



## **BUREAU VERITAS CERTIFICATION**

**Reviewer's Assurance Report for Follow up audit of MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).  
For**

**Company Name : Prestige Precious Metals DMCC**

**SITE(s): Refinery at G-01,Plot No :DMCC EZ3-07,  
DMCC FreeZone, Enterprise Zone -3, Dubai**

**AUDIT DATE(s): 18/09/24-20/09/24  
Reporting Period :1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023**



**BUREAU  
VERITAS**

**Shaping a World of Trust**



**Independent Follow up audit Assurance Report to Prestige Precious Metals DMCC (PPM) on its Refiner's Compliance Report dated 29/09/24 and the Corrective action report Sept 2024 for the MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).**

**To the Board of Directors of  
Prestige Precious Metals DMCC  
Dubai, UAE**

**1.The assurance scope and level of assurance:**

We were engaged by Prestige Precious Metals DMCC to provide Follow up audit Assurance on its Refiner's Compliance Report for the year ended 31<sup>st</sup> December 2023.

The assurance scope is limited to verification of the implementation of the corrective actions against the Findings raised by AKW.

**Ref documents consists of :**

The Refiner's Compliance Report dated: 29/09/24

PPM - Corrective Actions report dt: Sept 2024.

Prestige Precious Metals DMCC - Comprehensive Management Report – 2024 (AKW)

Prestige Precious Metals DMCC - Assurance Report - 2024

**2. Management's Responsibilities**

The Compliance Officer and the Senior Management of PPM is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).

This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors/management as relevant for demonstrating compliance with the MOE Regulations for RBDG are the activities described within the Refiner's Compliance Report and the Refiner's Supply Chain Policy .

**3.Auditor's Responsibilities**

Our responsibility is to carry out a Follow up audit to verify the implementation of the corrective actions in order to express a conclusion based on the refiner's activities described in the Refiner's Compliance Report. Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Refiner's Compliance Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our assurance engagement in accordance with 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 and the MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).

This report has been prepared for **PPM** for the purpose of assisting the compliance officer and the Senior Management in determining whether Refiner has complied with the MOE Regulations and for no other purpose. Our assurance report is made solely to **PPM** in accordance with the terms of



our engagement. We do not accept or assume responsibility to anyone other than **PPM** for our work, or for the conclusions we have reached in the assurance report.

#### 4. Follow up audit procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of refiner's processes and risk management protocols in place.
- Enquiries of relevant staff responsible for the preparation of the Report
- Site visits to the Refiner
- Assessing the suitability of the policies, procedures and internal controls that the Refiner has in place to conform to the EBC Steps.
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation
- Test a selection of the underlying processes and controls that support the information in the Report.
- Review of the presentation of the Report to ensure consistency with our findings.

The review procedures undertaken by us cover the following:

i. Review whether the PPM has established robust sustainable supply chain management systems as detailed in and referring to Step 1 of the MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).

*The Policy is well defined and robust, and the KYC requirements found adequate taking into consideration the application of Step 1.1 to 1.5.*

*The Implementation of the Supply Chain and KYC policy and procedures were verified and found adequate in satisfying the requirements laid out under Step 1.1 to 1.5.*

ii. Review whether the **PPM** is able to identify and assess the risks in the supply chain as detailed in and referring to Step 2 of the MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).

In respect of Step 2, details as below verified:

(a) in relation to transactions: during 1/01/2023 to 31/12/2023 – **Refer to IRA report by AKW dt: 29/4/24**

(i) % of transactions audited:

(ii) Number of customers on boarding [KYC] files reviewed:

100% KYC files of all High-risk suppliers who are supplying materials from Conflict-Affected and/or High-Risk Areas.

KYC files of about 25% of the new customers on boarded during the reporting period and 10% files of existing active customers from the previous audit periods were reviewed.

(iii) total volume of Mined Gold and/or Recycled Gold in relation to the transactions audited:

As recorded in our comprehensive management report.

(iv) the sampling Steps or methods used:

Following a risk-based approach samples selected considering the high-volume transactions and high value customers / suppliers including new suppliers, COO, and material type.

(v) the total volumes of cash transactions (if any) and its usage in excess of government thresholds as applicable in the Accredited Member's place of domicile:



**PPM** has established a strong policy for cash payments and does not encourage the same. Any transactions above the permitted limits of Law are reported as per the AML-CFT laws of UAE.

(vi) the total volumes of unrelated third-party payments (i.e. cash, bank transfers and metal accounts held with bullion banks) and physical gold and/or precious metal deliveries in unusual circumstances that are not consistent with local and/or international market practices (for example, value, quantity, quality, profit): *This was verified and found none.*

(vii) adequacy and implementation of track and trace mechanism from mine/supplier to Sale and/or physical delivery to the Accredited Member's suppliers:

*This was verified on the sampled transactions; they were found adequate and satisfactory.*

(b) in relation to geographical considerations: **Refer to IRA report by AKW dt: 29/4/24**

**Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

(i) Gold and/or precious metal sourced from different geographical locations based on Physical form; quantity; actual or declared purity; country of origin and transportation; and as described in the country of origin.

(ii) any transaction which is related to a sanctioned and/or embargoed country, entity, Or individual:

(c) in relation to risk assessment, the alignment of the risk assessment methodology with Step 2 and any deviations from those requirements of Step 2: **Refer to IRA report by AKW dt: 29/4/24**

**Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

(d) the number of transactions and/or suppliers where enhanced due diligence was conducted during the period subject to Review:

**Refer to IRA report by AKW dt: 29/4/24**

**Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

Enhanced due diligence was conducted on the 2 High risk suppliers and 2 High risk supply chains during the Review period and followed by onsite visits.

iii. Review whether the **PPM** has developed and implemented a risk mitigation and/or control plan as detailed in and referring to Step 3 of the MOE Regulations and fulfilling objectives of the review program as detailed in the MOE review protocol.

**Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

*In respect of Step 3, the adequacy and implementation of the Risk Control Plan was verified and found as below :*

*Due diligence and risk assessment process noticeable improvements are made , but still the details related to Mine gold suppliers and assessment of risk needs improvement. The EDD for hi risk suppliers is limited to Desktop review , On site visit to assess the on the ground reality has not been implemented yet, though there are steps taken. No concrete plan with specific time line to complete is evident*

iv. Reviewed whether the **PPM** is reporting annually on its measures implemented for responsible supply chain due diligence and that the measures being reported are consistent with the independent third-party audit review program findings as detailed in and referring to Step 5 of the MOE Regulations and fulfilling objectives of the review program as detailed in the MOE review protocol (Annex I).



**PPM** has performed the Reasonable Assurance review for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2023 with AKW as independent third-party reviewer and has reported the compliance report to the MOE. **Refer to IRA report by AKW dt: 29/4/24**

Further the Follow up audit on the corrective actions for the findings raised for the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023 has been conducted with Bureau Veritas as independent third-party reviewer and will be reporting the compliance report to the MOE .

v. Reviewed the **PPM** activities related to conducting due diligence for adherence to MOE's Review Protocol in Annex 1 and Policy as described in Step 1.3. Anti-Money Laundering and Combating Financing of Terrorism Policy (as the minimum acceptable standard for AML/CFT due diligence policy).

**PPM** has established AML/CFT and a robust KYC due diligence Policy and the same supported by robust procedures. The implementation of the same was verified and found not effective requires improvement. **Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

***5.Any significant or inherent limitations or areas not covered:***

*Please list here any significant or inherent limitations or areas that have not been covered.*

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the Refiner and the methods used for determining such information. The methods used by Refiners to comply with the MOE Steps may differ. It is important to read the **PPM** Gold Supply Chain Policy available on their website.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1/ Review Protocol (ANNEX I).

Our work has been undertaken so that we report to the **PPM to the engagement** on those matters that we have agreed to state to them in this report. Our tests are related to **PPM Corrective actions against the findings of raised during the IRA by AKW .**

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the **PPM** for our work, for this report or for the opinions we have formed.

**6.Independence and competency statement**

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

We confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

***7. Emphasis of matter paragraph – None***

**8. Assurance observations, findings, and recommendations for improvement:**



**PI Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

**Assurance observations:**

**Recommendations for improvement**

**9. Specific observations with respect to the Refiner's Corrective Action Plan and implementation progress:**

*Please list here any specific observations with respect to the Refiner's Corrective Action Plan and implementation progress.*

**Please Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

**10. Countries of Origin Annex for mined and recycled Precious Metal including the amounts (Gms) received from each origin**

**Refer to IRA report by AKW dt: 29/4/24**

**Please Refer to : PPM FOLLOW UP AUDIT REPORT\_0924 R1, by BV dt: 29/09/24**

**11. Other relevant information**

The follow up audit was conducted to verify the implementation of corrective actions against the findings raised in the IRA report by AKW and verify compliance to the MOE regulations step 1 to 5.

**Conclusion**

In our opinion, in all material respects:

i. The **PPM** Followup audit Report for the year ended 31<sup>st</sup> December 2023, in all material respects, fairly describes the activities undertaken during the year to demonstrate the level of compliance, and management's overall conclusion contained therein, is in accordance with the requirements of MOE\_Due Diligence Regulations for Responsible sourcing of Gold V1 for the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023 and

ii. The compliance controls that were tested, as set out in the attachment to this report, were operating with sufficient effectiveness for us to assess the actions taken on the IRA findings that the related level of compliance were achieved in the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

ASSESSMENT CONCLUSIONS					
		Compliance Level		Non Compliance – risk level	
	CATEGORY	Fully Compliant	Compliant with Low risk	Medium	High
<b>A.</b>	<b>General Information</b>				
<b>B.</b>	<b>Step 1.</b> SUPPLY CHAIN MANAGEMENT SYSTEMS		X		
<b>C.</b>	<b>Step 2:</b> SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT			X	
<b>D.</b>	<b>Step 3:</b> RISK CONTROL PLAN			X	



<b>E.</b>	<b>Step 4:</b> INDEPENDENT THIRD-PARTY AUDITS	X			
<b>F.</b>	<b>Step 5:</b> Report on supply chain due diligence	X			

	Compliance level		Non Compliance risk level	
	Fully Compliant	Low Risk	Medium	High
Based on the assessment conclusions, the overall rating of the Refiner's performance is determined to represent: <b>MEDIUM RISK</b>				

Bureau Veritas  
Location: Dubai

Date: 29/09/2024

  
Signature :



Company Stamp:

<b>Company Name:</b>	<b>PRESTIGE PRECIOUS METALS DMCC</b>
<b>Address :</b>	Unit G01 Plot No. DMCC-EZ3-07 DMCC Free Zone Enterprise Zone 3 Dubai, UAE
<b>Location:</b>	Dubai, UAE
<b>Reporting year-end:</b>	
<b>Date of Report</b>	29/09/2024
<b>Senior management responsible for this report</b>	Name : Abdullah Meler Title : Managing Partner Contact details : abdullah@prestigemetals.ae

<b>Audit Team</b>	
<b>Team Leader:</b>	<b>Team Member:</b>
Krish Sriram	

### **Prestige Precious Metals DMCC evaluation**

The aim of this report is to report the corrective actions taken by Prestige Precious Metals DMCC ("Refiner") to achieve compliance with the Ministry of Economy Due Diligence Regulations for responsible sourcing of gold and to adhere to the requirement of a Mandatory Follow-Up Report.

### **Summarized conclusion**

Prestige Precious Metals acknowledged the potential risks associated with the extraction, trade, handling, and export minerals, especially from conflict-affected and high-risk regions. Therefore, Prestige Precious Metals remains fully committed to adhering to all relevant industry standards and regulatory guidelines, including the Ministry of Economy Due Diligence Regulations for Responsible Sourcing of Gold. Following the Initial Review for the period of January to December 2023, we have implemented significant measures to enhance our compliance framework, due diligence processes, and operational controls. This report outlines the implementation of the corrective actions and reflects the ongoing dedication to strengthening compliance and making improvements where necessary.

### **Evaluation**

**Disclosure on the individual rating of the level of compliance or non-compliance for the sub-points of each Step 1 -5 of the MOE Regulations**

**STEP 1: ESTABLISHING AN EFFECTIVE GOVERNANCE FRAMEWORK**

**Compliance statement:** *Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low Risk Deviations*

**Demonstration of Compliance:**

**1.1. Adopt and commit to a policy for managing risks in gold from CAHRAs**

Regulated Entities must adopt a documented gold Supply Chain policy that incorporates the risks and risk mitigation measures. The policy and any supporting procedures should include details on the gold Supply Chain Due Diligence which the company will assess itself and the activities and relationships of suppliers.

The policy should at least contain the following elements, which are consistent with OECD model Supply Chain policy as listed in Annex II of OECD Guidance.

- a) Scope
- b) Roles and responsibilities of employees, management and Board of Directors
- c) Know Your Counterparty (KYC) and Customer Due Diligence measures
- d) Supply Chain risk assessment and risk mitigation process
- e) Ongoing monitoring measures
- f) Independent audit mechanism
- g) Record retention requirements
- h) Training program

Prestige Precious Metals is dedicated to adhering to regulations pertinent to its business operations, embracing international best practices, and complying with market standards. It pledges to operate in alignment with the OECD due diligence guidance for responsible mineral supply chains from conflict-affected or high-risk regions, including its supplement focused on gold, along with the DMCC regulations for risk-based due diligence within the Gold and Precious Metals Supply Chain, in addition to other relevant regulations.

