



Salor Gold Trading LLC

Compliance Policy

2023

Compliance Policy

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BACKGROUND & OBJECTIVE

Designated Non-Financial Business and Professions (DNFBPs)

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 Organizations (the "AML-CFT Decision") defines Designated Non-Financial Business and Professions (DNFBPs) as "any dealer dealing in precious metals and precious stones (DPMS) who engage in carrying out any single monetary transaction, or several transactions which appear to be interrelated, whose value is equal to or greater than AED 55,000" They would be subjected to specific AML/CFT obligations under the AML/CFT legislative and regulatory framework of the United Arab Emirates.

Salor Gold Trading LLC is a dealer of precious metals established in 2011, who is active in the trading of gold precious metals with the aim of providing professional service as a DNFBs. Salor gold trading LLC is subjected to follow specific AML/CFT obligations and assist in the implementation of UAE Federal Law which includes Federal No. 4 of 2002 regarding the Criminalization of Money Laundering and Federal No. 1 of 2004 regarding Combating Terrorism Offenses and is also committed to fighting serious abuses of human rights and avoiding contributing to conflict about any metal used in the supply chain. Our AML/CFT and supply chain due diligence policy was developed with the standards set forth in the supply chain policy of the OECD– due diligence guidance and the cabinet decision no. (10) Of 2019 concerning the implementing regulation of decree federal law no. (20) of 2018 on anti-money laundering and combating the financing of terrorism and illegal organizations.

RESPONSIBLE SUPPLY CHAIN DUE DILIGENCE

Salor Gold Trading LLC has always been committed to ensure that the company supply chain is free of any gold which was gathered for the support or benefit of armed conflict groups or involving serious abuses of human rights. As part of our supply chain due diligence, Salor gold trading LLC shall be watchful for and assess the severity of various risks as recommended in the OECD guidance of model supply chain policy specifically:

- Serious abuses associated with regards to extraction, transport, or trade of precious metals
- Any forms of torture, cruel, inhuman, and degrading treatment, human rights violations, and abuses such as widespread sexual violence
- Any forms of forced for compulsory labor or child labor
- War crimes, direct or indirect support to non-state armed groups or public or private security forces
- Bribery and fraudulent misrepresentation of the origin of minerals
- Any activity that involves money laundering or nonpayment of taxes, fees, and royalties to governments

Salor gold trading LLC strongly condemns such activity and will refuse any trade of gold which we believe was obtained involving serious human rights violations or which benefitted or supported armed rebels or terrorist groups through illegal finance or other activities.

In order to ensure our compliance with our commitment to a “non-conflict affected” and OECD aligned supply chain, Salor gold trading LLC has developed a due-diligence policy for analyzing



and assessing the suppliers in the supply chain which requires the customer to acknowledge the policy and commit to providing information, documentation, and accommodations for site visits as necessary to complete our due diligence as outlined in our due diligence policies.

If Salor gold trading LLC discovers, from its ongoing due diligence that the customer is involved in suspicious practices or that which do not meet our responsible sourcing requirements, we would immediately suspend sourcing from the identified supplier and develop a plan to mitigate the identified risks. Should the mitigation fail to resolve a matter to our satisfaction, or the activities indicate extreme abuses, dishonesty, or situations where a supplier is unwilling to assist in our due-diligence, Salor gold trading LLC will immediately discontinue any activity with that entity.

Salor Gold trading LLC continues to work with the advisory organizations and agencies to continue with the upgradation of the practices and to improve the processes in order to safeguard the supply chain from "conflict affected" and to only obtain material which are sourced in a legitimate and ethical manner.

The company aims to be audited by an independent third party in to ensure adequate testing of the system to ensure that the verification and documentation process is secure. Through such audits we would intent to display transparency and our customers would be able gain audit-based assurance that Salor gold trading LLC compliance policy is verifiable and effective. It also provides the Company with additional direction for enhancement and opportunities to provide feedback to the outside auditors for continue improvement.

COMPLIANCE MANAGEMENT STRUCTURE

In Salor Gold trading LLC all the employees would be considered as a first line of defense to detect and prevent the money laundering and to combat financial terrorism. All employees will participate in AML and supply chain due diligence training annually. The company's general manager is responsible to assess the AML program and risk management design and implementation annually for effectiveness. The CFO may elect to have an outside assessor perform this function.

