
SUPPLY CHAIN DUE DILIGENCE POLICY

For DELTA FOUR TRADING FZ-LLC

As of 15th October 2024

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INTRODUCTION

Delta Four Trading FZ-LLC (the 'Company') aims to be recognized as a leading force and key contributor in the precious metals industry, both within the UAE and internationally. The Company is dedicated to upholding the highest standards of ethics, integrity, and social responsibility in all its operations, while ensuring fair pricing for its partners and strictly adhering to responsible sourcing commitments.

Integrity, honesty, and transparency are the core principles that form the foundation of our business. We require all employees involved in the precious metals supply chain to fully comply with our Supply Chain Policy and rigorously implement it through established management systems.

We consider our reputation and standing essential to our ongoing success, striving to ensure that the Company remains highly respected—not only by our clients, but also by our peers, competitors, business partners, governments, industry bodies, regulatory authorities, and all other stakeholders in the industries we engage with.

1. PURPOSE:

The purpose of this policy is to ensure that the Delta Four Trading FZ-LLC operates a responsible, transparent, and ethical supply chain for gold sourcing and trading. The company is committed to maintaining the highest standards of integrity in all its operations, ensuring compliance with applicable laws, and promoting sustainability and social responsibility.

Since its inception, **Delta Four Trading FZ-LLC** has undertaken a philosophy of risk assessment, evaluation, risk monitoring and control at the core of our business culture and ethos. The Company is aware of the risks of inadvertent involvement in or contribution to illegal practices that may be associated with the extraction, processing, trading, handling, and exporting of precious metals from any area but more specifically, from conflict-affected and high-risk areas.

The Company's Supply Chain Due Diligence Policy clarifies our intentions to deal only in legitimate business transactions and avoid any supply/transactions that we identify or deem as suspicious or questionable. The Company will not tolerate any involvement in illegal or noncompliant activities (as identified or flagged) by its staff, members, subsidiaries, or clients/customers/suppliers/partners.

The issuance of this policy and our compliance procedures reflects our commitment towards responsible business and responsible engagement with conflict-free supply chain and our willingness to co-operate with government authorities/agencies and law enforcement agencies as a part of our efforts to support AML-CFT and compliance directives and mandates.

2. SCOPE

This policy applies to all stakeholders involved in the gold supply chain, including suppliers, transporters, and subcontractors. It covers all stages from the sourcing of raw materials to the final sale of gold products.

The Company's Supply Chain Due Diligence Policy depicts our provisions, statements, commitments, and controls on our precious metals supply and transactions including the sales and purchase of precious metals. This policy does not apply to general procurement (e.g. office furniture, food, energy, etc.) or other transactions outside the precious metal/mineral supply chain.

These policies are designed and implemented to ensure that our engagements and operations are in accordance with the *OECD Due Diligence Guidelines (DDG)* and its *Supplement on Gold* to combat abuses of human rights, to avoid contributing to conflict, and to avoid contributing to white-collar crimes.

This policy is an integral part of our operations and our commitments. The provisions, procedures, and control mentioned in this policy shall apply to:

The Company's management and/or compliance officer, operations team, and all other employees are directly involved in the transactions such as receiving and processing of precious metals before sending for physical processing.

General awareness of the policy applies to the following:

1. The Company Senior Management/ staff and/or Compliance Officer
2. The Company's Branches and Subsidiaries.
3. The Company Owner/Partner(s)

3. ETHICAL SOURCING

Delta Four Trading FZ-LLC adopts the best international practices in carrying out its business and operations. This Supply Chain policy aims to ensure that all our sources of

precious metals supply chain are ethical, legitimate, from conflict-free areas, socially responsible, and respect human rights.

Adhering to the standards and guidance, we do not source from countries with high conflict rates and engage with reputed transporters and logistics companies to minimize risks involved during the transportation from source to destination. We source the material from legitimate companies which are duly registered in their countries and are aware of compliance requirements.

3.1 Conflict-Free Gold: The company will only source gold from suppliers who comply with the Conflict-Free Gold Standard. Suppliers must provide evidence that gold is not sourced from conflict-affected and high-risk areas (CAHRAs) unless appropriate due diligence has been carried out.