Prestige Precious Metals has developed and implemented a wide range of internal policies and procedures.

- Responsible Supply Chain Policy
- AML/CFT: Policy and Procedures
- Anti-Bribery and Anti-Corruption Policy
- Enterprise-Wide Risk Assessment Report
- Human Rights Policy
- Whistle Blower Policy
- Integrated Management System – QHSE Manual
- STR/SAR Policy
- Targeted Financial Sanctions Compliance Policy
- Staff Onboarding Policy

Prestige Precious Metals' Supply Chain Policy outlines its commitment to establishing a responsible mineral supply chain. This policy is publicly accessible on the company's website and shared with customers wishing to engage with the company. The guidelines,

procedures, and controls articulated in the policy are applicable to all customers and staff members.

The responsibilities and roles of management, compliance officers, staff, and suppliers are explicitly defined to ensure consistent implementation.

The due diligence criteria for the supply chain encompass adequate risk assessment factors outlined in the OECD and DMCC rules. Key components of the KYC procedures align with AML-CFT laws. Identification and validation of documents and the KYC form serve as the initial pivotal steps in the procedures and controls and are conducted before accepting any client. Upon applicant screening, background checks, and review of the applicant's intended business purposes, funding sources, and expected business activities, an initial decision regarding the application status (acceptance, rejection, or the need for further information) is made.

Prestige Precious Metals' policies and procedures are reviewed and, if necessary, amended periodically or when appropriate to be compliant with any legislative developments.

- a. Scope: Prestige Precious Metals is dedicated to adhering to regulations pertinent to its business operations, embracing international best practices, and complying with market standards. It pledges to operate in alignment with the OECD due diligence guidance for responsible mineral supply chains from conflict-affected or high-risk regions, including its supplement focused on gold, along with the DMCC regulations for risk-based due diligence within the Gold and Precious Metals Supply Chain, in addition to other relevant regulations.
- b. Responsibilities: The responsibilities and roles of management, compliance officer, and employees, are explicitly defined in the policy and separately in Job Descriptions.
- c. Know Your Counterparty (KYC) and Customer Due Diligence measures: The importance of and the different steps for the KYC-processes are clearly defined in the Supply Chain Policy. The KYC elements are in line with the requirements of the

Cabinet Decision No. 10 of 2019 and the Federal Decree Law No. 2020 of 2018 on Anti Money Laundering and Combatting the Financing of Terrorism and Illegal Organizations. With our KYC process in place, we can identify and verify the customer, to understand the nature of the customer's business, to assess (money laundering) risks, to identify the UBO's of the customer and to identify PEP's, if any.

After evaluating the applicant's screening, background information, and examining the business plan, source of funds, and anticipated levels of activity, an initial determination is rendered regarding the application status. This decision may involve acceptance, rejection, or a request for additional information from the customer. All KYC findings are summarized in the Customer Compliance Report.

The continuous KYC monitoring involves supervising transactions and customer profile.

- d. Supply Chain Risk assessment and risk mitigation process: Prestige Precious Metals follows the five-step framework for risk-based due diligence for responsible supply chain of minerals. Prestige Precious Metals has developed a manual for risk identification, monitoring and reporting, which includes procedures on risk assessment and the risk mitigation measures.
- e. Ongoing Monitoring Measures: Prestige Precious Metals has developed a manual for risk identification, monitoring and reporting, which includes procedures on risk assessment and the risk mitigation measures.
- f. Independent Audit Mechanism: The Supply Chain Policy highlights the requirement of appointing an accredited reviewer to conduct an annual independent third-party audit.
- g. Record retention requirements: Prestige Precious Metals shall maintain relevant records for a minimum duration of five years.
- h. Training program: A Training Program is be developed and implemented. Several trainings were attended by the Compliance Officer and other employees.

<p><b>1.2. Establish management structures to implement Supply Chain Due Diligence</b></p> <p>Regulated Entities must establish internal governance system to effectively implement and maintain a Supply Chain Due Diligence program on an ongoing basis. The minimum requirements are as follows:</p>	<p>Prestige Precious Metals has successfully set up internal governance frameworks for effectively implementing and maintaining Supply Chain Due Diligence programme on an ongoing basis.</p>
<p><b>1.2.1 The board of directors, or equivalent, should acquire the necessary knowledge and experience, or utilise external expert advisors, to:</b></p> <ul style="list-style-type: none"> <li>a. provide oversight of the Supply Chain Due Diligence framework and outcomes;</li> <li>b. ensure that effective structures and communication processes are in place for critical information sharing;</li> <li>c. assess the effectiveness of the Supply Chain Due Diligence policies and processes on an ongoing basis;</li> <li>d. ensure that the compliance officer's responsibilities include gold Supply Chain Due Diligence matters;</li> <li>e. ensure the availability of required resources to manage the Supply Chain Due Diligence process;</li> <li>f. delegate authority and assign responsibility to staff whom are equipped with the necessary competence, knowledge and experience to manage the Supply Chain Due Diligence process; and put in-place an organizational structure that can effectively communicate critical information, including the Supply Chain Due Diligence policies and procedures, to relevant employees.</li> </ul>	<p>Senior Management of Prestige Precious Metals has years of knowledge and experience in the gold industry, both in the United Arab Emirates and internationally. With his extensive experience, the managing partner plays a pivotal role in overseeing the company's compliance program, including supply chain due diligence. He maintains direct communication with the Compliance Team, who provides regular updates and reports on compliance matters and developments, ensuring the company stays informed and responsive to evolving regulatory requirements.</p> <p>Senior Management reviews the company policies and protocols and gives approval for implementation.</p>
<p><b>1.2.2 Regulated Entities must appoint a compliance officer, who must be a senior person in the organization, reporting directly to the Chief Executive Officer (CEO) (or equivalent) and has access to the board of directors, or equivalent.</b></p>	<p>Prestige Precious Metals' Compliance Officer is appointed in July 2023 and has a direct reporting line to Senior Management.</p> <p>According to the Initial Review Report, the Compliance Officer exhibits good knowledge of Compliance and Responsible Sourcing, but further coaching to strengthen her capabilities is required as there is only limited experience in the gold sector. Further, it was observed that there is a clear need to expand the compliance team as all responsibilities were managed</p>

by the Compliance Officer only and no support staff was assigned. There were also no capacity building efforts observed.

In line with the observations and recommendations by the Initial Reviewer, Prestige Precious Metals has developed a comprehensive training strategy for 2024, for both the Compliance Team and other employees involved in the supply chain. This strategy promote compliance culture and focuses on AML/CFT, supply chain due diligence, compliance governance, customer due diligence and enhanced due diligence, risk assessment, transaction monitoring, STR/SAR filing, etc. It also includes clear objectives, a schedule for 2024, and different key performance indicators to measure progress and effectiveness. In line with the Training Strategy, several trainings (both internal and external) were attended by the Compliance Officer and/or other employees. The effectiveness of the training is evaluated through quizzes and feedback forms and the effectiveness of the Training Strategy will be assessed at the end of 2024.

Relevant information on trainings is recorded in a Training Register.

Prestige Precious Metals has also developed an ongoing Capacity Building Program, including a log to track the development of the actions taken, to upskill the compliance team and provide them with the necessary tools and resources to execute their responsibilities effectively.

Given the expansion of the clientele and other growth goals, Prestige Precious Metals has added a member to the Compliance Team who will support the Compliance Officer in her tasks. Upon her appointment, the Compliance Assistant has received comprehensive training from the Compliance Officer on the fundamentals of AML/CFT and Responsible Supply Chain.

<p>The compliance officer should be responsible for the overall management of the Supply Chain Due Diligence process, including:</p> <ul style="list-style-type: none"> <li>a. a. Monitor the Supply Chain Due Diligence process;</li> <li>b. b. improve the Supply Chain Due Diligence framework including by reviewing and updating the Supply Chain policy and procedures;</li> <li>c. c. manage and implement a training and awareness program with regard to due diligence;</li> <li>d. d. collaborate with the relevant Supervisory Authority and the FIU by providing all requested data, and allow their authorised employees to view the necessary records and documents that will allow them to perform their duties</li> </ul>	<p>In line with the job description and responsibilities, the Compliance Officer is responsible for the overall management of the Supply Chain Due Diligence process:</p> <ul style="list-style-type: none"> <li>a. The Compliance Officer is responsible for monitoring the company's due diligence processes. All findings by the Compliance Officer are summarized in a customer compliance report and presented to Senior Management. Incoming shipments are verified by the production team and by the Compliance Officer and should get approval before acceptance.</li> <li>b. The Compliance Officer updates the company policies and procedures and obtains Senior Management approval.</li> <li>c. The Compliance Officer is responsible for developing a training program and to promote a culture of compliance within the company. During the reported period, the Compliance Officer has developed and implemented a training strategy, covering foundational training and advanced modules, based on the role of the employee.</li> <li>d. The Compliance Officer is responsible to cooperate with the relevant authorities and submit reports whenever required.</li> </ul>
<p>1.2.3 Regulated Entities shall perform a fit &amp; proper test and conduct KYC checks of the compliance officer, and other employees involved in the procurement process, during recruitment and on annual basis</p>	<p>According to the Initial Review Report, there were no KYC checks or sanctions screening conducted on the Compliance Officer and other staff members involved in procurement and supply chain due diligence. <b>These measures have now been improved, and all relevant personnel have been subject to the appropriate background checks by public domain search and sanction screening through the DigiComply software in alignment with regulatory standards.</b></p> <p>Moreover, the Compliance Officer has developed and implemented a Staff Onboarding Policy, outlining the importance of Know Your Employee and the training to be provided to the newly hired employee.</p>

1.2.4 Regulated Entities must develop and implement a training program for all persons involved in the responsible Supply Chain Due Diligence process.

**1.2.4 Regulated Entities must develop and implement a training program for all persons involved in the responsible Supply Chain Due Diligence process.**

The training program:

- a. Should be provided during staff recruitment and on an ongoing basis;
- b. includes a mixture of topics between generic Supply Chain Due Diligence training and role-specific matters;
- c. should be provided at least on bi-annual basis via face to face or digital channels;
- d. effectiveness should be assessed through questionnaires and feedback forms; and
- e. records related to the training and subsequent assessments should be kept as part of the overall record keeping mechanism of the Regulated Entity and should be available upon request by the Supervisory Authority

The Compliance Officer has developed a comprehensive Training Strategy for 2024, covering all required topics for persons involved in the responsible supply chain due diligence process.

- a. Trainings are provided both as part of the onboarding stage of the employee, within 30 days from the joining date, and on an ongoing basis.
- b. The trainings covered different topics ranging from foundational training to more advanced modules and from generic supply chain due diligence to role-specific matters. According to the Initial Review Report, the Compliance Officer attended a training on responsible sourcing but there was no specific training conducted on Supply Chain Due Diligence for all staff. Following this observation, the Compliance Officer has included a comprehensive training for all Prestige Precious Metals's staff in July 2024, provided by an external trainer. The training covered not only AML/CFT requirements but also supply chain due diligence. Further, the Compliance Team has attended several advanced trainings and workshops, which have equipped the team with a comprehensive understanding of the regulatory landscape, enabling them to adeptly navigate and implement robust compliance measures within the company.
- c. The training for all employees was provided in July 2024 and a second training shall be arranged in December 2024.
- d. The effectiveness of the trainings was assessed through feedback and questionnaires.
- e. Prestige Precious Metals maintains a training register and maintains record of all training materials and feedback forms.

**1.3 Establish a system for transparency, information sharing, and control on gold Supply Chain:  
Regulated Entities must document the Supply Chain Due Diligence findings and information in a systematic way which ensures visibility on the entire Supply Chain of gold.**

**Regulated Entities should conduct Due Diligence on immediate counterparty in all cases and should extend this till the origin of the gold in case of any risk identified in the supply chain.**

Prestige Precious Metals has put in place processes to collect and record due diligence findings and data in a systematic way.

Prestige Precious Metals gathers and verifies KYC information from its direct suppliers through the account opening form. KYC files are kept and revised when needed, and it is a prerequisite during onboarding that the supplier commits to adhering to Prestige Precious Metals' policies. Our diligent customer identification protocols ensure precise identification, verification of

*This process must document the information as detailed below:*

customer identities, and evaluation of potential risks posed by the customer, in line with UAE laws. Specifically, our Customer Due Diligence (CDD) measures, delineated in the Prestige Precious Metals' policies are employed in the following scenarios:

- Before initiating a business relationship.
- When suspicions arise concerning money laundering or terrorism financing.
- In instances where uncertainties arise about the accuracy or sufficiency of previously obtained.

Identification and verification, along with the completion of the KYC form, serve as the initial and crucial step in the procedures and controls, conducted before accepting any customer. After applicant screening, background checks, and an assessment of the applicant's intended business purposes, funding sources, and anticipated level of activity, an initial determination regarding the application status (acceptance, rejection, or the need for further information) will be made.