There would be a Designated Compliance Officer who is tasked with designing, updating, and implementing all facts of the AML/CFT Policy. As the compliance officer he/she has the authority to make decisions to protect the company from vulnerability to criminal influence. The compliance officer is concerned with documenting, policies, procedures and seeks new ways to protect the company from criminality and money laundering. The compliance officer along with other Employees is tasked with the responsibility of ensuring that all appropriate information related to a potential supplier is gathered, examined, and deemed acceptable before getting him On-boarded. During the management meetings, the compliance officer would address about improvements to be implemented, risks identified, mitigation plans, or other issues related to the process.

CUSTOMER DUE DILIGENCE

Once the introductory interview with the perspective client is completed, we would require them to fill up the Account opening form which is designed to delineate our understanding of the potential customer's business, type of business structure, and the type of material to be processed, estimated quantities, material types, shareholders, directors and authorized signatories information & regions from which the client sources or transports their materials with supporting appropriate documents to be sent by the customer as the initial step of our basic due diligence process.

On obtaining the information about the required key persons, relevant checks (such as peps and sanction screening) would be performed. Once all the required information is obtained and analyzed the final risk rating of the client is undertaken to determine the overall risk of the client if it is a low risk, medium risk or high-risk client. Once the final risk is determined if the client falls under high risk, then enhanced due diligence would be performed on that client.

As the KYC due diligence is an ongoing process Salor gold trading LLC will conduct the reviews of the existing client depending on the risk involved, however transactions would be monitored as and when they occur to determine the pattern and to determine if there would be any additional risk involved. If it is unable to verify the identity of the customer or beneficial owner, Salor gold trading LLC will not open client account, nor establish a business relationship or carry-on processing transactions.

SOURCE OF FUND

This process involves understanding where the funds for a specific service or transaction will come from (e.g., a specific bank account held with a specific financial institution) and whether that funding is consistent with the customer's source of wealth. The best way we follow to understand the source of funds is, we obtain information directly from the customer, which is usually obtained during the on-boarding process. Salor gold trading LLC keeps appropriate evidence of how they were able to understand the source of funds, for example, a copy of the customer account opening form.

ENHANCED DUE DILIGENCE PROCESS

Once a supplier is determined to be "high-risk" based on the "red flags" determined during the basic due diligence process, then enhanced due diligence would be performed on such supplier and their supply chain. Being that the company is sourcing gold, and gold itself has a higher potential for money laundering, we collect and evaluate the AML and purchasing procedures from all "high-risk" suppliers. The Company makes efforts to understand each government's requirements for taxes, fees, related to the sourcing and export of gold. Additionally, we will present our anti-corruption/anti-bribery policy to each "high-risk" customer/supplier and request that they provide evidence of their implementation of a similar program.

If any company in our supply chain is in contact with public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the voluntary principles on security and human rights. Salor gold trading LLC will also make inquiries to the different supply chain actors to reasonably ensure that their process for extracting gold or for

processing gold are consistent with environmentally safe industry practices. Salor gold trading LLC performs enhanced due diligence to assess whether the risks are present in our supply chain. We make use of publicly available information, including but limited to, publications by the UNSCR, OECD. Additionally, we would also collect other non-public information from the customer/supplier, including but not limited to, the KYC information which there have collected from their supply chain actors, government documents, and transaction records.

When we are not able to collect sufficient information to reasonably eliminate all risks through the above method, we then follow on-the-ground assessment plan to visit the supplier's sites "Site Visit" and observe in order to identify actual risks. Our representatives will visit and make observations about mines, traders, transporters, and transportation routes. When that is not practical, a representative sample of locations is determined as part of the site visit plan. They will also collect photographic evidence and written documentation as well as collecting other evidence to support their observations.

As part of the on-the ground assessment, our company representatives interact with employees, local government officials, and other key stakeholders.

Interviews are conducted to further ensure that any "Red Flags" identified are adequately mitigated. When it is not feasible to conduct site visits or when risks are determined to be of the highest level, we would make use a 3rd party investigator who is trained in the highest levels of auditing and investigation. We would rely on their report and recommendations before trading from suppliers who are categorized at this level of risk.

RECORD KEEPING AND RETENTION OF DOCUMENTATION

Salor gold trading LLC maintains a formal record retention policy to assure current and future customers of our desire to be in compliance with market standards as they evolve. The final step for a customer/supplier checklist is to ensure that all documents are stored electronically.

These files are easily viewable by senior management and the office personnel tasked with assisting in the due diligence process. The Company will maintain secure due diligence documentation related to our compliance for **a minimum period of five years** to ensure proof of verification standards as they presently exist.