The Company sources precious metals from different local and international mines and companies, which makes it important to have a supply-chain policy for sourcing conflict-free gold responsibly. In addition, the Company requires from all partners in the supply chain a clear, transparent, and full compliance with local and international regulations.

3.2 Human Rights Protection: The company will not engage with suppliers involved in human rights violations, including child labor, forced labor, or any form of modern slavery. All suppliers must comply with the International Labour Organization (ILO) standards and the Universal Declaration of Human Rights.

The Company condemns formally any human rights abuse and any child right abuse and expects from all actors in the supply chain to be in line with these fundamentals. Our policy prohibits any employee from offering or receiving a bribe or facilitation payment.

Neither tolerate, nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of serious abuses associated with the extraction, transport or trade of minerals as indicated in Annex II of the OECD Guidance:

- Any forms of torture, cruel, inhuman, and degrading treatment;
- Any forms of forced or compulsory labor;
- The worst forms of child labor;
- Other gross human rights violations and abuses such as widespread sexual violence; and/or
- War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.

4. COMPLIANCE WITH REGULATIONS

In its capacity as a responsible precious metals/gold sourcing and trading company, **Delta Four Trading FZ-LLC** is committed to supporting the standard compliance rules and regulations aimed at combating money laundering, the financing of terrorism, and the unethical sourcing of gold and precious metals. We therefore commit with highest ethical standards, to comply with the applicable local laws as follows:

- OECD (Organization for Economic Co-operation and Development) – (Appendix 1)
- LBMA (London Bullion Market Association) – (Appendix 2)
- MOE (Ministry of Economy) – (Appendix 3)
- UN(United Nation) – (Appendix 4)
- Emirates Bullion Market Committee– (Appendix 5)

4.1 Legal Requirements: The company will ensure that all gold sourcing, trading, and processing activities comply with local, national, and international laws, including relevant anti-money laundering (AML) and anti-terrorism financing regulations.

4.2 Responsible Gold Guidance: The company will adhere to guidelines such as the London Bullion Market Association (LBMA) Responsible Gold Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

5. ENVIRONMENTAL SUSTAINABILITY

5.1 Environmental Standards: The company is committed to minimizing the environmental impact of its supply chain. Suppliers are required to follow sustainable mining practices and comply with relevant environmental regulations.

5.2 Waste Management: Suppliers must implement proper waste disposal and recycling measures to reduce environmental impact.

5.3 Carbon Footprint Reduction: The company will encourage suppliers to use energy-efficient processes and reduce carbon emissions throughout the supply chain.

6. SUPPLIER REQUIREMENTS AND AUDITS

6.1 Supplier Code of Conduct: All suppliers must sign and comply with the company's Supplier Code of Conduct, which outlines ethical, environmental, and quality standards.

6.2 Due Diligence and Risk Assessment: The company will conduct thorough due diligence and risk assessments on all suppliers to ensure compliance with this policy. This includes background checks and verification of certifications.

Systematically perform enhanced due diligence practices, including the Know Your Customer (KYC) and KYP process, following a risk-based approach, before entering a business relationship with any precious metals supplying counterparties.

Conduct, utilizing a risk-based approach, appropriate scrutiny and monitoring of the transactions undertaken through the course of the relationship, and the governance structures in place to prevent any risk of illegal activities, in addition to implementing a management strategy to respond to identified risks.

6.3 Audits and Monitoring: The company reserves the right to conduct regular audits of suppliers to verify compliance with the supply chain policy. Non-compliance will lead to corrective actions, which may include suspension or termination of business relationships.

The Company monitors transactions through an annual review/update of the counterparties' KYC and KYP information. We monitor each transaction and shipment in terms of country of origin, payment method, and the relevant transactional documents including the supply volume. Payment of relevant taxes, royalties and other charges that may be applicable during a legitimate export/import process are also monitored for each transaction.

The in-house Compliance Officer/Team regularly monitors shipments and has full right and authority to accept and reject any supply chain or immediately suspend and discontinue engagement with suppliers or customers where we identify a reasonable risk that they are providing direct or indirect support to non-state armed groups.

