

**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

NAMOH GOLD REFINERY FZC

14 June 2024

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

To,
The Managing Director,
NAMOH GOLD REFINERY FZC,
400 M2 Warehouse T5-46/ T5-47
SAIF Zone, Sharjah,
United Arab Emirates

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

Introduction

AKW Tax Reclaim Accounting & Consultancy (“AKW” or the “Reviewer”) was engaged by NAMOH 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 13 June 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 has 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 13 June 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



14 June 2024
Dubai, UAE

Refiner Compliance Report

For third-party audits based on ISAE 3000

Details of Reporting Entity

Company Name:	Namoh Gold Refinery FZE
Address:	400 M2 Warehouse T5-046, T5-047
Location:	Sharjah UAE
Reporting year-end:	31 December 2023
Date of Report	13-06-2024
Senior Management responsible for this report	Anirudh Nath / Viral Desai

Refinery's Evaluation

Namoh Gold Refinery FZE (“Namoh”) was originally established in FY 2020 (vide MOA dated 14 December 2020) by Mr. Anirudh Nath, an Indian national, as the sole owner and shareholder (100%).

Mr. Anirudh Nath subsequently sold his interest for Namoh Gold Refinery FZE to, Mr. Vishal Harish Pawani, a Canadian national holding 67% stake and Mr. Viral Nihar Bhai Desai, an Indian national holding 33% stake in the new entity Namoh Gold Refinery FZC (vide MOA dated 12 March 2024).

In view of completing the handover process & to institute the necessary framework & policies, it was decided to cease production in Feb 2024. Following this, AKW were appointed to conduct Review on Due Diligence Conducted by Namoh while sourcing the Gold in the year 2023 as prescribed by Ministry of Economy.

The new management decided to re-commence operations after completion of the review by AKW Consultants with the view to understand the existing framework identifying any shortcomings & implementing their recommendations.

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

Step 1: Establishing an Effective Governance Framework

- 1.1 Adopt and Commit to a policy for Managing Risk in gold from CAHRAs.
- 1.2 Establish Management Structure to implement 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.

Summarized conclusion

Compliance statement:

Non-compliant with High-Risk Deviations

Our Evaluation on Each rule

Demonstration of Compliance:

- 1.1 Namoh does not deal with countries which are in conflict affected and high-risk areas (CAHRA's) as referenced in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its Supplement in Gold & the EBC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain. However, the 'Supply Chain Policy', does not fully align with the MoE Due Diligence Regulations for Responsible Sourcing of Gold and is not fully consistent with the OECD model Supply Chain Policy. The AML manual covers the process involved with high-risk countries or clients where Enhanced Due Diligence (EDD) is required to be performed and additional documentation is to be collected. The policy has not been continuously updated to reflect the ongoing changes in the relevant regulations. The refinery will put in place a mechanism to update the policies and procedures periodically.
- 1.2 In carrying out the duties under the Policy, the staff and management are expected to undertake their due diligence role. Specific roles are assigned to each of the employees. The criteria for supply chain due diligence includes adequate risk assessment factors as stipulated in the OECD and EBC Rules. The supply chain due diligence management structure consists of the Compliance Officer reporting to the Senior management for oversight, having supply chain policies in place, risk assessment in supply chain process, monitoring of the supplier and reporting. Earlier, the compliance function was handled by the owner of the company

however we have taken steps to set up a separate compliance officer independent from any other role in the company who will be reporting directly to the senior management. A new dedicated and trained Compliance Officer will be responsible to carry out the duties including training of staff in the new organizational setup. The Compliance Officer has conducted internal AML training for key staff and has maintained a Training Log record of the same. However, the compliance officer did not conduct the supply chain training for the staff.

1.3 Namoh deals with clients who are locally based and does not deal directly with the mining companies. Hence, Namoh collects information related to its supplier/ clients which involves ID documents, company documents, the logistics details and the invoices related to it. The existing KYC forms have to be enhanced to perform due diligence and capture all client financial information and sourcing details.

1.4 The key to strengthen the engagement with gold supplying counterparties is through transparent communication, due diligence of the counterparties, monitoring, evaluating the risks and mitigating the risk. All relevant policies like Supply Chain Policy, AML/CFT Policy and other relevant policies will be shared and exchanged with the suppliers.

1.5 Namoh is aware of the importance of grievance mechanism however we are yet to implement the grievance mechanism in the Namoh. This will be implemented by the new management as part of the remediation process. We are also planning to implement all other missing policies such as Code of Ethics, EHS, Whistleblower, etc.

Screening and adverse media checks were not performed earlier but now we are ensuring to comply with the requirement of conducting screenings. All the necessary documentation is collected, and risk assessment is performed on the Namoh based on risk factors such as country of incorporation, country of operation, customer type, customer activity, products and services offered, PEP risk, tax crime & reputational risk and overall business risk assessment. The Namoh has AML policies and procedures in place along with the AML business risk assessment which has been done on the refinery. We look forward to applying more robust measures including screenings and risk assessment to be done right away at the time of onboarding a client and again whenever there is an update from the regulatory body.

Our Governance framework is outlined below:

Customer Acceptance and Due Diligence: Namoh does the name screening and adverse media checks on the customer which is followed by collecting the verified ID documents, company documents and any additional information or documents as necessary. Name screening and adverse media search is conducted to check for any adverse news. The software used for name screening is Member-check and adverse media check is done on google search engine. Since Namoh and all its clients deal with high-risk products and are into high-risk business, risk assessment is performed on each client.

Management Structure: The management structure of Namoh consists of senior management followed by the cross functional departments in Namoh, which consists of Operations, Laboratory, HR & Administration and Compliance.

