

**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

BNP GOLD REFINERY (FZC)

29th July 2024

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

To,
The Board of Directors,
BNP GOLD REFINERY (FZC),
600 M2 Warehouse U2-008,
SAIF Zone, Sharjah,
United Arab Emirates

Independent Reasonable Assurance Report to BNP GOLD REFINERY (FZC) (ISAE 3000 engagements)

Introduction

AKW Tax Reclaim Accounting & Consultancy ("AKW" or the "Reviewer") was engaged by BNP GOLD REFINERY (FZC) (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 25 July 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 behaviour. In conducting our engagement, we confirm that we satisfy the Minimum Criteria for Reviewers as set out in the MoE Due Diligence Regulations Annex I - Review Protocol (the "MOE Review Protocol") to carry out the assurance engagement.

Our Responsibility

Our responsibility was to:

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

We conducted our reasonable assurance engagement in accordance with 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 25 July 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

29 July 2024
Dubai, UAE



Company Name:	BNP GOLD REFINERY(FZC)
Address:	U2008 Warehouse, SAIF ZONE
Location:	Sharjah Airport International Freezone
Reporting year:	1 January 2023 to 31 December 2023
Date of Report	25 July 2024
Senior management responsible for this report:	Dr. BISWANATH PATNAIK, (Ph.D) CHAIRMAN & MANAGING DIRECTOR
Signature:	 

BNP GOLD REFINERY(FZC) 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 Precious Metals

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

BNP Gold Refinery (FZC) is under the process of refinery installations and human resource arrangements for operational requirements and due to different shortcomings, an effective governance framework were not reached up to the planned level as per the operational requirements. However basic administration and compliance team were appointed for the operational requirements.

1.1 Adopt and commit to a company policy regarding due diligence for supply chains of precious metals

Comments and Demonstration of Compliance:

BNP Gold Refinery has a Responsible Due Diligence Policy from April 2023 onwards and that is approved by its management.

BNP GOLD REFINERY is committed to comply with its policy and in-turn the UAE's Due Diligence Regulations for Responsible Sourcing of Precious metals to ensure that gold and silver sourced, in any form, is sourced responsibly. Accordingly, we are committed not to source gold and / or silver that is associated with human rights abuses, contributes to conflict, is associated with money laundering or terrorist financing.

BNP GOLD REFINERY has formulated relevant procedure guidelines such as Anti-Money Laundering (AML) policies, Responsible Gold Supply Chain Due Diligence policy, Compliance Handbook (Anti Money Laundering/Combating Financing Terrorism), Enhanced Due Diligence Policy.

These policies were not shared with the employees and stakeholders however BNP Gold Refinery plans to circulate the relevant policies to the stakeholders going forward.

These policies and procedures incorporate a risk assessment methodology which defines unacceptable, high, medium and low risks. These risk definitions satisfy the criteria of the Responsible Sourcing Guidance. This is planned for the application on all customers as part of BNP GOLD REFINERY(FZC) 's on-boarding process. It is important to note that the risk assessment methodology considers multiple elements across the supply chain (e.g. extracting, trading, storing and transporting) in determining an appropriate risk ranking. This affirms BNP GOLD REFINERY(FZC) 's commitment to compliance with the UAE's guidelines. Enhanced due diligence processes are also defined and are intended for customers operating in high-risk areas and / or those defined as having medium to high risk based on the assessment criteria.

During the year 2023 period, the BNP refinery conducted a few transactions and imported gold for the trial, however, due to a lack of infrastructure, it did not refine. For processing purposes, we purchased brass ingots for testing and performed a trial run of available machinery. During this period BNP refinery was not able to perform risk assessment of the suppliers due to a lack of expertise and shortage of human resources.

1.2 Establish internal management structure to implement supply chain due diligence.

Comments and Demonstration of Compliance:

Senior Management remains ultimately responsible and accountable for the implementation of the UAE's Due Diligence Regulations for Responsible Sourcing and Supply Chain management programs. Roles and responsibilities are defined as per our Supply Chain Anti Money Laundering and Know Your Customer Policy. The Compliance Department and Management is responsible for the decision(s) around onboarding of new customers and for acting on the continuous monitoring information and the risk assessments of the customer base. The Compliance Department sets the customer screening and monitoring requirements, KYC and AML procedures, record-keeping requirements and the reporting of incidents or transactions in accordance with the relevant laws.