7. QUALITY STANDARDS

- 7.1 Product Integrity:** The company will ensure that all gold sourced, processed, and traded meets high standards of quality and purity, adhering to industry benchmarks.
- 7.2 Traceability:** The company will maintain accurate records of gold origin, transactions, and custody chains to ensure full traceability of the products.

8. ANTI-BRIBERY AND CORRUPTION

- 8.1 Zero Tolerance Policy:** The company has a zero-tolerance approach to bribery and corruption. Employees and suppliers are strictly prohibited from engaging in any form of bribery, kickbacks, or unethical payments.

We commit to ensuring effective due diligence on a risk-based approach which is carried out before starting any transactions, as well as continuous monitoring to existing clients, to assess the level of risk and develop plans to mitigate the risk identified.

- 8.2 Reporting Violations:** Any suspected breach of anti-corruption laws or company policies must be reported immediately. The company will investigate all reports and take appropriate action.

Breach of the policy by any of the staff, senior management, branches, and subsidiaries shall constitute a disciplinary offence and the Company reserves the right take any action or to take any additional action as it, at its sole discretion, deems fit in securing the diligent and proper implementation and enforcement of this policy.

Support efforts, and/or take steps, to contribute to the effective elimination of money laundering as well as terrorism financing where we identify a reasonable risk of such illegal practices resulting from, or connected to, the extraction, trade, handling, transport, or export of precious metals. In this regard, we will immediately report to the relevant authorities any suspicion of any illegal financial transaction we identify.

9. TRAINING AND AWARENESS

- 9.1 Employee Training:** All employees involved in the supply chain will receive training on ethical sourcing, compliance requirements, and sustainability practices.

To keep all counterparties and all relevant employees up to date on requirements and practices, an ongoing training program is conducted on a regular basis through formal education, trainings or seminars, and conferences with the provision of this policy and the responsible sourcing of precious metals. This is undertaken to bring all counterparties and all relevant employees up to date on standards and due diligence, know your customer (KYC) and know your product (KYP) best practices.

- 9.2 Supplier Education:** The company will work with suppliers to raise awareness about the importance of responsible gold trading and compliance with this policy.

10. GRIEVANCE MECHANISM

- 10.1 Reporting Channels:** The company will provide secure and confidential channels for stakeholders to report any grievances or violations of this policy.

We commit to reporting immediately to the regulating authorities about any shipment or transactions we believe are suspicious. The Company will always support and contribute to responsible sourcing of gold/precious metals and educate its clients and suppliers about the same.

- 10.2 Response and Resolution:** Reported issues will be investigated promptly, and corrective actions will be taken when necessary to ensure compliance with this policy.

We will suspend the supply chain immediately if any unaddressed inconsistency is found or if we notice the supplier's involvement in any suspicious activities, proper transaction documents not provided, without proper explanation.

11. REVIEW AND CONTINUOUS IMPROVEMENT

- 11.1 Policy Review:** This policy will be reviewed annually to ensure it remains relevant and effective in promoting responsible supply chain practices.

11.2 Continuous Improvement: The company is committed to continuously improving its supply chain processes and practices based on emerging best practices and stakeholder feedback.

12. OTHER MEASURES AND GUIDELINES

All our commitments are achieved by the application, maintenance, and continuous improvement of **Delta Four Trading FZ-LLC's** management systems, processes, and procedures. We do this by engaging with the broader industry, such as through the UAE Good Delivery (UAEGD) Standard, and by engaging with a broad range of local, regional, and international stakeholders.

