

Independent Reasonable Assurance Report (ISAE 3000 Engagement)

on

Regulated Entity's 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

Fine Gold (A Branch of Fine Gold LLC)

17 OCTOBER 2024

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

To,
The Board of Directors,
Fine Gold (Branch),
QB-6, Ground Floor, DAFZA Industrial Park
Dubai Airport Free Zone, Dubai,
The United Arab Emirates.

Independent Reasonable Assurance Report to Fine Gold (Branch) (ISAE 3000 engagements)

Introduction

AKW Tax Reclaim Accounting & Consultancy (“AKW” or the “Reviewer”) was engaged by Fine Gold (Branch) (the “Regulated Entity”) to provide an Independent Reasonable Assurance on its 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 10th October 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 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 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 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 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 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 10th October 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

17 October 2024

Dubai, UAE

FINE GOLD

COMPLIANCE REPORT – MINISTRY OF ECONOMY 2023

The aim of this report is to summarize the steps taken by **FINE GOLD (BRANCH)** to achieve compliance during the calendar year 2023 with the Ministry of Economy for Due Diligence Regulations for Responsible Sourcing of Gold.

Details of Reporting Entity

Company Name:	FINE GOLD (BRANCH)
Address:	Address QB-6, Ground Floor, Dafza Industrial Park Dubai Airport Free zone Dubai, UAE
Location:	Address QB-6, Ground Floor, Dafza Industrial Park Dubai Airport Free zone Dubai, UAE
Reporting year-end:	2023
Date of Report	10 th October 2024
Senior management responsible for this report	Shiyad Kattuparambil Abdulkareem Mohamed Ahamed Meeran

Refinery Evaluation

The tables and statements which are listed below demonstrate our evaluation of the compliance to each sub-point of the rules as defined in Guidelines for Due Diligence of Responsible Sourcing of Gold

Summarized conclusion Evaluation

Non-Compliance with MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations

Our Evaluation of each rule

Step 1: Establishing an effective Governance Framework

- 1.1 Adopt and commit to a policy for gold Supply Chain due diligence.
- 1.2 Establish management structures to support Supply Chain due diligence.
- 1.3 Establish a system for transparency, information sharing, and control on the gold Supply Chain.
- 1.4 Strengthen company engagement with gold-supplying counterparties.
- 1.5 Establish a confidential grievance mechanism

Compliance Statement:

Non-Compliant with the MOE Due Diligence Regulations for Responsible Sourcing of gold – Medium Risk Deviations.

FINE GOLD

Demonstration of Compliance:

FINE GOLD has adopted policies, internal procedures, and mechanisms by the UAE Guidelines for responsible sourcing, London Bullion Market Association (LBMA), OECD guidelines, Dubai Multi Commodities Centre (**DMCC**), the Alliance for Responsible Mining (ARM) and not limited to the government cooperation.

Our assessments and evaluations involve not only the compliance officer but also, its employees and management.

FINE GOLD evaluations, risk assessments, policies, and procedures have been accepted and approved by the management.

It is required to be up to date, it's open to discussion in case any changes are demanded, required, and improved.

Every employee in **FINE GOLD** group shall be aware of the AML/CFT Systems implemented by the Compliance department after the management approval.

FINE GOLD understands the need of involvement of the management and their approval is required on all the policies and procedures.

- AML & CFT policy
- AML Training Program
- AML & CFT annual program
- Record Keeping Policy
- Code of Conduct and Ethics
- Anti-Bribery & Anti-Corruption Policy
- Due Diligence ASM Cash policy
- Internal risk assessment
- Responsible Sourcing supply chain policy
- CRAFT Report and guidance
- ASM Completed due Diligence
- Politically Exposed Person,
- Monitor and review of the risks
- Customer Acceptance Policy
- Suspicious Transactions Reporting (STR) Procedures
- Risk Appetite Statement
- KYC Recycled Form
- KYC Mined Form

Fine Gold had not shared important policies and procedures with the customers and counterparties however we understand the importance that these policies must be shared with our customers and counterparties and should be regularly updated if any changes occur.

The internal procedures are confidential and exclusive for the use of **FINE GOLD**.

