



AUREUS ENTERPRISES DMCC
Unit.No:32-H, Gold Tower (AU), JLT Dubai, UAE.

Policy Statement:

AUREUS ENTERPRISES DMCC observes highest ethical standards and best practices in carrying out business. We and our valued counterparties are mutually committed to act to attain a conflict free supply chain. Our company is committed to comply with the responsible sourcing of precious metals guidance issued by the MOE, OECD, DMCC and the LBMA.

Policy: Material Sourcing Policy

Document Control

Revision	Prepared	Reviewed	Approved	Date	Description
1.20	Compliance Team	Board of Directors	Chairman & CEO	1 st Feb 2024	Supply Chain policy, procedures & Internal Controls

Authorized and signed by:

Chairman/CEO : _____

Compliance Department: _____



This Policy may be modified, amended or annulled by the company at its sole discretion when it is reasonable to do so.

1 Purpose

The purpose of this policy is to ensure compliance with new mandatory requirements from the Ministry of Economy (MOE), UAE, in relation to the responsible sourcing of gold.

Due Diligence regulations on Sourcing of Gold

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

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

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

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

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

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

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

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2 Scope

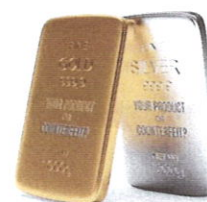
Ensure all internal compliance and procedures are followed, in regard to sourcing and trading of gold bullion with an aim to comply with home and host country AML/CFT Compliance obligations across all its operations.

UAE Efforts to counter Financial Crime

Ministry of Economy publishes new policy for Responsible Sourcing of Gold /Precious Metals

Highlights of the Policy

Governance System	Assessment of Supply Chain Risk	Management of Supply Chain Risk	Independent Third-Party Audit	Annual Reporting
<ul style="list-style-type: none"> Adopt and commit to a policy for managing risks in gold from CAHRAs Establish management structures to implement Supply Chain Due Diligence Establish a system for transparency, information sharing, and control on gold Supply Chain 	<ul style="list-style-type: none"> Conduct Supply Chain Due Diligence to identify potential risks Identify Red Flags/ High Risk Indicators in the gold Supply Chain Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains 	<ul style="list-style-type: none"> Devise a risk management strategy for the identified risk Risk Control Plan Continuous Monitoring Senior Management Reporting 	<ul style="list-style-type: none"> Audit Plan Audit scope Audit criteria Audit implementation 	<ul style="list-style-type: none"> Management Systems Risk assessment Risk Management



3 Policy

All transactions of gold and related precious metals, from all sources, must be verified and must comply to all internal and MOE due diligence procedures. Please refer to Annexure A the Responsible Supply Chain Policy and applicable due diligence as per Aureus Enterprises DMCC's Anti Money Laundering & Countering Financing of Terrorism Policy & Procedures, all applicable UAE Federal Laws, Regulations, Cabinet Decisions, and subsequent Notices issued on Money Laundering, Terrorist Financing & Proliferation Financing including the UAE Ministry of Economy's Due Diligence for Responsible Sourcing of Gold issued in August ,2022.

4 Procedure

- 1) Suppliers:
 - a) All suppliers of gold must adhere to KYC and AML procedures and protocols, including identification of all parties involved and risk mitigation of supply chain risks if any
 - b) All suppliers must be verified and registered, using the KYC Due Diligence Checklist (DDC).

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- c) All suppliers must be registered with Aureus.
 - d) All suppliers must receive approval from Compliance Officer and Managing Director, prior to final registration and on-boarding.
- 2) Trading procedure for New & Existing Clients:
- a) No trades are to occur without Client Registration.
 - b) All trades must comply to the Additional Information for KYS – Origin of Physical Precious Metals.
 - c) All sources of Gold must be declared by Client prior to transaction.
 - d) Chain of Custody Verification must be concluded for all transactions:
 - i) All documentation related to the manufacturing, processing, export and import of the gold must be provided.
 - ii) All documentation must be validated.
 - iii) Any red flags must be identified, investigated and reported to the authorities and further monitor the client.
 - iv) Any sources of the gold, which do not adhere to the AML checklist must be red flagged and escalated to internal management.
 - e) Stop Transaction
 - i) Any transaction which do not clear the chain of custody and AML/CFT checklist must be stopped and not permitted.