**The Compliance Officer collects all information obtained from its customers and the due diligence findings in a Customer Compliance Report, which is presented to Senior Management.**

In case there is a risk identified in the supply chain, Prestige Precious Metals will apply further due diligence. According to the Initial Reviewer report, Prestige Precious Metals did not extend the due diligence process till the origin of the gold and the transite route from the source of gold in the origin country to the final destination was not adequately mapped.

In line with the recommendations of the Initial Reviewer, **Prestige Precious Metals has improved its due diligence protocols.**

**The Compliance Officer has developed an Enhanced Due Diligence Protocol for Artisanal and Small-Scale Mining Supply and a Supply Chain Risk Identification, Mitigation and Monitoring Manual. This Manual includes different tools to be used by Prestige Precious Metals to conduct due diligence, including a country report, CAHRA list, FATF list of jurisdictions, list of red flag indicators and red flag form, PEP declaration, source of wealth declaration, Compliance Checklist for incoming shipments, etc. These tools enable the Compliance Officer to identify any red flags and risks at the onboarding stage and during the relationship.**

	<p>All the due diligence findings are also summarized in a compliance report, which is attached to the customer file of the relevant customer. The due diligence findings are presented to Senior Management.</p> <p>Further, Prestige Precious Metals has held meetings with its customers to discuss the due diligence requirements for responsible sourcing, including the due diligence requirements for ASM. By building trust with its customers and strengthening the relationships, Prestige Precious Metals was able to get a clearer overview of the different supply chains it sources from. It is essential for Prestige Precious Metals to continue these efforts to have a clear understanding of the origin of the gold it receives, both for mined gold, and for recycled gold when necessary.</p>
<p><b>1.3.1 For natural persons,</b> the name, as in the identification card or travel document, nationality, address, attaching a copy of a valid identification card or travel document, and approval needs to be obtained from the senior management, if the supplier or any of the Beneficial Owner is identified as a PEP</p>	<p>As outlined in Prestige Precious Metals' policies, prior to onboarding the company requests from natural applicants:</p> <ul style="list-style-type: none"> <li>• KYC Account Opening Form duly completed and signed</li> <li>• Valid Emirates ID for Emirati nationals and non-Emirate residents</li> <li>• Valid Passport and visa for non-residents</li> <li>• Address proof such as utility bill, bank statement, insurance policy or other official document</li> </ul> <p>Upon receipt of the documents, Prestige Precious Metals conducts a verification of the documents, applicant screening, background checks, and an assessment of the applicant's purpose and activities. The findings of this verification will be summarized in the Customer Compliance Report.</p> <p>If the supplier or any of the UBO's is identified as a PEP, they shall be subject to enhanced due diligence during the onboarding process and during the business relationship, and the customer will only be onboarded after approval from Senior Management. Enhanced Due Diligence for PEPs consist of establishment of the source of wealth and increased media check to verify the background of the PEP status.</p>

<p><b>1.3.2 For legal persons and legal arrangements:</b></p> <p>a. the name;</p> <p>b. legal form;</p> <p>c. memorandum of association or equivalent constitutional document;</p> <p>d. commercial license;</p> <p>e. country of incorporation;</p> <p>f. countries of operations;</p> <p>g. headquarter office address or the principal place of business; and</p> <p>h. names of relevant persons holding senior management positions and acting as authorised representatives in the legal person or legal arrangement, including authorisation letters.</p>	<p>As outlined in Prestige Precious Metals' policies, the company requests from legal applicants:</p> <ul style="list-style-type: none"> <li>• KYC Account Opening Form duly completed, signed and stamped</li> <li>• Corporate documents including a certificate of incorporation, valid trade/operating/commercial license, memorandum of association or equivalent constitutional document, VAT Registration Certificate</li> <li>• Address Proof such as utility bill, bank statement, or other official document.</li> </ul> <p>Upon receipt of the documents, Prestige Precious Metals conducts a verification of the documents, applicant screening, background checks, and an assessment of the applicant's intended business purposes and expected operations. The findings of this verification will be summarized in the Customer Compliance Report.</p>
<p><b>1.3.3 Regulated Entities are required to verify that any person purporting to act on behalf of the supplier is authorized through official documents such as power of attorneys, and verify the identity of that person as prescribed in section (1.3.1) and (1.3.2) above</b></p>	<p>Prestige Precious Metals's account opening form includes a section to appoint authorized representatives of the customer, other than the shareholder(s). When another person, other than the shareholder or authorized representatives appointed in the account opening form, acts on behalf of the customer, a separate authorization letter is required including information on the shipment or purpose for which the authorization is granted.</p> <p>Identification and verification of these authorized representatives is carried out to assess the risk before engaging.</p>
<p><b>1.3.4 Regulated Entities are exempted from identifying and verifying the identity of any shareholder, partner, or the Beneficial Owner, if such information is obtainable from reliable sources where the supplier or the owner holding the controlling interest are a company listed on a regulated stock exchange subject to disclosure requirements through any means that require adequate transparency requirements for</b></p>	<p>Prestige Precious Metals has not onboarded any customers of which the shareholder, partner, or beneficial owner cannot be identified through reliable sources.</p>

<p>the Beneficial Owner or a subsidiary whose majority shares or stocks are held by the shareholders of a holding company.</p>	
<p><b>1.3.5 For gold supplied from ASM, the policy should provide for gathering additional information, including:</b></p> <p>a. Identification and verification of the local exporter through documents such as export licenses;</p> <p>b. mine location and ASM's legal existence and conformity to legal framework (if available) or their willingness to formalize the legal framework</p>	<p>The Initial Reviewer observed that the sourcing from Aggregators and Artisanal and Small-scale Miners poses significant risk and raises concerns about the robustness of Prestige Precious Metals' due diligence process. There remains a lack of clarity on the ultimate origin of gold in case of mined gold.</p> <p>In line with the recommendations of the Initial Reviewer, Prestige Precious Metals has developed a protocol for Enhanced Due Diligence for Artisanal and Small-scale Mining Supply. This protocol covers the essential aspects such as supplier identification, document verification, framework of the mining site, risk assessment, on-site assessments, etc. The protocol and the due diligence reports on the counterparties in the supply chain has helped Prestige Precious Metals in gaining a more accurate and comprehensive understanding of the supply chain dynamics and potential risks.</p>
<p><b>1.3.6 Regulated Entities shall cease establishing or maintaining a business relationship or executing any transaction should they be unable to undertake CDD measures towards the supplier and should consider reporting such instances to FIU through Suspicious Activity Reports/ Suspicious Transactions Reports.</b></p>	<p>As outlined in Prestige Precious Metals' policies and Risk Appetite Statement, no relationship will be established with a customer if it was not possible to identify the customer or the shareholder or to conduct customer due diligence.</p> <p>For one of Prestige Precious Metals' customers, no identity document was provided for one of the UBO's. Also considering the absence of transactions, it was decided to terminate the relationship.</p> <p>Prestige Precious Metals has also filed Suspicious Activity Reports/Suspicious Transactions Reports when deemed necessary.</p>

**1.3.7 Regulated Entities shall create and maintain documents inventory related to Supply Chain Due Diligence carried out by the entity which should be accessible for the entity as well as the regulatory on a timely manner.**

The records inventory shall include, at least:

- a. Information regarding the form, type and physical description of gold/gold bearing material;
- b. proof of origin of mined gold through official government issued certificate of origin or equivalent document and invoices and packing list;
- c. information regarding the weight and assay of gold as provided by supplier;
- d. KYC information of supplier including identification and verification of entities and ultimate Beneficial Owners who owns 25% and above directly and indirectly;
- e. unique reference numbers for each input and output of gold;
- f. dates of input and output, purchases and sales;
- g. shipping/transportation documents (such as waybill/airway bill, pro forma invoice, and bill of lading) to establish Chain of custody from origin to refinery;
- h. date of arrival at the refinery and date of assay finalization and financial transactions details including amount, method of payment, currency, and banking information

Prestige Precious Metals maintains documentation and records regarding its Supply Chain Due Diligence since the beginning of its operations in 2023. The company's record keeping policy states that these documents should be retained for at least five years. a. Compliance Check Form, Customer Lab Report and XRF Report: these documents include information on the form, type and physical description of gold/gold bearing material.

b. Prestige Precious Metals maintains shipment documentation, including certificates or declarations of origin or equivalent documents, to identify the origin of the mined gold.

c. The Compliance Check form gives an overview of information on the weight and assay of the gold, as provided by the customer.

d. Prestige Precious Metals maintains KYC files and updates the information of these files when necessary.

e. Each individual lot will be assigned a unique internal number identifying the specific lot and customer.

f. Deliveries and releases of gold shipment are properly recorded in our accounting software.

g. With every shipment, the company requires complete and accurate shipment documentation, including (where applicable) bill of entry, airway bill, sales documents, etc.

h. The company's accounting software maintains proper records of gold shipments, along with financial transaction details

**1.3.8 Regulated Entities should make and receive payments for gold through official banking channels where possible and for unavoidable cash transactions there should be proper verification of origin of cash and should be reported to the FIU where applicable.**

As outlined in Prestige Precious Metals' Risk Appetite, the company limits its level of cash transactions and if possible, preference is given to payments through bank transfer. Cash transactions are accepted when the customer can provide source of wealth and cash payment above AED 55,000.00 will be reported to FIU.

<p><b>1.3.9 Regulated Entities should cooperate fully with regulators and law enforcement agencies in the UAE regarding gold transactions. Regulated Entities should provide access to complete information regarding all shipments and transactions carried out with regard to gold refining.</b></p>	<p>Prestige Precious Metals is committed in fully cooperating with regulators and law enforcement agencies regarding gold transactions. Prestige Precious Metals shall ensure that all information regarding shipments and transactions carried out with regard to gold refining is readily available.</p>
<p><b>1.3.10 All records, documents, data and information collected as part of Supply Chain Due Diligence of an actual and potential relationships should be kept, preferably, on a computerized database for not less than five years from completion of a transaction or termination of the business relationship with the supplier. The records, documents and data kept shall be organized so as to permit data analysis and tracking of financial transactions. All records, documents, data and information should be immediately available to regulators and law enforcement agencies upon request</b></p>	<p>In accordance with our record keeping policy, Prestige Precious Metals maintains pertinent records, files, documents, communications, and forms, including without being limited to:</p> <ul style="list-style-type: none"> <li>a. All customer documentation as outlined in the KYC checklist and/or correspondences, encompassing documents acquired during client due diligence and/or enhanced due diligence.</li> <li>b. All shipping/transportation documents for each shipment.</li> <li>c. All documentation related to a red flag, along with any corresponding response or follow-up.</li> <li>d. All transaction documents.</li> <li>e. All delivery notes.</li> <li>f. All records of training sessions attended by Prestige staff, officers and other stakeholders – comprising dates, content, and attendees.</li> </ul> <p>The above documents are maintained in easily accessible location for a minimum of five years from the latest of:</p> <ul style="list-style-type: none"> <li>a. Date of the most recent transaction related to the most recent material intake from a supplier;</li> <li>b. Date of the conclusion of a comprehensive inspection by a MpE approved reviewer;</li> <li>c. Date of closure of the customer's account or termination of the relationship with the customer; and</li> <li>d. Date of closure of an investigation into a specific transaction or customer.</li> </ul>

**1.3.11 Regulated Entity's policy must include adequate security requirements to ensure compliance with the Regulations in relation to material sourced from LSM or ASM mining entities. These requirements shall include the following measures:**

- a. The use of identifiable sealed security boxes for each shipment to avoid any tampering or removal of content
- b. b. physically segregating different shipments until verification is adequately completed and confirmed in accordance with Step 1.3.7;
- c. c. reporting any inconsistencies to senior management or the Compliance Officer (as appropriate);
- d. d. ensuring that any assessor of a shipment is independent from any conflict of interest; and
- e. e. if applicable, verify a supplier's participation in the Extractive Industry Transparency Initiative

Prestige Precious Metals upholds the utmost security standards for receiving metals within its factory premises. It has developed and implemented a protocol that needs to be followed by the Production Team whenever a shipment arrives at the facility:

1. Once arrived at the refinery, Prestige Precious Metals' team will scrutinize each shipment, examining its physical form, type, specifications, etc. Each individual lot will be assigned a unique internal number identifying the specific lot and client. Also, the delivery documents will be thoroughly checked and compared.
2. A description of the material will be included in the Compliance Checklist for incoming shipments, accompanying the material through the production cycle and will be marked in the internal system.
3. Prestige Precious Metals team will also perform a physical verification of any hallmarks or distinctive characteristics in the smelting facility.
4. If there are any discrepancies, red flags, or any other non-compliance issues at any stage of the process, the staff should inform the Compliance Officer and suspend processing until these discrepancies are resolved and regulatory compliance is ensured.
5. All metals are assayed and refined in Prestige Precious Metals' refinery. To prevent any tampering or content removal, every shipment received by Prestige will be securely placed within identifiable sealed boxes, maintaining this security measures throughout the entire process.

**1.4. Strengthen company engagement with gold supplying counterparties**

*Regulated Entities should build long-term relationships with suppliers and should make their suppliers commit to a Supply Chain policy consistent with the Regulations and Appendix II of the OECD Guidance. This should be achieved by the following:*

**1.4.1** Communicating the expectations of the refiners to the supplier on due diligence for responsible Supply Chains of gold from CAHRA. This should be done by requiring the supplier to commit to refiner's gold Supply Chain policy (as per section 1.1 of the Regulations); or through supplier's own policy.