As a part of our responsibility, **Delta Four Trading FZ-LLC's** commitment includes, but is not limited to:

- Avoiding contributing to any conflict
- Complying with anti-money laundering (AML) standards
- Complying with standards on combatting the financing of terrorism (CFT)
- Excluding any direct or indirect support to state and non-state armed groups and/or illegally acting public or private security forces
- Not offer, promise, give, or demand any bribes, and resist the solicitation of bribes to conceal or disguise the origin of precious metals, to misrepresent taxes, fees, and royalties paid to governments for the purposes of precious metals extraction, trade, handling, transport, and export
- Ensuring the payment of taxes, fees, and royalties due to governments
- Defining clear rules for Responsible Sourcing
- Conforming with all relevant United Nations sanctions resolutions and domestic laws
- Supporting the legitimization, professionalization, and formalization of ASM (Artisanal and Small-Scale Miners) Entities and their trading partners in accordance with the OECD DDG.

The management of the Company and its compliance team/officer have the authority to deny any new Counterparties classified as 'high risk'. Our definition of high risk is aligned with the *LBMA Responsible Gold Guidance* and the OECD DDG.

12.1 Counterparty Compliance: The Company requires all staff and Counterparties involved in the precious metals supply chain to mutually cooperate by committing to, and acknowledging, compliance with a supply chain policy consistent with Annex II of the OECD DDG.

We require evidence from our counterparties that they have disclosed payments in accordance with the transparency requirements of the OECD. All employees, as well as stakeholders and counterparties, are provided with the opportunity and encouraged to express concerns over **Delta Four Trading FZ-LLC's** precious metals supply chain directly.

12.2 Logistics & Transportation: Our due diligence process includes transportation and logistics as part of the supply chain. Therefore, we work with leading high security transportation and logistics companies adhering to the OECD DDG and its Supplement on Gold.

12.3 Risk Mitigation: We drive the risk mitigation decision-making process through the senior management and the compliance officer, who is/are responsible for discussing the risk level determined for each counterparty and their supply chains, validating the risk level, and considering if there are grounds to adjust this level.

Our Supply Chain policy is implemented through a comprehensive management system that encompasses a strict risk-based due diligence approach. Our risk management policy has been designed and implemented to ensure that our commitments and operating procedures are in line with the OECD DDG, the *LBMA Responsible Gold Guidance*, and respect the relevant and applicable Anti-Money Laundering / Countering the Financing of Terrorism (AML/ CFT) laws.

12.4 Record Keeping: The Company creates and keeps proper and adequate records of all precious metals transactions and activities that demonstrate that appropriate and on-going due diligence has been strictly followed.

We adequately store and maintain these records and documentation relating to the precious metals supply chain. Storage of such information should be for a minimum of 5 years or as directed by applicable local laws, whichever is longest.

12.5 Due Diligence Documents Requirement: All counterparties must provide their Know Your Customer (KYC), Anti-Money Laundering (AML) and Know Your Product (KYP) procedures so that we can verify that they aligned with **Delta Four Trading FZ-LLC's**.

13. ACKNOWLEDGEMENT

Counterpart/Supplier Acknowledgment:

By signing this document, we acknowledge that we have received a copy of Delta Four Trading FZ-LLC Supply Chain Policy for Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas.

We hereby undertake to commit to compliance with the supply chain policy for all interactions with the company. We also understand that Delta Four Trading FZ-LLC is open to considering ways to support or assist in establishing processes to promote and improve our responsible sourcing practices, if necessary.

Company Name:

Officer Name:

Designation:

Authorized Signature:

Date:

Appendix 1: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs)

The **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs)** provides a framework to help companies manage risks associated with sourcing minerals, such as gold, from regions where conflict or other high-risk conditions may occur. The guidance aims to prevent companies from contributing to armed conflict, human rights abuses, and unethical practices, while fostering sustainable development. Here are the key aspects of the guidance:

1. Establish Strong Company Management Systems

- **Adopt and communicate a supply chain policy** for sourcing minerals from CAHRAs, aligning with international standards on responsible business practices.
- **Structure internal management** to support supply chain due diligence, including assigning oversight responsibility to senior management.
- **Maintain control over the supply chain** by collecting and storing relevant documentation and records regarding the mineral's origin, transportation, and processing.

2. Identify and Assess Risks in the Supply Chain

- **Map the supply chain** to understand the mineral's journey from the source to the final product, identifying all actors involved.
- **Assess risks associated with sourcing from CAHRAs**, such as financing armed groups, human rights abuses, or illicit activities linked to mining, trade, or transport.
- **Conduct on-the-ground assessments** and gather information directly from affected areas to verify potential risks.