During the 2023 period, the BNP Gold refinery began operations and made a few transactions. BNP refinery onboarded 3 suppliers during this period. In the process of onboarding BNP refinery had collected the KYC documents of its suppliers however due to lack of resources and enough manpower, due diligence and risk assessment procedures were not followed as per the regulatory requirements. Due to lack of resources BNP Gold Refinery (FZC) did not conduct any site visits while onboarding suppliers during this period.

1.3 Establish an internal system of due diligence, controls and transparency over the gold and silver supply chain, including traceability and identification of other supply chain actors.

Comments and Demonstration of Compliance:

Customers are defined (mine, secondary / recycle, artisanal) and issued with a unique client account number. For each transaction amount, and its associated waybill, date of arrival, date of processing, weight and assay information is available in our account system. Customer records are suitably managed, stored and backed up.

During the 2023 period, the BNP GOLD REFINERY(FZC) began operations and onboarded 3 suppliers. During this period company registered in the goAML and transactions were recorded in the online system

During the year 2023 period, the BNP refinery conducted a few transactions and imported gold for the trial, however, due to a lack of infrastructure, it did not refine. For processing purposes, we purchased brass ingots for testing and performed a trial run of available machinery. During this period BNP refinery did not perform risk assessment of the suppliers and supply chain traceability due to a lack of expertise and shortage of human resources.

BNP Gold Refinery was lacking in maintaining traceability of every shipment however we plan to implement procedures to keep a track of every shipment right from its origin.

1.4 Company engagement with gold and silver supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

BNP GOLD REFINERY (FZC) developed a procedure handbook for sharing information with its dealing customers, through site visits, participation in presentations and informing the precious metals community about the benefits of subscribing to responsible gold and silver sourcing practices. However, due to lack of resources and manpower, BNP Gold Refinery (FZC) not able to communicate its expectations to suppliers on Due Diligence in the responsible supply chain of gold, particularly from CAHRAs during year 2023.

1.5 Establish a confidential grievance mechanism.

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC), as in the initial phase of operation arrangements, enough resources and manpower were not in place during 2023 period which leads to delay of setting up of required policies and procedures. However, BNP GOLD REFINERY(FZC) created an email communication channel for information sharing and has a separate e-mail address on info@bnpgoldrefinery.com to communicate any grievances that forwards to the Compliance Officer matters that require attention.

Conclusion on Step 1 – Non-Compliant with MoE due diligence regulations for responsible sourcing of gold – high risk deviations.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

2.1 Conduct supply chain due diligence to identify potential risks.

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC) drafted a compliance hand book which define the risk-based methodology and risk levels. Risk identification carried out to identify medium or high residual risk, organizations those that have Politically Exposed Persons (PEPs) and operate in Conflict and High-Risk Areas (CAHRA's / Country Risk). In addressing these risks:

- PEPs are subject to enhanced due diligence and ongoing monitoring/screening
- CAHRA's are explored / defined and the supply chain risk, including logistics is evaluated, and
- Site visits to ensure that the counterpart established an on-boarding process and conducts due diligence on its' sourcing customers.

An important element in identifying and quantifying KYC risks, BNP GOLD REFINERY(FZC) drafted its AML/CFT risk assessment questionnaires. These documents have been distributed to the relevant customers and completed questionnaires received from all 3 suppliers onboarded. However, due to lack

of resources and manpower we were not able to perform the complete risk assessment and did not identify the supply chain risks as per the regulatory requirements.

Due to lack of resources and insufficient knowledge, BNP were not able to perform inherent risk. We are planning to conduct inherent risk assessment as soon as we start operations at the facility.

2.2 Identify red flags/high risk indicators in the gold supply chain

Comments and Demonstration of Compliance:

As described in the policies and procedures BNP GOLD REFINERY(FZC) defines an initial risk and, after considering risk mitigation, a residual risk for each customer. The risk rankings are defined as unacceptable, high, medium and low. The risk rankings are based on information collected and analyzed as per our Standard Operating Procedure (SOP) for Supply Chain, Anti Money Laundering and KYC Due Diligence.