In addition to the above policies the following procedures shall be included:

- Environment Health and Safety Policy
- Human Rights Policy
- Grievance Policy
- Whistle-Blower policy
- Upgraded Know Your Customer form (KYC)

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- Cash Policy
- Supply chain Manual
- Upgraded Risk Assessment

Compliance Team at Fine Gold has established mechanisms regarding the Conflict-Affected and High-Risk Areas (CAHRA), and other high-risk areas that **FINE GOLD** considers based on the risk assessment.

Under every evaluation, different possible scenarios can be visualized, and it is **FINE GOLD's** responsibility to assess such risks and implement a follow-up plan in case the case is acceptable.

The compliance culture shall be always disclosed and shared with our customers, and the importance of a clear, ethical, and responsible supply chain must be the highest priority.

To engage with the supplier is necessary to demonstrate the importance of the supply chain.

Active communication is constant, all departments are involved and open to discussing supply chain matters.

Fine Gold has not prepared a supply chain manual yet; however, we are in the process of preparing a comprehensive document detailing all important aspects related to the supply chain of minerals.

The Compliance department has direct and free access with no limitation to the customer Files, supply chain, and transactions. The compliance team is in the process of communicating its expectations to the gold supply chain actors to maintain responsible supply chain of metals.

As of now, **FINE GOLD** has not sourced from MINED MATERIAL Suppliers, however, the procedures and mitigations are in place to accept material at any time, the following statements are the following:

- Verifications and Identification of the documents and supply chain information
 - Well knowledge in regard to the mining regulations instructed by the government entities from the main countries (mining suppliers)
 - A correct verification through the government mining entities
 - Suffice Background of the different mining suppliers such as: (Cooperatives, individuals, collectors, special communities, black communities, groups of women "barequeros", Artisanal Mining, Medium-Scale mining, and Large-Scale Mining/industrials)
- Every concept has different requirements with proper mitigation plans and corrective observations. The evaluation shall be precise.

Fine Gold look forward to adopting best practices for responsible business by implementing policies such as Environment health and safety policy, human rights policy, grievance policy, cash policy and whistle blower policy.

FINE GOLD shall visualize every scenario and appraise implementing every internal process in detail from the beginning till the end and in constantly follow up.

Our compliance team activities are:

- Keep up to date with the KYC Files
- Carry out FINE GOLD Compliance Procedures, mitigation plans, risk assessments, policies, enhanced due diligence and evaluations
- Perform compliance verifications
- Active communication with all departments in any case.

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- Reporting DPMSR reports, SAR/STR, and Red flags on the FIU's GoAML platform in case it is necessary
- Up to date in the mining regulations (national/international).
- Raise any red flag to the senior management in case it is detected and disclose any possible corrective plans and follow-ups
- Monitoring the risks and corrective plans once are disclosed and initiated
- Active screening against the UAE Sanction list and international lists.

The Compliance team at Fine Gold did not perform pre-employment screening on its staff member however we consider implementing KYC checks on all the staff member including compliance team and senior management,

FINE GOLD Compliance shall be always available and supporting for every staff and department.

Fine Gold has implemented process of collecting complete set of documents from all the clients before onboarding is complete. The compliance team will ensure to follow best practices in collecting all the required KYC, transaction, and shipment documents.

Fine Gold currently follows a mechanism to capture only 995 purity for the gold bars procured from within the UAE and exported out of the country. However, we are in the process of making required changes to reflect the exact purity on the invoices being generated by the company.

FINE GOLD Compliance has shared the procedure and the guidance of SAR/STR detection, **FINE GOLD** Team is well trained, and periodic discussions are open.

The GoAML Submission, an internal training has been performed by the compliance department to fulfill the UAE regulations and FIU Requests.

To enforce the **FINE GOLD** team, AML, and responsible training and supply chain are conducted by Crowe UAE, a Third-Party Company.

Fine Gold does not have a grievance redressal mechanism in place at the moment however we planning to implement this important aspect to strengthen stakeholder engagement strategy.

Step 2: Identification and Assessment of the Supply Chain Risk

- 2.1 Conduct Supply Chain due diligence to identify potential risks.
- 2.2 Identify red flags/high-risk indicators in the gold Supply Chain.
- 2.3 Undertake enhanced due diligence measures for high-risk Supply Chains.

Compliance Statement:

Not Compliant with the MOE Due Diligence Regulations for Responsible Sourcing of gold – High Risk Deviations.