3. Design and Implement a Risk Management Strategy

- **Develop a strategy to respond to identified risks**, including avoiding or disengaging from high-risk suppliers and supporting remedial actions.
- **Work with suppliers** to improve practices where risks are identified, providing support for better compliance with the guidance.
- **Monitor risk mitigation efforts** to ensure ongoing progress, adjusting the strategy as needed.

4. Carry Out Independent Third-Party Audits

- **Conduct third-party audits** at various points in the supply chain to assess adherence to the company's due diligence practices.
- **Use audits to validate risk assessments** and verify that suppliers are meeting responsible sourcing requirements.
- **Ensure transparency in the audit process**, making results accessible to stakeholders.

5. Report Annually on Due Diligence Activities

- **Publish annual reports** detailing the company's due diligence processes, risk assessments, and actions taken to mitigate identified risks.
- **Disclose relevant information about the supply chain** and any high-risk sourcing areas.
- **Provide details of the company's approach** to managing supply chain risks, including findings from audits and the outcomes of risk management strategies.

Key Risk Areas Addressed by the Guidance:

- **Human Rights Abuses:** Address risks of child labor, forced labor, and other violations.
- **Conflict Financing:** Prevent the use of mineral revenues to finance armed groups.
- **Corruption and Illicit Trade:** Avoid involvement in corruption or illegal trade.
- **Environmental Impact:** Mitigate negative environmental impacts associated with mining.

The OECD guidance serves as a comprehensive tool to help companies responsibly manage mineral sourcing from CAHRAs, aligning operations with international standards for ethical business conduct and contributing to positive social and economic outcomes in high-risk regions.

Reference: https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264185050-en

APPENDIX 2: LBMA (London Bullion Market Association) Five Steps Due Diligence Framework

The RGG is based on the OECD's Five-Step due diligence framework for sourcing minerals from Conflict Affected and High-Risk Areas, and the OECD Due Diligence Guidance Gold Supplement

Step 1. Establish Strong Company Management Systems

The objective of Step 1 is to establish appropriate gold supply chain due diligence policies and governance structures to oversee the prevention and mitigation of threat finance risks and to consider ESG factors, as defined below, in the Refiner's gold supply chain

- 1.1** Adopt and commit to a policy for gold supply chain due diligence Refiners must adopt a gold supply chain policy that incorporates the risks and risk management measures outlined in Annex II of the OECD Due Diligence Guidance (OECD Annex II) and extends to addressing adverse ESG factors in the Refiner's primary gold supply chain.
- 1.2** Establish management structures to support supply chain due diligence Refiners must establish internal governance structures to provide effective oversight of the implementation and continuous improvement of the supply chain due diligence programme.
- 1.3** Establish a gold traceability system The Refiner must establish a system of controls for visibility and transparency over the supply chain. This includes a chain of custody or traceability system that identifies the origin of the gold and the upstream partners involved in the supply chain, and a mechanism to trace the input of each lot refined and the first destination of each product shipment. Material segregation is not required.
- 1.4** Strengthen company engagement with gold-supplying counterparties Refiners should build long-term relationships based on trust and mutual recognition with suppliers.
- 1.5** Establish a confidential grievance mechanism Refiners must develop a mechanism that allows any employee or external stakeholder (intended user) to voice concerns over the gold supply chain or any newly identified risk. Such mechanisms may be provided directly or through collaborative arrangements with other companies or organisations such as an Industry Programme or Institutionalised Mechanism

Step 2. Identify and Assess Supply Chain Risks

The objective of Step 2 is to identify actual and potential adverse impacts with respect to OECD Annex II and consider adverse ESG factors in the Refiner's gold supply chain. Due diligence is expected to be proportional to the business activities of each Refiner and its supply chains. An integrated due diligence process that considers sourcing from Conflict-Affected and High-Risk Areas (CAHRAs) as well as additional location-, supplier- or type of material-based high risks is considered most effective.