Annexure A

RESPONSIBLE SUPPLY CHAIN POLICY

Legal status – Applicable Regulations:

Article (44) of Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 On Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations empowers Supervisory Authorities with “Putting in place the crime-combating regulations, instructions and forms for the entities subject to their supervision, when necessary.” Cabinet Decision No (3/1F) of 2019 and its amendment Cabinet Decision No (28M/4F) of 2019 appointed the Ministry of Economy with the duty of supervising and regulating DNFBPs operating in the UAE, including the entities operating in commercial free zones. Ministry of Economy’s regulatory mandate includes issuing regulations and guidelines and implementing measures to ensure adherence to AML/CFT obligations under the AML/CFT Legislation. Adherence to this Guideline forms part of the existing AML/CFT requirements set-out in the AML/CFT Legislation. Regulated Entities are responsible for adopting their own internal policies and procedures designed to comply with the applicable AML/CFT Legislation. Regulated Entities should perform their own assessments of the manner in which they should meet their statutory obligations, and they should seek legal or other professional advice if they are unsure of the application of the legal or regulatory frameworks to their particular circumstances.

Aureus Enterprises DMCC Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Area:

1. Aureus Enterprises DMCC, an established company since 2010 for Non-Manufactured Precious Metals Trading is fully committed to providing high-quality products and services while meeting the highest ethical and moral standards with respect to responsible sourcing.

Aureus Enterprises DMCC recognizes that risks of significant adverse impacts may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas, and we recognize that we have the responsibility to respect human rights and not contribute to conflict, we commit to adopting, widely disseminating, and incorporating in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers’ risk awareness from the point of extraction until end user. We commit to refraining from any action which contributes to the financing of conflict, and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions, including sourcing of gold as per the UAE laws and Regulations on AML/CFT following the federal decree law no.20 of 2018 and the cabinet decision no.(10) of 2019 on the executive regulation of federal decree-law no.20 of 2018 and its amendments

2. Regarding serious abuses associated with the extraction, transport, or trade of minerals:

While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of

1. Any form of torture, cruel, inhuman, and degrading treatment.

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2. Any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty, and for which said person has not offered himself voluntarily.
3. The worst forms of child labor.
4. Other gross human rights violations and abuses such as widespread sexual violence.
5. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

3. Regarding risk management of serious abuses:

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in Clause No. 1.

4. Regarding direct or indirect support to non-state armed groups:

We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling, or export of minerals. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling, or export of minerals include, but are not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

1. illegally control mine sites or otherwise control transportation routes, points where minerals
2. illegally tax or extort money or minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded; and/or
3. illegally tax or extort intermediaries, export companies, or international traders.

5. Regarding risk management of direct or indirect support to non-state armed groups:

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in Clause No. 3.

6. Regarding public or private security forces:

We agree to eliminate, in accordance with Clause No 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes, and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.

We recognize that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment, and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

Where we or any company in our supply chain contracts public or private security forces, we commit to, or we will require that such security forces will be engaged in accordance with the Voluntary

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Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.

We will support efforts, or take steps, to engage with central or local authorities, international organizations, and civil society organizations to contribute to workable solutions on how transparency, proportionality, and accountability in payments made to public security forces for the provision of security could be improved.

We will support efforts, or take steps, to engage with local authorities, international organizations, and civil society organizations to avoid or minimize the exposure of vulnerable groups of artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

7. Regarding risk management of public or private security forces:

In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt, and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in Clause No. 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan. Where we identify a reasonable risk of activities inconsistent with Clause No. 8 and 9, we will respond in the same vein.

8. Regarding bribery and fraudulent misrepresentation of the origin of minerals:

We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, misrepresent taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export.

9. Regarding money laundering:

We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money laundering resulting from or connected to, the extraction, trade, handling, transport, or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded by upstream suppliers.

10. Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees, and royalties to governments:

In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organizations, civil society, and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

11. Aureus Enterprises DMCC has an existing management system to ensure consistent implementation of the due diligence and risk control requirements of the policy which include but are not limited to:

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- Scope, clear responsibilities, and escalation channels
- Identification, assessment, and criteria for high-risk gold supply chain
- Know-Your-Customer (KYC) process
- Monitoring and surveillance of transactions
- Mandatory training for relevant staff who are exposed directly to the supply chain.

Aureus Enterprises DMCC requires all its staff involved in the gold supply chain to strictly comply with this policy and implement it in the management system.

For any clarification or queries kindly contact Compliance Department.



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