SUSPICIOUS TRANSACTION REPORTS (STRS)

The requirement to lodge a Suspicious Transactions Report and/or Suspicious Activity Report (STR/SAR) with the UAE Financial Intelligence Unit (the **UAE FIU**) is contained in UAE Federal Law No. 20 of 2018, UAE Federal Cabinet Decision No. 10 of 2019, and Section 13 of the AML Module. As mentioned above, Federal Anti-Money Laundering Legislation applies directly in the DIFC pursuant to Article 70 and 71 of the Regulatory Law.

At Salor gold trading LLC, every employee including compliance officer if suspects; or has reasonable grounds for knowing or suspecting that a Person is engaged in or attempting money laundering, terrorist and proliferation financing, then that Employee is obliged to make an internal Suspicious Activity Report. Inquiries into the matter will be undertaken by the compliance team along with all supporting document in order to determine whether in



accordance with Federal AML legislation a Suspicious Activity Report must be report through goAML system.

The goAML system was developed by the United Nations Office on Drugs and Crime (UNODC) to combat money laundering and the financing of terrorism. It is considered an integrated system used by the Financial Intelligence Unit (FIU) to receive, analyze and distribute suspicious transaction reports (STRs) in a fast and efficient manner.

POLITICALLY EXPOSED PERSON (PEP)

At Salor gold trading LLC, we would Screen all those involved in our Upstream and Downstream Supply chain against negative news and PEP Screening. Where a Client, Beneficial Owner/Director or the Authorized Signatory of the Client, is identified as a PEP, then SALOR will ensure to Increase the degree and nature of monitoring of the business relationship, in order to determine whether the Client's Transactions or activities appear unusual or suspicious; and obtains the approval of SALOR Senior Management and the Compliance Officer to commence a business relationship with the Client. Salor also intends to take reasonable measures to establish the source of funds of Customers and Beneficial Owners identified as PEPs.

SANCTIONS POLICY & IMPLEMENTATION

At Salor gold trading LLC we ensure that we comply with applicable sanctions laws in the jurisdiction in which we have operational presence. We are also subscriber to the Executive Office Notification System to receive automated email notifications on any updates to the Sanctions Lists (Local Terrorist List or UN Consolidated List). We would Screen all those involved in our Upstream and Downstream Supply chain against,

1. United Nations Security Council Resolutions (UNSCR) Consolidated List,
2. Local UAE Terrorist List

We Undertake regular and ongoing screening.

1. Upon any updates to the Local Terrorist List or UN Consolidated List. In such cases, screening must be conducted immediately and without delay to ensure compliance with implementing freezing measures without delay (within 24 hours).
2. Prior to onboarding new customers.
3. Upon KYC reviews or changes to a customer's information.
4. Before processing any transaction.

IDENTIFICATION AND MITIGATION OF RISK

As a DNFBPs Salor, at all times identifies, assess the risk of the client as (Low, Medium, High) taking into consideration various factors such as countries or geographic areas; products, services, transactions and delivery channels involved.

When actual significant risks are identified in the supply chain, it would be reported to senior management, who will then work together to create a plan to mitigate the identified risk. It

would involve engaging with appropriate stakeholders and organizations to attempt to mitigate the risks. The plan will include schedules, measurable steps, and goals to be agreed upon with stakeholders to improve and reasonably eliminate the identified risk. If the identified risk cannot be mitigated, Salor gold trading LLC would no longer continue to have relationship with that client.

From time to time, our company would reject potential customers due to issues or situations stated below which are not acceptable to the company and our due diligence practices.

- Unwillingness to complete the KYC documentation
- Unwillingness to complete documentation as to the source of their material
- Due diligence background checks which have uncovered a history of potential money laundering or other financially related "red flags"
- Submission of fraudulent documents
- Initial requests that payment check be "split" or payable to a third party
- Potential receipt of payments from an unrelated third party in payment for goods ordered
- Customer material does not coincide with the type of business the customer is involved in
- If a site visit conducted indicates the inconsistencies with what the company stated procedure to supply metal

CONCLUSION:

Salor Gold trading LLC - AML/CFT and Supply Chain Due Diligence Policy aims to undertake risk-based approach in order to identify and mitigates all risks through its enhanced due diligence as identified in the OECD model supply chain policy for a responsible global supply chain of minerals from conflict - affected and high-risk areas. These steps are an effort to ensure that our company is not contributing or aiding in the support of armed groups or the abuses of the worst forms of human rights through their sourcing initiatives.

Responsibility for firm's compliance with prevention of money laundering and terrorist financing lies with every member & its senior management. In carrying out their responsibilities under this policy & procedure all employees, associates, professionals, auditors & senior management must exercise due skill, care and diligence. By doing so, Salor gold trading LLC will always endeavor to conduct its business in the highest ethical and professional manner.