Demonstration of Compliance:

FINE GOLD starts to perform the due diligence only when there are direct instructions from the management to commence the account opening process.

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Before initiating the business, the documentation shall be requested and delivered to **FINE GOLD** from the customer side and immediately evaluated by **FINE GOLD** Compliance department.

The information is reviewed, and the risks are identified. If any are revealed, extra documentation may be required to fill full our KYC requirements.

The data is assessed and carried out on an ongoing basis taking into consideration the mandatory possible/probable/future risks:

- Customer Risk and Anti-Money Laundering
- Supply Chain – Geographic Risk.
Recycled Material & Mined material
- Products, services, and Delivery channels
Recycled Material & Mined material
- Impacts of New development and technologies
- Client Characteristics and patterns of activity and transactions
- Wholesale/supplier/buyer customer indicator behaviors
- Shipping evaluation and documentation.

However, FINE GOLD shall improve the active engagement with adverse media research and the shareholders/directors shall be a direct part of the risk assessment to have precise results.

FINE GOLD shall manually enter the new data available in FATFA and CAHRA to keep up to date with the evaluations.

The compliance team is also considering re-assessing the risk identification methodology to be able to categorise risk for each counterparty in an effective and efficient manner.

The subject client is evaluated according to what kind of material (Recycled/Mined) will be supplied.

The risk rating shall be displayed once all the risks are shown adequately.

The geographic scenarios that are considered High-Risk shall be taken into consideration for acceptance, reduce the risk or Rejection without the option of the onboarding process.

- Conflict-affected and High-Risk Areas
- Areas of increasing monitoring, Gray Countries
- Areas of crime rate/government instability
- Areas where the precious metals business is limited
- Sanctioned Countries sharing borders with any other jurisdiction
- Areas known for Illegal mining/narcotics and vandalism
- Areas where the mining regulations are not well regulated by the granted license entity
- Areas where Indigenous communities prevail
- Areas where there are no regulations and protection from the government
- Areas known as heritage areas, protected extents

As disclosed in Step 1, the supply chain must be evaluated properly and professionally and, any kind of violation/risk evidence shall be denied on the spot or accepted with an available and prepared risk mitigation plan contemplated by the compliance department and approved by the senior management.

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Some of the risks are not tolerated by **FINE GOLD** and it cannot be considered and even acceptable to include them in a prepared corrective plan.

Under any circumstance, **FINE GOLD** is not willing to accept:

- Any kind of human rights violation, direct/indirect. Displayed in the OECD guidelines
- Any type of environmental transgressions/offenses
- Any kind of Indigenous community violations
- Violations against heritage/protected areas
- Money laundering & Financing Terrorism crimes
- Business with countries/companies and individuals under sanctions
- Black countries

As mentioned in Step 1, **FINE GOLD** created suitable and well-elaborated procedures and steps to identify the red flags in the supply chain (Mined/Recycled).

The categorization is Low-Risk, Medium-Risk, and High-Risk.

Part of **FINE GOLD's** commitment is to work with an ethical and sustainable supply chain.

According to our Assessments, **FINE GOLD** does not accept any cash transaction as payment.

However, an individual **NO CASH Business policy** shall be adopted and implemented in **FINE GOLD** due diligence.

Fine Gold is also aware that screening is an important aspect of the KYC, CDD and EDD procedures. The compliance team will ensure that the screening for all the companies, their respective UBO's, authorised representatives and authorised person's is conducted in a timely manner and on an ongoing basis.

FINE GOLD is well conscious about the current Cash payment - ASM systems performed in some countries, where most of the miners belong to these categories in the supply chain: Cooperatives, individuals, collectors, special communities, black communities, groups of women "barequeros", Artisanal Mining, Small-Scale mining. Mentioned in step 1.

To mitigate subject transactional risk is mandatory to know:

- ID of Artisanal Miner/collector
- Unique Mining register/Mining registration/Mining ID
- Verification in the mining agency that the number is active/real and subscribed in the mining national Data
To be performed by the aggregator if it is applicable and by FINE GOLD compliance.
- Criminal Records, open and active cases.
To be screened against the National and International sanction lists
The compliance approval shall be approved only if the above requirements are completed and satisfied.
- Current mining production, up to date for every miner.
Some countries such as South America, have a system called mining supply tracking, where every Artisanal miner is allowed to trade a certain amount, if the miner exceeds the amount, he will not be able to trade till he is approved by the mining agency/body regulator.
This method applies only to individual/collector/miner
- Area/Location, where the material has been collected
- Invoice, Gold Declaration (the miner declared the quantity to be sold to the purchaser company)

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The cash value amount does not exceed USD 10,000 and is mechanized by a third-party company and accounting program. The proofs such as receipts and paperwork shall be conducted and filed.