Prestige Precious Metals is committed to build long-term relationships with its customers, to educate its suppliers on the importance of responsible sourcing and to spread the compliance awareness throughout its supply chains. In the KYC Account Opening Form, every customer had to declare that it will comply with Prestige Precious Metals' Supply Chain Policy.



<p>1.4.2 Sharing the AML/CFT Legislation, the Regulations, OECD Guidance, and Gold Supplement with all suppliers.</p>	<p>Prestige Precious Metals has shared the relevant regulations through email with its suppliers.</p> <p>The key regulations are also shared on Prestige Precious Metals' website. Moreover, the KYC Account Opening Form refers to the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, LBMA Responsible Gold Guidance, and the DMCC Practical Guidance.</p>
<p>1.4.3 Incorporating the Supply Chain policy in line with this Regulations into commercial contracts and/or written agreements with suppliers which will be legally binding.</p>	<p>According to the Initial Review Report, Prestige had not incorporated Supply Chain Due Diligence requirements into commercial contracts or written agreements to enforce legal commitment.</p> <p><b>Prestige Precious Metals has added clauses to its service agreement to include specifics on AML/CFT and supply chain due diligence.</b></p>
<p>1.4.4 Supporting suppliers through capacity building measures and information sharing to improve Supply Chain practices of suppliers and other parties in the Supply Chain</p>	<p>According to the Initial Review Report, there was no evidence to demonstrate the Prestige had actively pursued capacity building and information sharing to enhance the supply chain practices of its suppliers and other upseam entities.</p> <p>After the Initial Review was concluded, <b>the Compliance Officer scheduled visits/meetings with the customers to discuss the (importance of) due diligence for responsible sourcing of gold.</b></p> <p>Further, Prestige Precious Metals has informed its suppliers through email on key regulations, regulatory updates, upcoming trainings, etc.</p> <p>Prestige Precious Metals has also reached out to an external consultant inquiring on the possibility of offering a training/workshop on the supply chain due diligence requirements, for which Prestige Precious Metals would invite representatives of its (major) customers. While this was not scheduled during the reported period, Prestige Precious Metals is willing to schedule such training later this year.</p>



#### 1.5. Establish a confidential grievance mechanism

Regulated Entities must implement a grievance mechanism through which the employees or other stakeholders in the Supply Chain should be able to raise concerns related to sourcing or trading of gold from a CAHRA.

The mechanism should ensure that:

- a. employees or other stakeholders are enabled to report any misconduct, or an improper state of affairs or circumstances in a secured way that protects the identity and from criminal and administrative liabilities;
- b. it acts as a warning system in addition to refiners own system for risk assessments;
- c. all relevant parties should know the presence of such mechanism through appropriate communication channels such as policy and newsletters or through websites
- d. it encourages users to submit such concerns without fear of reprisal;
- e. all submitted concerns be evaluated independently to ensure no undue influence of parties in the entity;
- f. ensure that all submissions should be treated fairly without prejudices and there should be documented procedures to share information on the status to stakeholders in a transparent manner; and
- g. all such submission should be utilized in improving the Supply Chain mechanism and should be utilized in the risk assessment process.

Regulated Entities should use their own KYC tools and/or independent audit, assurance reports or certification of conformance with recognized responsible sourcing standards (other initiatives) can be considered as supporting evidence.

In line with our Whistle Blower Policy, Prestige Precious Metals encourages its employees and other stakeholders to report any suspected violations or concerns regarding unethical behavior, illegal activities, fraud, financial irregularities, discrimination, harassment, or any other misconduct. All employees have acknowledged receipt of this Whistleblower Policy. In addition to the option of raising compliance violations through internal channels, any interested party can voice concerns and report violations – anonymously or not – related to Prestige's supply chain and associated risks sending an email to [compliance@prestigemetals.ae](mailto:compliance@prestigemetals.ae) or [hr@prestigemetals.ae](mailto:hr@prestigemetals.ae).

During the reporting period, no employee or other party has raised any concern or reported any issue.

#### STEP 2: IDENTIFICATION AND ASSESSMENT OF THE SUPPLY CHAIN RISK

**Compliance statement:** *Non-Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations*

**Demonstration of Compliance:**

## 2.1 Conduct Supply Chain Due Diligence to identify potential risks

Regulated Entities must identify and assess the risks in the Supply Chain to carry out required due diligence.

Due diligence must be undertaken before entering a new business relationship with a supplier and should be carried out on an ongoing basis. Conducting risk assessment will help to tailor the due diligence according to the risks identified.

Where high risk Supply Chain is identified, enhanced due diligence measures should be taken in order to mitigate the risks.

Regulated Entities should use the management system put in place under Step 1 of the Regulations in order to effectively identify and assess risks through their Supply Chain.

If a Regulated Entity can reasonably determine on the basis of the information collected under Step 1 of the Regulations that it does not deal in gold mined, transported or traded in a CAHRA, no additional due diligence is required.

The management systems established under Step 1 should be maintained and regularly reviewed. However, Regulated Entities should ensure that the applicable AML/CFT measures in line with AML/CFT Legislation and other Applicable Laws and Regulations are complied with which are applicable to Regulated Entities being DNFBPs.

The risk assessment should be carried out using risk factors broadly categorized in 2.1.1 to 2.1.5.

Prestige Precious Metals conducts supply chain due diligence in line with the criteria specified in the Ministry of Economy regulations and OECD guidelines. Prestige Precious Metals implements its Supply Chain Policy and applies due diligence measures to verify the identities of suppliers and their beneficial owners, both prior to onboarding and when executing transactions.

Due Diligence starts at the onboarding stage of a (potential) customer. Once a customer completes the prerequisites to open an account and all essential information is gathered and verified, the Compliance Officer assesses the risk level. The risks assessment stands as an integral part of the customer's account and is mandatory before initiating any business relationship or transaction. It includes at least the following risk factors: counterparty risk, geographical risk, transaction risk, product risk, delivery channel risk.

When a supply chain is labeled as high risk, enhanced due diligence is applied, which – depending on the type of risk – could include enhanced media checks, source of wealth declaration, additional verification, increased monitoring, senior management approval, etc.

According to the Initial Review Report, the due diligence findings were not collected in a systematic way. Given the recommendation of the Initial Reviewer, the Compliance Officer has developed a template for a Customer Compliance Report, which is used to collect all information in a systematic manner and to have a clear presentation for Senior Management. This Customer Compliance Report includes company details, list of KYC documents received from the customer, public domain search findings,

	<p>screening results, supply chain due diligence findings, a country report, a risk level and a conclusion by the Compliance Officer.</p> <p>Therefore, all due diligence findings for customers and their supply chain are now clearly summarized in a Customer Compliance Report, and presented to Senior Management. During the business relationship, the Customer Compliance Report is updated whenever there is new information.</p> <p>Further, according to the Initial Review Report, the direct suppliers of Prestige Precious Metals have not conducted Enhanced Due Diligence on their suppliers from whom they source gold and get it refined from Prestige. Given this observation by the Initial Reviewer, Prestige Precious Metals has requested its customers to provide information on their EDD practices. Prestige Precious Metals has received enhanced due diligence reports on the counterparties in the supply chain, which gives a comprehensive overview of the due diligence conducted by its direct customers and the risks of the supply chain. For some counterparties, source of wealth declarations or declaration on their commitment to responsible sourcing were obtained.</p>
<p><b>2.1.1 Counterparty Risk Factors</b></p> <p>a.KYC information of the Regulated Entity's suppliers as identified under Step 1 of the Regulations (including information about the origin and transportation of the gold).</p> <p>b. Identified Red Flags (as defined in Step 2.2 of the Regulations) in the Supply Chain.</p> <p>c. Number of participants in the Supply Chain.</p> <p>d. Extent and effectiveness of due diligence practices of a counterparty.</p>	<p>When conducting risk assessment, the Compliance Officer takes into account different factors for customer/counterparty risk:</p> <ol style="list-style-type: none"> <li>Which KYC information from the customer and other counterparties is obtained? The Compliance Officer will verify the information and conduct due diligence.</li> <li>Are there any red flags identified in the supply chain? If a red flag is identified, additional due diligence is conducted.</li> <li>How many counterparties are involved in the supply chain? When there are more counterparties involved in the supply chain, the risk for this supply chain increased.</li> </ol>

<p>e. Counterparty's conformance with OECD Guidance while engaging in sourcing of gold.</p> <p>f. Whether a counterparty's due diligence practices have been audited by a qualified third-party auditor in line with applicable responsible sourcing mechanism.</p> <p>g. Length of establishment of supplier or other counterparties in the Supply Chain.</p> <p>h. Complexity in the ownership structure of the counterparties such as presence multiple layers of ownership and involvement of trust and similar vehicles apparently for purpose of anonymity.</p> <p>i. Size of mining operations of a supplier (ASM or LSM), if applicable</p> <p>j. Involvement of any PEPs that have been entrusted with prominent public functions or individuals who are closely related to such individuals.</p> <p>k. Adverse media/Sanctions listing findings through the screening the suppliers and other actors in the supply chain.</p>	<p>d. Which due diligence practices are applied by the customer?</p> <p>e. Does the customer follow the OECD Guidance?</p> <p>f. Are the due diligence practices of the customer or other counterparties audited by a qualified third-party auditor in line with applicable responsible sourcing mechanism? The presence of such certification is considered in the risk assessment.</p> <p>g. How long is the supplier active in the business?</p> <p>h. Is the ownership structure of the counterparty clear or are there different layers involved?</p> <p>i. Is the gold sourced from ASM or LSM?</p> <p>j. Are there any PEP's identified in the supply chain?</p> <p>k. Is there any adverse media found or any match for sanctions in the supply chain?</p>
<p><b>2.1.2 Geographical Risk Factors</b></p> <p>Regulated Entities should be able to identify the location and origin of the gold sourced by them using reasonable efforts. Different origins have different risks and require different treatments. Identification of gold origin should be evidence based and collected through suppliers and entity's own research.</p> <p>a. Mined Gold: The origin of mined gold is the mine itself except in cases of a mining by-product such as gold obtained through mining of copper. A refiner should be able to identify misrepresentation of mined gold as by-product through appropriate due diligence.</p> <p>b. Recyclable Gold: The origin of recycled gold is the point at which it becomes recyclable such as when it is first sold back to</p>	<p>Prestige Precious Metals uses reasonable efforts to identify the location and origin of the gold delivered to the refinery.</p> <p>a. For mined gold, Prestige Precious Metals uses reasonable efforts to identify the mine itself. Information on the mine is obtained both through transparent communication with the direct customer and through own research.</p> <p>b. For recycled gold, Prestige Precious Metals obtains transaction documents from its customers to verify the origin.</p> <p>When conducting risk assessment, the following factors for geographical risk are considered:</p> <p>a. What is the legal framework in the country? Is the country under increased monitoring by FATF or even on the blacklist?</p> <p>b. Are there significant conflicts or human rights abuses in the country?</p>

a gold recycler/Refiner. A refiner's due diligence should include measures to identify attempts to misrepresent the origin of newly mined gold through recycled gold.

c. Grandfathered Stocks: If a verifiable date from prior to 1 January 2012, no determination of origin is required. However, if red flags (refer to Section 2.2) are identified with regard to violation of AML regulations or international sanctions, further scrutiny of the Supply Chain is warranted.

Location-based risk identification should be carried out using reasonable efforts and recognized sources of information. At a minimum, following risk factors should be utilized for risk identification.

a. The AML/CFT and other regulatory environment in the supplier's jurisdiction or location which is part of Supply Chain.

b. Level of conflicts or human rights abuses in any location comprising part of the Supply Chain through reliable resources.

c. Level of involvement of wide spread bribery and corruption through reliable resources.

d. The level of involvement or potential involvement of any criminal organization.

e. The level of access from a location comprising part of the Supply Chain to nearby markets or processing operations that are termed as CAHRA.

f. The level of enforcement of laws addressing significant criminal activity.

g. Payment mechanism used (e.g. formal banking system vs. non-banking system).

h. The existence of international sanctions and/or embargoes that have been directed against the country and/or individuals/entities in that country by UN Security Council and/or UAE from time to time.

- c. Is there a significant presence of bribery or corruption?
- d. Are there any criminal organizations active and somehow involved?
- e. Are there any CAHRAs nearby the country?
- f. What is the level of enforcement of criminal laws?
- g. Which payment mechanisms are used?
- h. Are there any international sanctions or embargoes?
- i. Is there any CAHRA involved in the supply chain?