AML Compliance Program: The AML compliance program covers the core aspects like Policy and procedures, Customer Due Diligence, Risk Assessment, Suspicious Activity Reporting, Ongoing monitoring and updates and Employee Training.

Supply Chain Due Diligence: Namoh maintains and implements its supply chain policy which captures the following:

1. Establish Strong Company Management Systems
2. Identity and assess Risks in the Supply chain
3. Design and implement management strategy to respond to identify risks

Grievance Mechanism: Namoh is yet to implement Grievance Mechanism.

Continuous Improvement: Namoh will update the AML policies and procedures when there is an update by the Federal law and Central Bank laws. They will continuously monitor all the clients and suppliers against the updated lists of sanctions and always maintain updated ID documents of all its clients and suppliers

Record Keeping: As per the AML manual Namoh maintains all its clients and suppliers' records for a period of 6 years from the date it stopped doing business with the individual or entity.

Security System: The Company shall at all times cooperate with law enforcement agencies and customs officials regarding Gold and/or precious metals transactions. The Company shall provide all information reasonably requested by the relevant officials. During the reporting period, there has been no request from enforcement agencies for cooperation or aid in investigation of transactions of the company or any of its suppliers.

Refinery has following security systems:

- Security Camera, Access card and Door locks under (VOSTOK)
- Security Guards (G4S)
- Safe (DHAKAN INSTALLATION & SECURITY CONTROL)

Step 2: Identification and Assessment of Supply Chain Risk

2.1 Conduct Supply chain Due Diligence to Identify Risk

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:

Non-compliant with High-Risk Deviations

Demonstration of Compliance:

2.1 Various risk factors are taken into consideration when assessing the risk like customer risk, product risk, geographic risk, transaction risk and deliver and channel risk. However, all the suppliers were categorized as medium risk by Namoh as gold was sourced from local clients only. The risk assessment procedures were not robust enough to give the efficient results. We understand the importance of attached at the time of onboarding though it was performed, most of the screenings attached were as part of a remediation exercise.

2.2 We had a supply chain policy in place which covers red flags indicators as well. However, there were some gaps identified in the identification of risks associated with the supply chain of gold. The Compliance Officer performs supply chain due diligence as prescribed by OECD and EBC Rules. On completion on client onboarding process, a risk level is assigned by the compliance officer. This is an integral part of the clients' KYC and is required prior to starting any transaction with the client. A detailed client risk report is shared with the management. Under the New Management we are planning to implement the verification processes such as (transaction monitoring form, incoming gold delivery compliance checklist, picture of the gold received at the refinery, packaging list and certificate of origin, or any supporting documents identifying the origin of the gold and its supply chain) which will be strengthened further to perform adequate due diligence on the supply chain and to gain documentary evidence to identify recycled gold & mined gold.

2.3 Enhanced due diligence involves -

- Assessment of the clients and suppliers
- Performing On Site visit where required
- Determining the quality of gold provided for the refining by capturing pictures of gold obtained at refinery received at the counter
- Verifying if the transaction involved is in line with the client/supplier's transactional limit
- Ensuring no third-party beneficiary involvement in the process

We performed risk assessment on all its clients and suppliers based on the various risk factors which is covered in the AML manual. For the review period, the risk assessment procedures were not robust enough to give the efficient results however we are planning to work on improvement areas and look forward to conduct risk assessment in an efficient & effective manner. Namoh has dealt with only local clients/suppliers who are known to the senior management for a long time. Namoh does not deal with high-risk or sanctioned countries. Namoh is always on the lookout for unusual or suspicious transactions or for any third-party involvement.

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:

Non-compliant with High-Risk Deviations

Demonstration of Compliance:

- 3.1 So far, Namoh has not identified any risk with regards to the clients and suppliers. The AML manual covers the action to be taken in case of identified risks. In case of on-going client/supplier an SAR or STR will be raised on the GoAml and no further transaction will be carried out without obtaining approvals from Senior Management. In case of a potential client, all transactions would be ceased immediately with the individual or the client.
- 3.2 A Risk Control Plan was not developed during the review period however a robust Risk Control Plan and Policy to help evaluate and control any identified risks, including emerging risks and incident reporting, and mitigate against any adverse implications of such risks will be put in place under the New Management. Namoh is totally committed to ensure that it prohibits any contribution to conflict, money laundering, terrorist financing, human rights abuses, or environmental violations. We intend to contribute to good governance, health and safety, safeguarding human rights, environmental protection, and the development of the communities in which we operate, by using responsible supply chain.
- 3.3 The Risk Control Plan will be actively reviewed under the New Management, and regularly updated. Additionally revised risk mitigation plans will be implemented.
- 3.4 The Senior Management will play an active role in the Risk Control Plan. All risks associated with a supply chain and/or transactions communicated to them. The final decision rests with the Management on the acceptance of risk level and the risk mitigation plan. The Compliance reports are shared with the Management and signed off by both.

Namoh was not able to identify an instance where the compliance had to take the necessary action either to file an STR/SAR or to terminate the relationship with the client. There was no instance of risk associated with security concerns in Namoh. The senior management will be notified if there is an instance of risk or security concern.

Refiner Compliance Report

For third-party audits based on ISAE 3000

Step 4: Independent Third-Party Audit of Due Diligence

4.1 Audit Plan

4.2 Audit Implementation

Compliance statement:

Fully compliant

Demonstration of Compliance:

As per the AML law, Namoh have complied with Step 4 and have organized independent third-party audit.

Step 5: Annual Reporting on Due Diligence measures

5.1 Management Systems

5.2 Risk Assessments

5.3 Risk Management

Compliance statement:

Fully compliant

Demonstration of Compliance:

Namoh will submit the report to MOE annually.

Nasir