As part of our Due Diligence, **FINE GOLD** must conduct site visit reports and document in detail all the information and visualization of the working area.

Any kind of negative points and discrepancies against the data and supply chain shall be immediately evaluated and terminated. The Risk Assessment is rated periodically to determine the current risk and the possible changes.

Step 3: Management of the Supply Chain Risk

3.1 Devise a risk management strategy for the identification of risk.

3.2 Risk Control Plan.

3.3 Continuous Monitoring.

3.4 Senior Management Reporting.

Compliance Statement:

Not Compliant with the MOE Due Diligence Regulations for Responsible Sourcing of gold – Medium Risk Deviations.

Demonstration of Compliance:

As disclosed in Step 1, **FINE GOLD** compliance has elaborated a compliance program that consists of AML/CFT, a Responsible Supply Chain, Risk mitigations, and corrective plans.

The compliance program is constantly updated and evaluated by **FINE GOLD** compliance and management.

FINE GOLD shall communicate and prepare a report to the management with the current clients and the subject risk rating.

For Medium-Risk and High-Risk Customers, a follow-up must be conducted with the approval of the senior management and constant evaluation and report.

Once is completed, the risks are evidenced and the corrective plan/mitigation plan is conducted. The approval shall be granted by the management.

FINE GOLD shall engage more with suppliers/customers regarding the supply chain – creating a traceability system for the implementation of ongoing monitoring process

Fine Gold does not have a risk management strategy in place however we are developing a risk control plan and a risk management strategy to effectively manage any kind of upcoming supply chain risks.

Rigorousness Measures:

- **FINE GOLD** shall continue/establish/proceed with the client, rating as Low-Risk when customer due diligence is performed, and no risks are identified.
The risk rate may change changes in the UBO, company information, customer behaviors, and supply chain, transaction flow.

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- **FINE GOLD** shall suspend and terminate when the risk is not tolerable and evidenced such as Money Laundering, Terrorist Financing, human rights offenses, environment crimes, heritage areas transgressions, illegal mining, and sanctions updating.

FINE GOLD must submit a detailed report to FIU in the GoAML platform.

The evaluation never ends, and it is in regular updating.

The management shall approve the compliance program and what it implicates mentioned in step 1.

FINE GOLD does not report to the senior management periodically however the staff shall study, and raise any concerns/doubts in any compliance matters and will institute a protocol for periodic reporting to the senior management of the company

FINE GOLD compliance must be aware of their responsibilities and communicate as much as required to management.

Step 4: Independent Third-Party Audit of Due Diligence Measures

4.1 Audit Plan

4.2 Audit Implementation

Compliance Statement:

FINE GOLD is fully compliant upon completion of the audit with Step 4

FINE GOLD has acquired the third-party services of AKW Tax Reclaim Accounting and Consultancy (AKW) to conduct a review of Due Diligence Regulations for Responsible Sourcing of Gold Approved by the Ministry of Economy.

The audit will be conducted in line with Step 4, and the guidance and protocols.

Provided by the MOE Due Diligence Regulations for Responsible Sourcing of Gold.

AKW will interview and collect the proper information listed below:

- Company's files
- Suppliers' Information
- Supply chain information
- Company Policies and procedures
- AML Training programs
- Risk Assessments and Mitigations
- Transaction Information
- On-Site Refinery Visit

Step 5: Annual Reporting on Due Diligence Measures

5.1 Management Systems

5.2 Risk Assessment

5.3 Risk Management

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FINE GOLD is fully compliant upon submission of the report to the Ministry of Economy with step 5

FINE GOLD shall submit all the necessary reports to the Ministry of Economy which are as follows:

- Compliance Report
- Comprehensive management report (issued by AKW)
- Assurance Report (issued by AKW)

MANAGER: SHIYAD KATTUPARAMBIL ABDULKAREEM

MANAGER: MOHAMED AHAMED MEERAN

