risk Control Plan and provide periodic updates to Senior Management.

Our risk management strategy should include:

Risk identification, Risk assessment, Actionable steps, Continuous monitoring, Periodic reassessment.

RG Refinery have mechanism for periodic reporting to the senior management to achieve senior management's oversight and approval.

## **STEP 04: INDEPENDENT THIRD-PARTY AUDIT OF DUE DILIGENCE MEASURES**

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Compliance Statement: RG Refinery FZE is Fully complied with Step 4 by organizing an independent third-party audit of the supply chain due diligence over year. As part of this process, RG Refinery FZE was thoroughly reviewed to ensure compliance with all relevant standards and regulations.

The RG Refinery FZE has engaged the services of the UAE MOE approved Auditors AKW Consultancy Dubai, UAE. RG Refinery FZE will publish the independent assurance report soon.

## **STEP 5: ANNUAL REPORTING ON DUE DILIGENCE MEASURES**

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Compliance Statement: RG Refinery FZE is Fully complied with Step 5 by diligently reporting on its supply chain due diligence, ensuring full compliance with all relevant regulations and guidelines.

For more information and specific details of how RG Refinery FZE's systems, procedures, processes, and controls have been implemented to align with the specific requirements in the Responsible Gold and Silver Guidance have been outlined in our Supply Chain Policy and Procedures (for internal use) and our Supply Chain Policy and Procedures, which is available in our office.



Framework Steps	Rating
Step 1: Supply Chain Management System	<input type="checkbox"/> Fully Compliant <input type="checkbox"/> Compliant with Low-Risk Deviations <input checked="" type="checkbox"/> Non-Compliance: Medium Risk Deviation <input type="checkbox"/> Non-Compliance: High Risk Deviation
Step 2: Supply Chain Risk Identification and Assessment	<input type="checkbox"/> Fully Compliant <input type="checkbox"/> Compliant with Low-Risk Deviations <input checked="" type="checkbox"/> Non-Compliance: Medium Risk Deviation <input type="checkbox"/> Non-Compliance: High Risk Deviation
Step 3: Risk Control Plan	<input type="checkbox"/> Fully Compliant <input type="checkbox"/> Compliant with Low-Risk Deviations <input type="checkbox"/> Non-Compliance: Medium Risk Deviation <input checked="" type="checkbox"/> Non-Compliance: High Risk Deviation
Step 4: Independent Third-Party Audits	<input checked="" type="checkbox"/> Fully Compliant <input type="checkbox"/> Compliant with Low-Risk Deviations <input type="checkbox"/> Non-Compliance: Medium Risk Deviation <input type="checkbox"/> Non-Compliance: High Risk Deviation
Step 5: Annual Reporting on Responsible Supply Chain Due Diligence	<input checked="" type="checkbox"/> Fully Compliant <input type="checkbox"/> Compliant with Low-Risk Deviations <input type="checkbox"/> Non-Compliance: Medium Risk Deviation <input type="checkbox"/> Non-Compliance: High Risk Deviation

## CONCLUSION

RG Refinery FZE adheres to the Responsible Gold Guidance and Responsible Silver Guidance outlined by the Regulatory Board and complies with the standards outlined in the OECD Due Diligence Guidance for Responsible Supply Chains. Although we have addressed all gaps identified in the responsible sourcing of gold audit and implemented numerous compliance initiatives to uphold regulatory standards, The overall rating of RG Refinery FZE is non-compliant with medium-risk deviations regarding MOE due diligence for responsible sourcing of gold. We are dedicated to continuous improvement in our Responsible Sourcing obligations and business practices, with any audit recommendations promptly implemented in subsequent reporting periods. Throughout our organization, a culture of responsibility permeates, influencing our approach to regulatory policy, and the introduction of sustainability across our operations. At RG Refinery FZE, ethical practices and broader sustainability considerations are integral to our supplier risk assessment and counterparty due diligence processes. We strive to forge strong relationships built on trust and respect, by maximizing maintaining responsible sourcing for present and future generations. Our commitment to responsible sourcing encompasses recycled gold for our processes.

AUTHORISED SIGNATORY

NAME: **MOHAMMED SHAMEEM NENDOLI**

DESIGNATION: **GENERAL MANAGER (RG REFINERY FZE)**