BNP GOLD REFINERY(FZC) drafted a procedure for enhanced due diligence for higher-risk customers, typically include those that have PEPS, where gold and silver originate from or transits via CAHRAs, or where a toll treats material on behalf of others. As per the procedure besides continuous monitoring, higher risk customers are subject to more frequent review, site visits and specific information requests.

However, during year 2023 due to the lack of operational arrangements the effective implementation of SOPs was not completed.

2.3 Undertake Enhanced due diligence measures for high-risk supply chains

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC) drafted a procedure for enhanced due diligence for higher-risk customers, typically include those that have PEPS, where gold and silver originate from or transits via CAHRAs, or where a toll treats material on behalf of others. As per the procedure besides continuous monitoring, higher risk customers are subject to more frequent review, site visits and specific information requests.

However, during year 2023 due to the lack of operational arrangements BNP were not able to categorise the clients into high risk effectively and hence no enhanced due diligence was performed.

Conclusion on Step 2 – Non-Compliant with MoE due diligence regulations for responsible sourcing of gold – high risk deviations.

Step 3: Management of the supply chain risk

Compliance Statement with Requirement:

BNP GOLD REFINERY(FZC) drafted a compliance hand book to implement a management system to respond to identified risks. However, during year 2023 due to the lack of operational arrangements the effective implementation of standard operating procedure was not completed.

3.1 Devise a risk management strategy for the identified risk

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC) drafted a compliance hand book to implement a management system to respond to identified risks in which identified risks are managed by the Compliance Department on a continuous basis. Compliance officer and relevant management team members decide the actions regarding issues of concern.

For the reporting period, BNP Gold Refinery's (FZC) compliance department did not conduct the complete risk assessment procedure for its customers due to a lack of employees and resources.

3.2 Risk Control Plan

Comments and Demonstration of Compliance:

Procedure drafted in the form of compliance hand book for the strategy and remedial action plans for risk control and management. The Compliance Officer plays an active role in compiling the strategy and the execution of the remedial action plans as required.

For the reporting period, BNP Gold Refinery's (FZC) there was no risk control plan put in place by the compliance department however we aim to develop a risk control plan approved by the senior management.

3.3 Continuous monitoring

Comments and Demonstration of Compliance

Procedure drafted in the form of compliance hand book for continuous monitoring of supply chain and risk associated.

However, during year 2023 due to the lack of operational arrangements, continuous monitoring procedures were not followed properly.

3.4 Senior management reporting

Comments and Demonstration of Compliance:

Procedure drafted for Customer risk rankings review and also its annual review or as and when further information comes to light based on continuous monitoring, and such risk rankings are reported to the Management for input and ratification.

However, during year 2023 due to the lack of operational arrangements, periodic reporting was not done at BNP.

Conclusion on Step 3 – Non-Compliant with MoE due diligence regulations for responsible sourcing of gold – high risk deviations.

Step 4: Independent third-party audit of the supply chain due diligence

Compliance Statement with Requirement:

BNP GOLD REFINERY(FZC) has complied with engaging a third party auditor for an independent third-party audit the supply chain due diligence

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC) engaged the services of an assurance provider, AKW Consultants, an independent UAE ministry approved renowned third-party auditing team reasonable for the AML assurance report.

The audit planned in accordance with the guidelines stipulated by the auditor enable them to provide a reasonable assurance opinion.

Step 5: Annual Reporting on supply chain due diligence

Comments and Demonstration of Compliance:

BNP GOLD REFINERY(FZC) made an engagement with AKW Consultants to conduct the independent third-party audit for the verification and compliance reporting of AML and supply chain due diligence.

OVERALL CONCLUSION

BNP GOLD REFINERY(FZC) is in the process of developing the requirements of the UAE's Due Diligence Regulations for Responsible Sourcing of Precious metals,

AML Compliance Report 2024



BNP GOLD REFINERY(FZC) drafted a compliance hand book for management systems, procedures, processes and practices to conform to the requirements of the Due Diligence Regulations for Responsible Sourcing of Precious metals, for the reporting year ended 31 December 2023.

BNP GOLD REFINERY(FZC), as in the initial phase of operation arrangements, enough resources and manpower were not in place during 2023 period which leads to a delay in the implementation of policies and procedures.

Summarized Conclusion: Non-Compliant with high risk deviation on MoE due diligence regulations for responsible sourcing of gold.

Name: Dr. BISWANATH PATNAIK (Ph.D)

Signature & Stamp