- 2.1** Conduct supply chain due diligence to identify potential risks Refiners must perform supply chain due diligence following a risk-based approach. This includes mapping the supply chain to identify and assess risks effectively. Due diligence must be undertaken before entering a new business relationship with a gold-supplying counterparty and must continue throughout the relationship.
- 2.2** Classify supply chains based on risk profiles Refiners must determine their own criteria to classify supply chains based on the risk profiles determined during the initial due diligence. Risk classification criteria are expected to incorporate the threat finance and ESG factors stipulated in Step 1.1, and should be regularly reviewed and updated. The following minimum criteria must be considered to determine zero-tolerance and high-risk supply chains.
- 2.3** Undertake Enhanced Due Diligence measures for high-risk supply chains Where EDD is triggered, Refiners must undertake an on-site investigation/visit at the location of the gold origin (i.e., mine sites for Mined Gold and the gold-supplying counterparty office for Recycled Gold).

Step 3. Design and Implement a Management Strategy to Respond to Identified Risks

The objective of Step 3 is to evaluate and respond to the identified risks in Step 2 to prevent or mitigate adverse impacts. Where appropriate, Refiners should seek to exercise leverage and enhance supplier engagement to address the risk most effectively. Refiners should also enhance their own systems of information collection and transparency. Where known risks or founded suspicion of upstream suppliers sourcing from or linked to any party committing zero-tolerance or high-risk abuses are identified, the Refiner must immediately cease or suspend engagement with the counterparty.

- 3.1** Devise a risk management strategy for the identified risk Refiners must determine their own risk management strategies based on internal risk appetite and processes. However, the following minimum criteria must be considered for risk management.
- 3.2** Monitor the improvement plan Where Refiners decide to continue relationships as counterparties implement an improvement plan, the principles of good faith efforts

to make meaningful improvements in the supply chain must be adopted. The risk management strategies must include measurable steps to be taken by the counterparty, performance monitoring, periodic reassessment of risk and regular reporting to the Board Committee, as applicable.

- 3.3** Report findings to the Board Committee The Board retains ultimate control and accountability for the gold supply chain. Actual and potential risks identified in the supply chains and proposed risk management strategies must be communicated to the Board Committee.
- 3.4** Continuously monitor adequacy of risk management strategies Supply chain due diligence is a dynamic process and requires ongoing risk monitoring. After implementing a risk management strategy, Refiners should assess if Step 2 of this Guidance should be repeated or, for instance, if another on-site visit is required. Any changes in the supply chain may require the Refiner to repeat some due diligence steps to ensure effective management of risk.

Step 4. Obtain Independent Third-Party Assurance on Supply Chain Due Diligence Practices

The objective of Step 4 is for Refiners to have their supply chain due diligence policies and processes, applicable to each gold refinery, independently assured by an LBMA approved Assurance Provider. The independent assurance provides the Board, LBMA and external stakeholders with the comfort that the Refiner's supply chain due diligence policies and processes are appropriately designed and are effectively operating to meet the objectives of the RGG and to protect gold supply chains against the material threat of finance risks and ESG factors.

Step 5. Report Annually on Supply Chain Due Diligence

The objective of Step 5 is for Refiners to publicly report on their gold supply chain due diligence policies, practices and performance for the reporting year, with appropriate regard for security, proprietary information, data protection regulations and the legal rights of the other supply chain actors. This public disclosure is to raise awareness of and generate confidence in the Refiner's measures to combat threat finance risks and to address adverse ESG factors in the Refiner's primary gold supply chain.

Reference: <https://cdn.lbma.org.uk/downloads/Publications/2021/Responsible-Gold-Guidance-Version-9-Final.pdf>

APPENDIX 3: MOE Due Diligence Regulations for Responsible Sourcing of Gold

Due Diligence Regulations for Responsible Sourcing of Gold

The Ministry of Economy (MoE) is entrusted with the supervision and regulation of Designated Non-Financial Business & Professions (DNFBP) operating in the UAE, which includes Dealers in Precious Metals & Precious Stones sector (DPMS). The Cabinet Decision No (3/1F) of 2019 and its amendment Cabinet Decision No (28M/4F) of 2019 designated the Ministry of Economy with the supervision and regulation of DNFBPs operating in the country, including those entities operating in the commercial free zones, as well as the issuance of regulations and guidelines and the implementation of measures to ensure adherence to AML/CFT obligations under the AML/CFT legislation.