For the above risk factors, the following websites or databases are consulted:

- KnowYourCountry
- FATF country lists
- Global Organized Crime Index
- UN Reports
- Transparency International's Corruption Perception Index
- Sanctions Lists
- Countryrisk.io

i. Involvement of countries identified as CAHRA.	
<p><b>2.1.3 Transactions Risk Factors</b></p> <p>a. Inconsistency of transaction with the local or market practices (amount, quality, potential profit, etc.).</p> <p>b. Inconsistency of volumes, types and concentrations of material compared with previous shipments with the same client.</p> <p>c. Use of excessive cash in transactions.</p> <p>d. Attempted structuring of transactions to make payments to avoid government thresholds.</p> <p>e. Identified risks and severability and probability of adverse impacts of the applicable transaction.</p> <p>f. Gold that are transported which are not reasonably reconciled with the declared location of the origin</p> <p>g. Unexplained geographic distance in the Supply Chain</p>	<p>When conducting risk assessment, the following factors for transaction risks are considered:</p> <p>a. Is the (intended) transaction in line with the industry practice? Is the transaction normal, reasonable and legitimate?</p> <p>b. Is the transaction in line with previous activities of the customer?</p> <p>c. Is there a justification for the use of cash?</p> <p>d. Is there any attempt of smurfing detected?</p> <p>e. Are there any red flags or risks in the transaction identified?</p> <p>f. Does the declared country of origin match with the production of that country and the shipment documents?</p> <p>g. Is there any red flag regarding the transportation route?</p>
<p><b>2.1.4 Product Risk Factors:</b></p> <p>a. The nature of the gold supplied such as, ASM or LSM gold, gold by-product, melted recyclable gold and unprocessed recyclable gold. The risk may vary from product to product.</p> <p>b. Level of concentration of gold in the supplied gold.</p>	<p>When conducting risk assessment, the following factors for product risk are considered:</p> <p>a. What is the type of gold delivered to Prestige?</p> <p>b. What is the purity level? Is there any other material detected in the gold? Upon arrival of the shipment, the Production Team conducts a preliminary quality check to verify the type of precious metal and determines an indicative purity through the XRF.</p> <p>If any discrepancy is detected in the gold, the shipment will be put on hold and further investigation will be carried out.</p>
<p><b>2.1.5 Delivery Channel Risk Factors:</b></p> <p>a. Physical delivery of gold to unrelated third parties which is not consistent with normal business practices.</p> <p>b. Courier/transport related risk factors including physical security practices such as sealed security boxes for shipment in</p>	<p>When conducting risk assessment, the following factors for delivery channel risk are considered:</p> <p>a. How is the gold delivered to Prestige Precious Metals?</p> <p>b. Are there any security measures taken by the customer or other counterparties for the transportation of the gold?</p>

which the tampering or removal of content during transport is likely.

c. Extent of reliability and KYC information of third party transportation companies validated through accepted standards

c. Are there any third-party transportation companies involved? Or other intermediaries? What is included in the agreement with the transportation companies?

## 2.2 Identify Red Flags/ High Risk Indicators in the gold Supply Chain

Based on the information on origin of gold as stipulated in Section 2.1, and information generated through Step 1,

Regulated Entities should identify the potential red flags in a Supply Chain of gold. Red flags can be broadly categorized as below

All Prestige Precious Metals' employees are responsible for identifying red flags in the supply chain of gold and should be reported to the Compliance Officer or to Senior Management. Internal protocols, that are distributed by the Compliance Officer and easily accessible at the office and the factory of the company, emphasized this responsibility.

Every identified red flag undergoes an investigation. If any red flag surfaces during the onboarding stage, the Compliance Officer conducts an exhaustive inquiry, and the customer's account remains unopened until it is considered that the red flag has been clarified/resolved and Senior Management approval is obtained. If any red flag emerges during the relationship, the shipment is halted, and further investigation is carried out. The transaction is resumed after the red flag has been clarified/resolved and after Senior Management approval.

If deemed necessary by the Compliance Officer, a STR/SAR is filed with the FIU.

According to the Initial Review Report, a critical gap had been identified in Prestige's practices regarding the identification of red flags. Also, there was no documented evidence showing that the matter was escalated to the General Manager.

	<p>In line with the recommendations of the Initial Reviewer, <b>all red flags are documented in a Red Flag Form, which contains information on the nature of the red flag, the related customer/transaction, and the action taken. This Red Flag Form is submitted to Senior Management. Red flags detected during the onboarding stage are pointed out in the Customer Compliance Report. Red flags are also discussed with Senior Management during the monthly meetings.</b></p> <p>Further, according to the Initial Review Report, a gap was identified regarding the reporting of suspicious activities to the Financial Intelligence Unit (FIU).</p> <p>In line with the recommendations of the Initial Reviewer, <b>a training strategy aimed at emphasizing the critical role of timely and accurate reporting to the FIU is developed and implemented.</b></p>
<p><b>2.2.1 Location Based Red Flags</b></p> <p>a. The gold originates from, or has been transported through, a CAHRA or countries subject to international sanctions.</p> <p>b. The gold originates from a country known to have limited discovered reserves and expected production levels.</p> <p>c. The gold originates from a country through which gold from CAHRAs is known or reasonably suspected to transit.</p> <p>d. The gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from CAHRAs is known or reasonably suspected to transit.</p> <p>e. The gold originated or transported through countries known to have weak oversight of Money Laundering, corruption, bribery, presence of informal banking systems, and known cash intensiveness in the economy</p>	<p>The Compliance Officer has distributed a list of red flags to all employees which include location based red flags.</p> <p>a. Customers are required to provide information on the country of origin, in the account opening form. The Compliance Officer conducts due diligence on the declared countries and summarizes the findings in a Country Report, which forms part of the Customer Compliance Report.</p> <p>b. Part of the Country Report is a section on the gold production of that country.</p> <p>c. When conducting due diligence on the country, research is done on potential smuggling of gold.</p> <p>d. When conducting due diligence on the country, research is done on potential smuggling or level of transit.</p> <p>e. The FATF list of countries under increased monitoring and the KnowYourCountry tool is used to verify the AML/CFT legislation and</p>

	enforcement, presence of corruption/bribery and other high-risk indicators.
<p><b>2.2.2 Supplier Red Flags</b></p> <p>a. Suppliers or other known upstream entities operate in one of the red flag locations, referred to in 2.2.1, of gold origin and transit, or have shareholder or other interests in suppliers of gold from one of the red flag locations of gold origin and transit, referred to in 2.2.1.</p> <p>b. Suppliers or other known upstream entities are known to have sourced gold from a red flag location of gold origin and transit in the last 12 months.</p> <p>c. Discrepant or inconsistent KYC information obtained through Identification and verification process of suppliers or refused to provide requested documentation.</p> <p>d. Supplier or Beneficial Owners are listed in any government lists for Money Laundering, fraud or terrorism or that are listed under international sanctions regulations.</p> <p>e. Supplier does not have policies and practices related to ethics, integrity, and combatting Money Laundering, bribery, and corruption.</p> <p>f. Lack of effective assessment of supplier's counterparties risk assessment framework to identify risks in the upstream Supply Chains.</p> <p>Refiners with ASM gold should also consider the following aspects while identifying and assessing risk</p> <p>a. Suppliers of ASM gold sources, gold ore processing plant, traders and local exporters.</p>	<p>The Compliance Officer has distributed a list of red flags to all employees which include supplier based red flags.</p> <p>a. Based on the information provided by the customer, in combination with the country due diligence conducted by the Compliance Officer, it is assessed if any red flag is present.</p> <p>b. Based on the information provided by the customer during the onboarding stage or upon a transaction, it is assessed whether the gold will be or is sourced from a red flag location.</p> <p>c. KYC information and due diligence findings are summarized in a Customer Compliance Report. If there are any discrepancies, this will be emphasized in the Customer Compliance Report or a red flag form is submitted to Senior Management and appropriate action is taken.</p> <p>d. If the supplier or beneficial owners appear to be listed for money laundering, fraud or terrorism, or under international sanctions regulations, a red flag form is submitted to Senior Management and depending on the situation and according to the risk appetite, the customer will not be onboarded, or the relationship will be terminated.</p> <p>e. Lack of policies or practices related to ethics, integrity, and combatting money laundering, bribery, and corruption are reported to Senior Management either through the Customer Compliance Report or through a red flag form.</p> <p>f. Lack of effective assessment of supplier's counterparties risk assessment framework to identify risks in the upstream supply chains are reported to Senior Management either through the Customer Compliance Report or through a red flag form.</p>



<p>b. Whether the mining project can be considered legitimate ASM (i.e., legally registered, cooperative-based and/or government-recognized, or central bank supported initiative).</p> <p>c. Whether the mining practice is subject to standards and best practices.</p> <p>d. Whether the ASM gold source consider ethical and environmental elements while handling and processing gold.</p>	<p>Given the increased risk of ASM gold, the following factors are considered when conducting due diligence:</p> <p>a. Is the gold sourced from ASM?</p> <p>b. Can the mining project be considered as legitimate?</p> <p>c. Is the mining practice subject to standards and best practices?</p> <p>d. Are ther ethical and environmental elements considered by the ASM while handling and processing gold?</p>
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### 2.3 Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains

<p>If there are high-risk elements or red flags identified in the Supply Chain or unknown information, Regulated Entities should conduct EDD measures prior to engaging with such suppliers.</p> <p>If the Regulated Entity can reasonably determine that there are no high-risk elements or red flags as assessed through Step 2.2 in that Supply Chain, no additional due diligence is required for that Supply Chain. The management systems established under Step 1 should be continued and reviewed on an ongoing basis.</p> <p>EDD consists of site visits, desk based reviews, and reviewing of sample transactions of suppliers on an ongoing basis. EDD for high-risk relationships should be carried out during the establishment of relationship and on an ongoing basis (at least on bi-annual basis).</p>	<p>When a high-risk element or red flag is identified in the supply chain, Prestige Precious Metals applies enhanced due diligence measures. Depending on the nature of the red flag and the situation, enhanced due diligence involves comprehensive background checks, customer visits and meetings, source of wealth/funds declarations, declarations on the origin of the gold, increased monitoring, etc. The outcomes of these measures are systematically documented, attached to the customer file, and reported to Senior Management.</p> <p>In line with the recommendations of the Initial Reviewer, <b>Prestige Precious Metals has developed a protocol for Enhanced Due Diligence for Artisanal and Small-scale Mining Supply. This protocol covers the essential aspects such as supplier identification, document verification, framework of the mining site, risk assessment, on-site assessments, etc.</b></p>
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**2.3.1 Conduct onsite visits** to gold suppliers individually or through joint on-the-ground assessment teams or an industry mechanism using competent, suitably qualified, knowledgeable, and independent assessors, to generate and maintain information on the circumstances and processes of the supplier's activities. Regulated Entities can establish such teams independently or jointly with other entities in the upstream Supply Chain. Onsite inspections should be aimed at substantiating the documented KYC information. Irrespective of whether the onsite visit was conducted by way of an assessment team or independently by the Regulated Entity, the factors in 2.3.2 and 2.3.3 must be considered during the onsite visit. The responsibility remains with the Regulated Entity irrespective of whether the on-site carried independently or jointly,

**2.3.2 : Determine if the Mined Gold is LSM Gold or ASM Gold**

According to the Initial Review Report, there was no detailed review report available for the customer visits conducted by Prestige Precious Metals to its direct suppliers. Given this observation, **Prestige Precious Metals has properly documented its customer visits and meeting through minutes of the meeting.**

Another observation was that no site visit was conducted on any of the supplier's supplier, either by Prestige or by the supplier. Given the recommendations of the Initial Reviewer, **the Compliance Officer has held meetings with its direct suppliers to discuss the requirements and a plan on on-site assessments, either by Prestige Precious Metals, by its supplier, or by an independent consultant. Prestige Precious Metals is still in the process of completing supplier of supplier's visits.**

**For part of Prestige Precious Metals' supply chains, we have received on-site assessments conducted by independent reviewers/consultants.**

**2.3.3 Gather information/document such as, without limitation:**

- a. Identification and verification of each entity in the Supply Chain through operating licenses or similar document;
- b. Identification and verification of the ownership of each entity (direct or indirect ownership up to 25% and above) and connected parties (board of directors and senior management);
- c. identifying the mines of origin, the transportation routes, and points where gold is traded;
- d. for ASM, identify whether the mine is involved in a legitimate ASM;
- e. details of Beneficial Owners and controllers of ASM;

Prestige Precious Metals requests its customers to provide information on the supply chain, in line with the requirements of the Ministry of Economy and other applicable regulations. After receiving information, Prestige Precious Metals conducts supply chain due diligence and summarizes the findings in a comprehensive report.

One of the observations in the Initial Review Report is the significant risks Prestige Precious Metals is exposed to by the sourcing from ASM and the concerns about the robustness of the due diligence processes.

In line with the recommendation given by the Initial Reviewer, **the Compliance Officer has developed a protocol for Enhanced Due Diligence for Artisanal and Small-scale Mining Supply. This protocol covers the essential aspects such as supplier**

f. the methods of gold processing and transportation;

g. identification of the related businesses (subsidiaries, parents, and affiliates);

h. verification of the identity of the entities using reliable, independent source documents, data or information (e.g. business registers, extract, certificate of incorporation);

i. identification of any nexus with the government, political parties, military, criminal networks, or non-state armed groups through screening or publicly available data and research;

j. evidence of any serious abuses committed by any party in mines, transportation routes and points where gold is traded and/or processed through the public domain findings or through screening process;

k. information on any direct or indirect support to non-state armed groups or public or private security; and

l. screening the entity name, ownership including ultimate Beneficial Owners and connected parties through government watch lists for finding any sanction listings or adverse media (at a minimum United Nations sanction lists and the UAE local terrorist list should be utilized);

m. current production and capacity of mine(s), a comparative analysis of mine capacity against recorded mine production if possible, and record any discrepancies;

n. current processing production and processing capacity of mine smelt house(s), and a comparative analysis of processing capacity against recorded processing production if possible, and record of any discrepancies;

o. documents related to payments to government or other regulatory agencies related royalties, taxes or fees.

p. all payments made to public or private security forces or other armed groups at all points in the Supply Chain from extraction onwards, unless prohibited under applicable law;

identification, document verification, framework of the mining site, risk assessment, on-site assessments, etc.

The transit routes are mapped in the Customer Compliance Report and in the Compliance Checklist for incoming shipments. To strengthen compliance, Prestige Precious Metals shall improve this mapping by conducting a more accurate and detailed mapping, including reference to exact location of the mine, logistics provider, consolidation points, airport-airport, etc.

The Initial Reviewer observed that Prestige Precious Metals had not collected information regarding taxes, fees, and other payments made to governments or public/private security forces within its upstream supply chains. Given this observation, Prestige Precious Metals has communicated the requirement to its customers and was able to obtain such information through payment receipts or other credible documents.

- q. militarization of mine sites, transportation routes, and points where gold is traded and exported;
- r. KYC information of the gold exporter and all actors in the Supply Chain, including international gold traders and all third party service providers handling the gold (e.g. logistics, processors and transportation entities) or providing security at mine sites and along transportation routes. KYC should consist of the below; and
- s. verification of sample documents related to transactions carried out by the supplier.

### STEP 3: MANAGEMENT OF THE SUPPLY CHAIN RISK

**Compliance statement:** *Compliant with MoE Due Diligence Regulations for Responsible Sourcing of Gold – Low-Risk Deviations*

#### **Demonstration of Compliance:**

#### **Management of the Supply Chain Risk**

Regulated Entities should evaluate and respond to identified risks through EDD in order to mitigate the identified risks. The following steps are minimum expected in order to mitigate the risks identified. Regulated Entities are encouraged to take into account the potential social and economic impacts of risk mitigation measures adopted by them.

A risk management plan should be subject to continuous review based on changes in circumstances related to business, operations or supply base, risk nature, or a major change in applicable Steps and regulations.

#### **3.1 Devise a risk management strategy for the identified risk**

According to the risks identified as per procedures in Step 2 of this document, Regulated Entities should adopt risk appetite approach which should establish the methods of risk treatment as below. Risk appetite policy should be part of the overall Supply Chain risk policy.

- a. Establish or continue: Based on the documents and information gathered through EDD (Step 2.3), Regulated Entities may establish or continue existing relationships if it assesses that the supplier is managing the risks to a reasonable extent. This should be subject to remedial actions for improvement of suppliers due diligence program in agreement with the Regulated Entity. The Regulated Entity should measure the improvement through

Prestige Precious Metals has a Risk Appetite Statement which is part of the overall Supply Chain Risk policy.

Part of the Customer Compliance Report is dedicated to the measures that should be applied to mitigate the risk. Based on the outcome of the mitigation measures, Prestige Precious Metals shall:

- Continue existing relationships if it assesses that the customer is managing the risk to a reasonable extent.
- Suspend engagement if there is a founded suspicion of money laundering, terrorist

<p>quantitative/qualitative analysis. The plan should be approved by senior management and Compliance officer. Regulated Entity should seek significant improvement within 6 months of adoption of the plan. After failed attempts of risk mitigation, in conformity with the recommended risk management plan, Regulated Entities should suspend or terminate the relationship.</p> <p>b. Suspend: If EDD concludes that there is a founded suspicion of Money Laundering, Terrorist Financing, human rights abuses, environmental degradation direct or indirect support to illegitimate non state armed groups, fraudulent misrepresentation of origin of goods, the Regulated Entity should suspend engagement with such supply chain till risk mitigation measures are adequately completed</p> <p>c. Terminate: Upon identifying instances of Money Laundering and Terrorist financing, human rights abuse and support to armed conflicts, Regulated Entities should immediately terminate its relationship with the supplier. During such instances, the Regulated Entity should submit an appropriate report to the FIU.</p>	<p>financing, human rights abuses, environmental degradation, direct or indirect support to illegitimate non-state armed groups, fraudulent misrepresentation of origin of goods – until risk mitigation measures are adequately completed.</p> <ul style="list-style-type: none"> <li>• Terminate its relationship with the customer upon identifying instances of money laundering and terrorist financing, human rights abuse and support to armed conflicts.</li> </ul>
<p><b>3.2 Risk Control Plan</b></p> <p>Regulated Entities that adopt an 'Establish/Continue' or 'Suspend' approach, shall adopt a Risk Control Plan which should include, at minimum:</p> <p>a. reporting mechanisms for identified risks to the senior management;</p> <p>b. enhanced engagement with suppliers through establishing a Chain of Custody and/or traceability system where a red flag has been identified</p> <p>c. enhancement of the physical security practices;</p> <p>d. physical segregation and security of shipments where a red flag has been identified;</p> <p>e. an agreement with the supplier which facilitates timely and accurate provision of additional information related to supply chain with identified risks.</p> <p>f. disengaging with suppliers for at least 3 months, when they fail to comply with the mitigating controls within a period of 6</p>	<p>The Risk Control Plan includes the following as per the requirements:</p> <p>a. Customer Compliance Reports, red flag forms and monthly meetings are used to reports identified risks or red flags in the supply chain.</p> <p>b. The risks and required steps are shared with the suppliers to be able to take appropriate action.</p> <p>c. Shipments are separated if a red flag has been identified.</p> <p>d. Shipments are segregated if a red flag has been identified.</p> <p>e. The agreements with the suppliers contain clauses on information sharing. Also, the customer must acknowledge in the Account Opening Form that they will provide information requested by Prestige Precious Metals for purposes of supply chain due diligence.</p> <p>f. Prestige Precious Metals disengages with customers who fail to comply with mitigating controls or if there is no development in the outcome of the risk mitigation measures.</p>



months, and/or disengaging entirely if such controls are not feasible and/or unacceptable in light of the cost-benefit analysis and the capabilities of the Regulated Entities conducting the due diligence;

g. reviewing on a regular basis the results of the mitigation measures, undertaking additional fact & risk assessments for identified risks requiring mitigation or after a change of circumstances.

g. Whenever there are developments and/or on a regular basis, the Customer Compliance Report and the risk control plan with the mitigation measures are updated.

The risk mitigation measures are summarized in a risk management log per customer which facilitates tracking of the outcome of the different mitigation measures and provides insights in the need for additional measures.

### 3.3 Continuous Monitoring

Supply Chain Due Diligence is a dynamic process and requires ongoing risk monitoring. After implementing a Risk Control Plan, Regulated Entities should assess if Step 2 should be repeated or, any further enhanced measures are required. Any changes in the Supply Chain may require the Regulated Entity to repeat some due diligence steps to ensure effective monitoring of risk

Prestige Precious Metals conducts continuous monitoring of customer profile and activities. This involves auditing transactions conducted throughout the duration of the relationship, employing a risk-based approach to verify the alignment with the provided information, types of activities, and the risk profiles of the customers. If any suspicion arises, the Compliance Officer or employee who detected the suspicion will alert this to Senior Management or the Compliance Officer, and if deemed necessary, also to the FIU.

According to the Initial Review Report, Prestige Precious Metals established Management Systems to facilitate ongoing risk monitoring but there was no evidence available to confirm the adoption and implementation of a comprehensive ongoing risk monitoring process. It was further recommended to implement a robust ongoing risk monitoring process and comprehensive reporting mechanisms to ensure the compliance function can effectively identify, assess, and mitigate supply chain risks on a continuous basis.

Given the recommendations by the Initial Reviewer, **Prestige Precious Metals has developed Supply Chain Risk Identification, Monitoring and Reporting Manual. This manual forms part of the Supply Chain Policy. This Manual includes a comprehensive section dedicated to continuous monitoring. Further, Prestige Precious Metals has introduced a Compliance Check Form for every incoming shipment which is completed by the Production Team and the Compliance Officer. This**



	<p>form facilitates to detect any new red flags during the relationship. All risks and risk mitigation measures are also summarized in a risk management log per customer, which facilitates tracking of the outcome of the different mitigation measures and provides insights in the need for additional measures.</p>
<p><b>3.4. Senior Management Reporting</b></p> <p>The identified risks in the Supply Chain and Risk Control Plan should be reported to a Regulated Entity's board of directors (or equivalent) and senior management on periodic basis (at least every 3 months). The report should include counterparties identified as high-risk and the respective Risk Control Plan.</p>	<p>The Compliance Officer has direct contact with Senior Management, and any risks, red flags, discrepancies, or other significant findings, are immediately reported to Senior Management.</p> <p>According to the Initial Review Report, Prestige has not been providing regular reporting to its Senior Management on the risks identified in the supply chain and the ongoing due diligence activities. It was recommended to implement a robust reporting framework for regular reporting to Senior Management.</p> <p>In line with the recommendations, <b>Prestige Precious Metals</b> has developed a <b>Supply Chain Risk Identification, Monitoring and Reporting Manual</b>. This manual forms part of the Supply Chain Policy and includes a comprehensive section on reporting mechanisms to be used within the company.</p> <p>Any reporting is systematically recorded either in forms such as a red flag form, in minutes of meetings, in bi-annual compliance reports, etc.</p>
<p><b>STEP 4: INDEPENDENT THIRD-PARTY AUDIT OF DUE DILIGENCE MEASURES</b></p> <p><b>Compliance statement:</b></p> <p><b>Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold</b></p> <p><b>Demonstration of Compliance:</b></p>	

<p>Regulated Entity's compliance with the Regulations will be subject to annual independent third-party audit by an accredited Reviewer as stipulated in the Review Protocol (ANNEX I).</p> <p>Review of a Regulated Entity's Supply Chain Due Diligence framework should be carried out by an approved Reviewer and should be arranged at the Regulated Entity's own cost. The recommendations in this section shall not be considered as an audit standard; however, they outline some basic principles, scope, criteria, and other basic information for consideration by entities.</p> <p>The Review Protocol sets principles to be followed by Reviewers while conducting independent third party audit of a Regulated Entity which is mentioned in ANNEX I of this Regulations</p>	<p>Prestige Precious Metals had engaged AKW Consultants to conduct an independent third-party review of the Supply Chain Due Diligence compliance for the period January-December 2023, and Bureau Veritas to conduct a Follow-Up Review in line with Annex I- Review Protocol of the Ministry of Economy Due Diligence Regulations.</p> <p>Prestige Precious Metals has been transparent and fully cooperative with the Reviewers to conduct the assessment.</p>
<p><b>4.1 Audit Plan</b></p> <p>Regulated Entities should plan the audit in line with the Regulations and consider the below elements.</p> <p><b>4.1.1 Audit scope:</b> the audit scope should include all the major elements of a Supply Chain Due Diligence framework as outlined in the Regulations. These are Supply Chain Due Diligence policy and procedures, the processes and systems, Supply Chain risk assessment and risk mitigating measures, supplier engagement details, chain of custody, and other traceability information.</p> <p><b>4.1.2 Audit criteria:</b> The audit should determine the conformity of the implementation of a Regulated Entity's Supply Chain Due Diligence framework against an audit standard that is based on the Regulations. This should also determine conformity to and compliance with the Regulations in all communications with participants across the entire Supply Chain.</p> <p><b>4.1.3 Audit principles:</b></p> <p><b>a. Independence:</b> The Reviewer organization and all of its members must be independent from the Regulated Entity as well as from the Regulated Entity's subsidiaries, licensees, contractors, and suppliers. The auditors must not have conflicts of interests with the Regulated Entity, including business or financial relationships with the Regulated Entity.</p>	<p>Prestige Precious Metals had engaged AKW Consultants to conduct an independent third-party review of the Supply Chain Due Diligence compliance for the period January-December 2023, and Bureau Veritas to conduct a Follow-Up Review, in line with Annex I- Review Protocol of the Ministry of Economy Due Diligence Regulations.</p>



The Reviewer also should not have provided compliance consultancy (such as setting up a compliance framework or drafting compliance policies) services during the past 12 months.

**b. Competence:** Reviewers should be competent enough to conduct the review efficiently. The review should be carried out in accordance with accepted auditing standards. Reviewers should also have personal attributes such as integrity, confidentiality and professionalism. The Reviewers should also have specialist skill-set related to Supply Chain due diligence principles, procedures and techniques and internationally accepted guidelines i.e. OECD Guidelines. The knowledge of gold procurement practices, geographical context etc. are a prerequisite for reviewers.

**c. Accountability:** List of accredited Reviewers shall be published on the MoE's website.

#### **4.1.4 The audit activities:**

**a. Audit Preparation:** The objectives, scope, language, and criteria for the audit should be clearly communicated to the Reviewers with any ambiguities clarified between the auditee and Reviewers before the initiation of the audit.

**b. Onsite Investigation:** The reviewers must conduct onsite investigations and gather evidence and verify information by conducting interviews with management, making observations; and reviewing documents. The review should include visits of all sites where the Regulated Entity carries out business and should thoroughly review sample from suppliers of Regulated Entities.