Clause No (2) of Article (44) of Cabinet Decision No. 10 of 2019 on the Implementing Regulation of Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations designates the supervisory authorities with the “establishment of the crime-combating regulations, instructions and forms for the entities subject to their supervision, when necessary.”

The DPMS sector’s risk rating is inherently "high" and the Refinery sub segment is identified as the sub segment with the highest risk. MoE has initiated several measures as part of intensified regulatory and supervisory engagement with DPMS sector to mitigate the identified risks.

Due Diligence Regulations establishes the measures adopted by refiners with regard to the responsible sourcing of gold. Adherence to this Regulation forms part of the existing AML/CFT requirements set out in the AML/CFT Legislation. The implementation of this regulation will complement the existing Customer Due Diligence (CDD) requirements for gold refiners and will reduce overall compliance burden and audit fatigue on these entities.

The regulations consist of a set of policies and procedures to identify and mitigate risks in the process of importing gold from conflict -affected and high-risk areas, which follows the 5 steps frame work issued by OECD as summarized below.

1. Establishment of a strong company management system
2. Identification and assessment of risk in the supply chain
3. Designing and implementation of a strategy to respond to identified risks
4. Carrying out independent third-party reviews of the refiner’s due diligence practices
5. Periodic reporting

The entities under the purview of this regulation will have to adhere to the requirements from the audit period starting from 1 Jan 2023 and will have to do the third-party review upon completing 12 months from the start of the cycle. The reports will have to be submitted to the Ministry of Economy within 90 days of the completion of the review cycle.

Reference: <https://www.moec.gov.ae/en/diligence-regulations-for-responsible-sourcing-of-gold>

APPENDIX 4: The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The Ten Principles of the United Nations Global Compact 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](#), and the [United Nations Convention Against Corruption](#).

Human Rights

[Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and

[Principle 2](#): make sure that they are not complicit in human rights abuses.

Labour

[Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4](#): the elimination of all forms of forced and compulsory labour;

[Principle 5](#): the effective abolition of child labour; and

[Principle 6](#): the elimination of discrimination in respect of employment and occupation.

Environment

[Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

[Principle 8](#): undertake initiatives to promote greater environmental responsibility; and

[Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Reference: <https://unglobalcompact.org/what-is-gc/mission/principles>

APPENDIX 5: Emirates Bullion Market Committee Rules for Risk Based Due Diligence in the Gold Supply Chain

RULE 1. SUPPLY CHAIN MANAGEMENT SYSTEMS

Each Accredited Member conducting business in the supply chain relating to Mined Gold and Recycled Gold must implement and maintain systems and procedures which are sufficiently robust to conduct effective due diligence on the Accredited Member's 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. Members should evaluate the objectives of their management system against performance to ensure attainment of the expected outcome in a periodic manner.

RULE 2. SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT

Each Accredited Member conducting business in the gold supply chain is required and must 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 serious Human Rights abuses or environmental and social issues associated with gold which they produce, distribute, transport, export, sell and/or purchase. If the Accredited Member can reasonably determine on the basis of the information collected under Rule 1 that it does not deal in gold 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 the Accredited Member is not able to reasonably determine on the basis of the information collected under Rule 1 that it does not deal in gold 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 3. RISK CONTROL PLAN

Each Accredited Member 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 consider 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 de

RULE 4. INDEPENDENT THIRD-PARTY AUDITS

Each Accredited Member is required to ensure its own compliance with these Rules for RBDG and arranging at their own cost for this compliance to be reviewed by an independent third-party reviewer

RULE 5. ANNUAL REPORTING ON RESPONSIBLE SUPPLY CHAIN DUE DILIGENCE

Each Accredited Member 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.

Reference: <https://ugd.gov.ae/wp-content/uploads/2023/06/EBC-Rules-for-RBDG.pdf>