**c. Document Review:** Sample documents gathered during the review i.e., documents retained as part of a Regulated Entity's Supply Chain Due Diligence framework, sample documents related to the Regulated

#### **4.2 Audit implementation:**

Audit should be implemented in accordance with the audit scope, criteria, principles and activities as documented in Step 4 of the Regulations. Regulated Entities should co-ordinate the relevant stakeholders to carry out audits in line with recommended audit standard as set out in this document

Prestige Precious Metals had engaged AKW Consultants to conduct an independent third-party review of the Supply Chain Due Diligence compliance for the period January-December 2023, as per the Review Protocol.

Prestige Precious Metals has engaged Bureau Veritas to conduct a Follow-Up Assessment, as per



the Annex I – Review Protocol of the Ministry of Economy Due Diligence Regulations.

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

##### *Compliance statement:*

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

##### *Demonstration of Compliance:*

##### **5.1 Management Systems**

**The Regulated Entities Comprehensive Management Report should include the management systems requirements as set out in Step 1 of the Regulations.**

##### **Management Systems**

The Comprehensive Management Report should include:

- a. the Regulated Entity's management structure, roles and responsibilities with regard to Supply Chain Due Diligence;
- b. policy & procedures;
- c. KYC & information collection procedures;
- d. database & record keeping system; and
- e. procedures for identification and verification of all counterparties in the Supply Chain system

The Comprehensive Management Report for 2023 includes a complete overview of the company's compliance governance, KYC & information collection procedures, record keeping system, and procedures to identify and verify counterparties in the supply chain.

The Initial Reviewer considered the Report as fairly describing the compliance activities during the reported period. The report was also submitted to and accepted by the Ministry of Economy.

##### **5.2 Risk assessment**

Regulated Entities should include in their Comprehensive Management Report the risk assessment procedures (Step 2). In particular, Regulated Entities should include:

- a. how the red flags are identified;
- b. details of the red flags identified;
- c. describe the steps taken to map the factual circumstances of those red flag operations and red flagged Supply Chains;
- d. methods of assessment teams including collaboration with other stakeholders in the Supply Chain; and

The Comprehensive Management Report includes an overview of the risk assessment procedures.

The Initial Reviewer considered the Report as fairly describing the compliance activities during the reported period. The report was also submitted to and accepted by the Ministry of Economy.



e. actual or potential risks identified.	
<p><b>5.3 Risk Management</b></p> <p>Regulated Entities should include, in their Comprehensive Management Report, the risk management procedures (Step 3). In particular, Regulated Entities should include:</p> <ul style="list-style-type: none"><li>a. the internal controls that would have assisted in gathering required information on red flagged Supply Chain;</li><li>b. describe the steps taken to manage risks, including a risk strategy for risk mitigation, procedures and mechanism in place to monitor remediation activities; and</li><li>c. details of actions taken as part of risk mitigation (number of instances where a Regulated Entity has decided to continue, suspend or terminate relationships) without disclosing the identity of those suppliers, except where law allows to do so.</li></ul>	<p>The Comprehensive Management Report includes an overview of the risk management procedures.</p> <p>The Initial Reviewer considered the Report as fairly describing the compliance activities during the reported period. The report was also submitted to and accepted by the Ministry of Economy.</p>



**AN OVERVIEW OF THE MANAGEMENT ASSESSMENT FOR ALL THE REQUIRMENTS OF THE MOE REGULATIONS  
FOR RBDG**

FRAMEWORK STEPS	RATING
<b>STEP 1: ESTABLISHING AN EFFECTIVE GOVERNANCE FRAMEWORK</b>	<input type="checkbox"/> Fully compliant <input type="checkbox"/> <b>Compliant with Low Risk Deviations</b> <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>STEP 2: IDENTIFICATION AND ASSESSMENT OF THE SUPPLY CHAIN RISK</b>	<input type="checkbox"/> Fully compliant <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> <b>Non-compliance: Medium Risk Deviations</b> <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>STEP 3: MANAGEMENT OF THE SUPPLY CHAIN RISK</b>	<input type="checkbox"/> Fully compliant <input type="checkbox"/> <b>Compliant with Low Risk Deviations</b> <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>STEP 4: INDEPENDENT THIRD-PARTY AUDIT OF DUE DILIGENCE MEASURES</b>	<input type="checkbox"/> <b>Fully compliant</b> <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations
<b>STEP 5: ANNUAL REPORTING ON DUE DILIGENCE MEASURES</b>	<input type="checkbox"/> <b>Fully compliant</b> <input type="checkbox"/> Compliant with Low Risk Deviations <input type="checkbox"/> Non-compliance: Medium Risk Deviations <input type="checkbox"/> Non-compliance: High Risk Deviations

Location: Dubai, UAE

Date: 29/09/2024

Sign and Company Stamp:



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

Prestige Precious Metals DMCC

24 April 2024

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

To,  
The General Manager,  
Prestige Precious Metals DMCC,  
G-01, Plot No: DMCC-EZ3-07,  
DMCC Free Zone, Enterprise Zone-3, Dubai,  
United Arab Emirates.

## **Independent Reasonable Assurance Report to Prestige Precious Metals DMCC (ISAE 3000 engagements)**

### **Introduction**

AKW Tax Reclaim Accounting & Consultancy (“AKW” or the “Reviewer”) was engaged by Prestige Precious Metals DMCC (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 26 March 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 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 behavior. 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 International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by 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 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 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, 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 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 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 for determining 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 detection or prevention of all such issues.

## Our Opinion

In our opinion, the Regulated Entity's Compliance Report dated 26 March 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



24 April 2024  
Dubai, UAE



### Details of Reporting Entity

<b>Company Name:</b>	<b>PRESTIGE PRECIOUS METALS DMCC</b>
<b>Address:</b>	Unit G01 Plot No. DMCC-EZ3-07 DMCC Free Zone Enterprise Zone 3 Dubai, UAE
<b>Location:</b>	Dubai, UAE
<b>Reporting year-end:</b>	July – December 2023
<b>Date of Report</b>	26 March 2024
<b>Senior management responsible for this report</b>	Abdullah Meler



### REFINERY'S EVALUATION

The 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

Since the commencement of its operations in mid-2023, Prestige Precious Metals DMCC has acknowledged the potential risks associated with the extraction, trade, handling, and export of minerals, especially from conflict-affected and high-risk regions. The company is dedicated to following the OECD due diligence framework and adhering to other relevant laws and regulations for the responsible management of the mineral supply chain. Therefore, Prestige Precious Metals has established systems, procedures, processes, and practices to conform to the Due Diligence Regulations for Responsible Sourcing of Gold, as published by the Ministry of Economy. During the first six months of operation, but also after thorough evaluation of these first period, Prestige Precious Metals realizes the more that compliance requires an ongoing, adaptive approach involving continuous training to improve knowledge build relationships with suppliers, improve existing systems and protocols, and actively engage in the field.



## Our Evaluation on 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 Structure to support Supply Chain Due diligence.
- 1.3 Establish a system for transparency, information sharing and control on Gold Supply Chain.
- 1.4 Strengthen company engagement with gold supplying counterparties.
- 1.5 Establish a confidential grievance mechanism.

### ***Compliance statement:***

Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold (medium risk deviations)

### ***Demonstration of Compliance:***

#### 1.1 Adopt and Commit to a policy for gold Supply Chain due diligence

Prestige Precious Metals is dedicated to adhering to regulations pertinent to its business operations, embracing international best practices, and complying with market standards. It pledges to operate in alignment with the OECD due diligence guidance for responsible mineral supply chains from conflict-affected or high-risk regions, including its supplement focused on gold, along with the DMCC regulations for risk-based due diligence within the Gold and Precious Metals Supply Chain, in addition to other relevant regulations.

Prestige Precious Metals has developed and implemented a wide range of internal policies and procedures, including a Responsible Supply Chain Policy. Prestige Precious Metals' Supply Chain Policy outlines its commitment to establishing a responsible mineral supply chain. This policy is publicly accessible on the company's website and shared with clients wishing to engage with the company. The guidelines, procedures, and controls articulated in the policy are applicable to all clients and staff members. The responsibilities and roles of management, compliance officers, staff, and suppliers are explicitly defined to ensure consistent implementation.



The due diligence criteria for the supply chain encompass adequate risk assessment factors outlined in the OECD and DMCC rules. Key components of the KYC procedures align with AML-CFT laws. Identification and validation of documents and the KYC form serve as the initial pivotal steps in the procedures and controls and are conducted before accepting any client. Upon applicant screening, background checks, and review of the applicant's intended business purposes, funding sources, and expected business activities, an initial decision regarding the application status (acceptance, rejection, or the need for further information) is made.

Prestige Precious Metals' policies and procedures are reviewed and, if necessary, amended periodically or when appropriate to be compliant with any legislative developments.

#### *1.2 Establish Management Structure to support Supply Chain Due Diligence*

- Senior Management of Prestige Precious Metals has years of knowledge and experience in the gold industry, both in the UAE and internationally.
- Establishing Responsibilities: Both employees and management are required to fulfill their due diligence responsibilities as directed by the management. Each employee's job description outlines the specific roles they need to undertake.
- Compliance Team: for 2023 the responsibilities of compliance are borne by the Compliance Officer who was appointed on 26 July 2023. She has a direct reporting line to Senior Management. While Prestige Precious Metals only had a limited client base in 2023 and thus also a rather limited number of transactions, the workload for the Compliance Officer will increase in 2024 given the expansion of the clientele and other growth goals. This requires a reconsideration of the allocation of resources towards the Compliance Team and the consideration of hiring extra staff.
- Creating Protocols and Procedures: Prestige Precious Metals has developed clear protocols, procedures and guidelines outlining how supply chain due diligence will be conducted. It has provided the staff with relevant information on the steps to be taken when receiving a gold shipment, a protocol on how to identify and report red flags or other issues to the Compliance Officer, etc.
- Training: Senior Management, the Compliance Officer and other employees have diligently undertaken a series of diverse (online) training sessions and workshops focused on Anti-Money Laundering (AML). These initiatives have equipped the officer with a comprehensive understanding of the regulatory landscape, enabling her to adeptly navigate and implement compliance measures within the organization. Since only the Compliance Officer has attended a training specifically focusing on Supply Chain Due Diligence, priority is given in the training plan of 2024 to provide such



training to all staff, management, and again to the Compliance Officer to maintain and improve knowledge on these topics.

### 1.3 Establish a system for transparency, information sharing and control on Gold Supply Chain

Prestige Precious Metals has put in place processes to collect and record due diligence findings and data from its immediate suppliers. In the first place, Prestige Precious Metals gathers and verifies KYC information from these suppliers. KYC files are kept and revised when needed, and it is a prerequisite during onboarding that the supplier commits to adhering to Prestige Precious Metals' policy. Our diligent customer identification protocols ensure precise identification, verification of customer identities, and evaluation of potential risks posed by the customer, in line with UAE laws. Specifically, our Customer Due Diligence (CDD) measures, delineated in the Prestige Precious Metals' AML-CFT Policy are employed in the following scenarios:

- Before initiating a business relationship.
- For transacting with an occasional customer.
- When suspicions arise concerning money laundering or terrorism financing.
- In instances where uncertainties arise about the accuracy or sufficiency of previously obtained identification documents and information.

Identification and verification, along with the completion of the KYC form, serve as the initial and crucial step in the procedures and controls, conducted before accepting any client. After applicant screening, background checks, and an assessment of the applicant's intended business purposes, funding sources, and anticipated level of activity, an initial determination regarding the application status (acceptance, rejection, or the need for further information) will be made.

During the business relationship, the client's behavior, along with accounts and transactions, are regularly monitored by the Compliance Officer.

Prestige Precious Metals has not only conducted CDD on its direct customers but also, to the extent possible, on the upstream Suppliers in the supply chain. For all transactions, Prestige Precious Metals was able to identify the supplier of its customer, collect trade license and/or incorporation certificate and identity documents of the UBO's, conduct name screening and verify the authenticity of the documents (KYCC).

Prestige Precious Metals also requests its suppliers to provide sufficient and accurate documentation, in line with the Ministry of Economy guidelines, to be able to map the full supply chain and to identify the origin of gold.



While Prestige Precious Metals was able to map supply chains for major supplies and identify the mining companies, for other supplies there is still room for improvement. As Prestige Precious Metals is still a new player in the market, it is an ongoing process and requires the build-up of confidence with its suppliers. After the reporting period, Prestige Precious Metals was able to acquire more documentation clarifying supply chain from where it sources and its key players.

The transactional documents are maintained in our internal accounting systems and are retrieved and provided as per the requirement and regulations. These documents are checked by the Compliance Officer.

Prestige Precious Metals recognizes the importance of reporting suspicious transactions or suspicious activities to the relevant authorities and has developed and implemented a clear policy on STR/SAR reporting. Therefore, in accordance with the Federal Decree Law No. 20 of 2018 on Anti-Money Laundering and Combatting Financing of Terrorism and Financing Illegal Organization and the Ministry of Economy Regulations on Due Diligence for Responsible Sourcing of Gold, the Compliance Officer has monitored the customers' activities, behavior, and transactions, in order to detect suspicious activities or transactions, if any, and report it to FIU if deemed appropriate, along with the required documents. It is not only the Compliance Officer's responsibility to detect any unusual, suspicious activity, but all employees are aware of their responsibility to detect suspicious activities and/or transactions, and report to the Compliance Officer of any.

In 2023, no reporting of any cash transaction was done as there were no transactions above AED 55,000.00.

Prestige Precious Metals' record keeping policy requires all documents to be kept for a minimum of 5 years. In accordance with our record keeping policy, Prestige Precious Metals maintains pertinent records, files, documents, communications, and forms, as required by the Rules for RBDG and its KYC obligations. This includes the following:

- All client documentation as outlined in the KYC checklist and/or correspondences, encompassing documents acquired during client due diligence and/or enhanced due diligence.
- All shipping/transportation documents for each shipment.
- All documentation related to a red flag, along with any corresponding response or follow-up.
- All transaction documents.
- All delivery notes.
- All records of training sessions attended by Prestige staff, officers and other stakeholders – comprising dates, content, and attendees.



The above documents are maintained in easily accessible location for a minimum of five years from the latest of:

- a. Date of the most recent transaction related to the most recent material intake from a supplier;
- b. Date of the conclusion of a comprehensive inspection by an EBC approved reviewer;
- c. Date of closure of the customer's account or termination of the relationship with the customer; and
- d. Date of closure of an investigation into a specific transaction or

Prestige Precious Metals upholds the utmost security standards for receiving metals within its factory premises. It has developed and implemented a protocol that needs to be followed by the Production Team whenever a shipment arrives at the facility:

- Once arrived at Prestige Precious Metals, Prestige Precious Metals team will scrutinize each shipment, examining its physical form, type, specifications, etc. Each individual lot will be assigned a unique internal number identifying the specific lot and client. Also the delivery documents will be thoroughly checked and compared.
- A description of the material will be included in the documents accompanying the material through the production cycle and will be marked in the internal system.
- Prestige Precious Metals team will also perform a physical verification of any hallmarks or distinctive characteristics in the smelting facility.
- If there are any discrepancies, red flags, or any other non-compliance issues at any stage of the process, the staff should inform the Compliance Officer and suspend processing until these discrepancies are resolved and regulatory compliance is ensured.
- All metals are assayed and refined in Prestige Precious Metals' refinery. To prevent any tampering or content removal, every shipment received by Prestige will be securely placed within identifiable sealed boxes, maintaining this security measures throughout the entire process.

#### 1.4 Strengthen company engagement with gold supplying counterparties

Prestige Precious Metals is committed to maintain long-term relationships with each supplier, by building trust and provide high quality, and to educate its suppliers on the importance of responsible sourcing.

Prestige Precious Metals has made its policies publicly available, and checks the websites of its suppliers for their publicity on their policies. Also, during the onboarding stage, Prestige Precious Metals has shared its policies and all suppliers have completed a supply chain questionnaire and warrant in writing that they



comply with all relevant laws and regulations.

The Compliance Officer has visited Prestige Precious Metals' customers to understand their due diligence practices.

Prestige Precious Metals maintains record of its disengagement with any supplier exposing the company to a high risk, considering a cost-benefit analysis and the capabilities of Prestige Precious Metals to conduct due diligence.

Prestige Precious Metals is committed to strengthen its capacity building. For example, Prestige Precious Metals' commercial agreement has been amended with extra clauses on Responsible Sourcing and Due Diligence Practices.

#### 1.5 Establish a confidential grievance mechanism

In line with our Whistle Blower Policy, Prestige Precious Metals encourages its employees and other stakeholders to report any suspected violations or concerns regarding unethical behavior, illegal activities, fraud, financial irregularities, discrimination, harassment, or any other misconduct. In addition to the option of raising compliance violations through internal channels (as supported by Prestige as demonstrated by its internal protocols), any interested party can voice concerns and report violations – anonymously or not – related to Prestige's supply chain and associated risks sending an email to [compliance@prestigemetals.ae](mailto:compliance@prestigemetals.ae) or [hr@prestigemetals.ae](mailto:hr@prestigemetals.ae).

During the reporting period, no employee or other party has raised any concern or reported any issue.

Given the above, we believe that Prestige Precious Metals has partially complied with Step 1.

### ***Step 2: Identification and Assessment of 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 Risk.**

**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:***

***2.1. Conduct Supply Chain Due Diligence to identify potential risks***

The Compliance Officer conducts supply chain due diligence aligned with the criteria specified in the OECD and DMCC regulations. Once a client fulfills the prerequisites to open an account and all essential information is gathered and validated, the Compliance Officer assesses the risk level, documented within their KYC files. This risk assessment stands as an integral part of the client's account and is mandatory before initiating any business relationship or transaction.

While the Compliance Officer already presented her findings to management, with special attention given to potential high-risk scenarios, it is essential to collect all the information, findings, identified risks, etc. in a comprehensive compliance report which can be presented to Senior Management and which can be amended and complemented when necessary.

The Compliance Officer diligently oversees every transaction entering the refinery for processing, ensuring alignment with clients' KYC files and transactional history, meticulously monitoring for any irregularities. While irregularities or any issues were verbally communicated to Senior Management, Prestige Precious Metals should properly keep record of all findings.

Prestige Precious Metals follows the five-step framework for risk-based due diligence for responsible supply chains of minerals. Prestige Precious Metals implements its enterprise-wide risk assessment and also adopts a risk assessment for every customer at the onboarding stage. Also, for monitoring purposes, the company implements the risk management plan, closely monitors the risks, tracks the progress of risk mitigation efforts, and regularly reports back to Senior Management.

Continuous, preemptive, and responsive scrutiny is conducted for each shipment to detect, forestall, and alleviate risks that could negatively affect the company and its suppliers. Should the compliance officer identify a transaction as high-risk during this procedure, an investigation ensues, mandating a managerial resolution.



Prestige Precious Metals should strengthen the relationships with its suppliers to be able to thoroughly verify if these suppliers perform thorough due diligence on their suppliers to maintain the integrity and transparency of the overall supply chain.

### 2.2. Identify red flags / high risk indicators in the gold Supply Chain

All Prestige Precious Metals' employees are in charge of identifying red flags or high-risk indicators in the gold Supply Chain and should be reported to the Compliance Officer if any is detected. Internal protocols, that are distributed by the Compliance Officer and easily accessible at the office and refinery of the company, emphasizes this responsibility.

Every identified Red Flag undergoes a comprehensive and detailed investigation. In the client onboarding process, if any Red Flags surface, the Compliance Officer conducts an exhaustive inquiry, and the client's account remains unopened until both the Compliance Officer and Prestige Precious Metals' management are satisfied that the Red Flags have been appropriately resolved. In the case of Red Flags emerging during a transaction, the shipment is halted, and the client's account is suspended until a further investigation is carried out. If deemed necessary by the Compliance Officer, a SAR/STR would be filed to the FIU. For the reporting period, Prestige Precious Metals has not filed any STR/SAR.

As Red Flags may differ among customers, the nature and extent of this enhanced diligence are determined individually when high-risk customers are identified. The enhanced research aims to gather evidence of any factual circumstances in the supply chain to assess potential risks. The research employs methods specified in the EBC Rules for RBDG, and the level of due diligence corresponds to the identified risks and severity.

In line with the UAE laws and regulations, Prestige Precious Metals should comprehensively document all the red flag findings and take the necessary enhanced due diligence action. It is also important for Prestige Precious Metals to strengthen its relationship and communication with its direct suppliers to ensure the application of Enhanced Due Diligence Practices in case of red flags or high risk cases.

### 2.3. Undertake Enhanced Due Diligence Measures for High-Risk Supply Chain



To maintain the highest standards of compliance, it is the policy of Prestige Precious Metals DMCC to implement Enhanced Due Diligence (EDD) for all customers, regardless of the initial risk assessment. This approach demonstrates our commitment to meticulous and thorough customer verification, ensuring utmost transparency and integrity in our business associations. The EDD involves comprehensive background checks, customer visits, securing declaration on the source of funds, and continuous monitoring to sustain compliance. All these findings should be extensively and systematically documented.

The Compliance Officer also conducts adverse media searches and regularly consults (online) media to detect matters potentially affecting Prestige Precious Metals' supply chain.

Prestige Precious Metals has received from its direct suppliers independent assurance reports and other relevant documents from their suppliers. However, to strengthen its Enhanced Due Diligence practices on the supply chain, Prestige Precious Metals should arrange site visits to the mining companies to verify the environmental and ethical conditions, gather more extensive information on the aggregators and miners, verify this information, perform capacity building, etc.

Given the above, we believe that Prestige Precious Metals has partially complied with Step 2.

### ***Step 3: Management of the Supply Chain Risk***

#### **3.1 Devise a Risk Management Strategy for the identified 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 (high risk deviations)

#### ***Demonstration of Compliance:***

##### ***3.1. Devise a Risk Management Strategy for the identified risk***

Based on the documents and information gathered through EDD and the risk level, Prestige Precious



Metals can opt to:

1. Continue existing relationships if it assesses that the customer is managing the risk to a reasonable extent.
2. Suspend engagement if there is a founded suspicion of money laundering, terrorist financing, human rights abuses, environmental degradation, direct or indirect support to illegitimate non-state armed groups, fraudulent misrepresentation of origin of goods – until risk mitigation measures are adequately completed.
3. Terminate its relationship with the customer upon identifying instances of money laundering and terrorist financing, human rights abuse and support to armed conflicts.

### 3.2. Risk Control Plan

Prestige Precious Metals established policies and procedures aligned with globally recognized standards for responsible supply chain management. Recognizing the continuous nature of due diligence, Prestige Precious Metals diligently verifies all incoming shipments, irrespective of a client's risk rating during onboarding or monitoring.

Acknowledging the sensitivity and dynamic nature of supply chains, a risk control plan is in place. This plan outlines the identification, assessment, and mitigation of potential risks throughout the supply chain process. It also contains the Risk Management Strategy as outlined in point 3.1.

The Risk Control Plan is aligned with global standards, and will undergo periodical reviews, taking into account legislative alteration related to responsible supply chain, AML and CFT.

Prestige Precious Metals shall maintain records of its disengagements with any supplier exposing the company to a high risk, considering a cost-benefit analysis and the capabilities of Prestige Precious Metals to conduct due diligence.

Prestige Precious Metals' Supply Chain Policy and the Risk Control plan have been communicated to all employees working in the company.

Prestige Precious Metals should improve on identifying the risks from Step 2, document these identified risks and implement Risk Control Plan – which should be properly developed and implemented - when necessary.



### 3.3. Continuous Monitoring

Prestige Precious Metals conducts continuous monitoring of customer activities. This involves auditing transactions conducted throughout the duration of the relationship, employing a risk-based approach to verify their alignment with the provided information, types of activities, and the risk profiles of the customers. The Compliance Officer shall determine whether the transactions appear to be normal, reasonable and legitimate. If any suspicious activity arises, the Compliance Officer will alert Senior Management and the FIU in accordance with relevant laws. We use tools to screen existing and potential business relationships and customers against applicable sanctions lists and conduct thorough checks to identify any potentially negative information.

Prestige Precious Metals is committed in fully cooperating with law enforcement agencies and customs officials regarding gold and/or precious metals transactions. Prestige Precious Metals shall cooperate with and ensure that all information is made readily available to DMCC, government agencies and recognized law enforcement agencies, domestic or foreign.

It is essential for Prestige Precious Metals to strengthen the implementation of its ongoing risk monitoring process to ensure timely identification of risks and prompt action to take mitigating measures.

### 3.4. Senior Management Reporting

The Compliance Officer has direct access to Senior Management, and any risks, red flags, discrepancies or other significant findings, are immediately reported to Senior Management.

While the Compliance Officer has mainly reported verbally to Senior Management, it is imperative for the future to properly document all reporting made.

Given the above, we believe that Prestige Precious Metals has partially complied with Step 3.

## ***Step 4: Independent Third-Party Audit of Due Diligence***

### **4.1 Audit Plan**

### **4.2 Audit Implementation**

### ***Compliance statement:***

Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold



***Demonstration of Compliance:***

Prestige Precious Metals had engaged AKW Consultants to conduct an independent third-party review of our Supply Chain Due Diligence compliance, as per the DMCC Review Protocol.

Prestige Precious Metals is transparent and fully cooperative with AKW Consultants to conduct an assessment.

Prestige Precious Metals acknowledges that:

- (a) AKW Consultants is independent from Prestige Precious Metals;
- (b) there is no conflict of interests between Prestige and AKW Consultants;
- (c) AKW Consultants does not provide other services to Prestige Precious Metals except for the required audit;
- (d) AKW Consultant is approved reviewer of the DMCC.

Given the above, we believe that Prestige Precious Metals has fully complied with Step 4.

<b><i>Step 5: Annual Reporting on Due Diligence measures</i></b>
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**5.1 Management Systems.**

**5.2 Risk Assessments.**

**5.3 Risk Management**

***Compliance statement:***

Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold

***Demonstration of Compliance:***

Our Supply Chain Policy is publicly available on our website.

Once the audit for the current period has been concluded, a copy of the Compliance Report and other necessary reports will be published on the website.

Given the above, we believe that Prestige Precious Metals has fully complied with Step 4.

**Overall Rating:** Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – High Risk Deviations.