

Azhar Commodities Ventures FZE

DMCC Guideline on Risk-Based Due Diligence Policy

Effective Date: April 8, 2025

1. Introduction

As part of our commitment to responsible and transparent operations, Azhar Commodities Ventures FZE (hereinafter referred to as "the Company") adopts a comprehensive Risk-Based Due Diligence (RBDD) framework. This policy is designed to ensure that the Company complies with the Dubai Multi Commodities Centre (DMCC) Rules for Risk-Based Due Diligence in the Gold and Precious Metals Supply Chain, Version 2/2020. The policy outlines the procedures and due diligence steps that the Company will follow to assess, mitigate, and manage risks associated with our gold and precious metal supply chain.

The purpose of this policy is to ensure that the Company is not involved in or facilitating illegal activities, including money laundering, terrorist financing, or any unethical trade practices, and to uphold the highest standards of integrity and compliance with all relevant laws and regulations.

2. Objectives of the Policy

- To establish clear guidelines for conducting risk-based due diligence on suppliers, customers, and business partners in the gold and precious metals supply chain.
- To identify and mitigate potential risks of money laundering, terrorist financing, and human rights abuses within the supply chain.
- To ensure that the Company meets the requirements set out in the DMCC Rules for Risk-Based Due Diligence.
- To safeguard the Company from reputational, legal, and financial risks associated with non-compliance.
- To promote transparency and accountability in all supply chain operations.

3. Scope of the Policy

This policy applies to all business activities related to the sourcing, importing, and trading of gold and precious metals by Azhar Commodities Ventures FZE. It covers:

- Supplier selection and ongoing monitoring
- Customer onboarding and transaction monitoring
- Risk assessment of the supply chain and counterparty relationships
- Compliance with international standards and regulatory requirements

4. Risk-Based Due Diligence Process

The Company's approach to due diligence is based on the principle of risk-based assessments. The due diligence process is divided into several key stages:

4.1. Risk Assessment

At the outset of each business relationship, the Company will assess the risks associated with the counterparty based on factors such as:

- The country of origin (including sanctions, conflict zones, and high-risk jurisdictions)
- The nature of the counterparty's business operations
- The transaction size and frequency
- The counterparty's reputation in the industry
- The presence of any adverse media or legal issues

Risk assessments will be conducted based on the available information, and the level of due diligence required will be determined accordingly. Higher-risk relationships will require enhanced due diligence procedures.

4.2. Customer and Supplier Onboarding

Before entering into any business relationship, the Company will gather the necessary information to verify the identity and background of the counterparty. This includes:

- Collecting corporate documentation (e.g., business licenses, incorporation details)
- Understanding the ownership and control structures of the counterparty
- Verifying the source of funds and origin of gold or precious metals

For high-risk counterparts, additional documentation may be required, and background checks will be more thorough.

4.3. Ongoing Monitoring and Compliance Checks

The Company will establish an ongoing monitoring framework to ensure continuous compliance with applicable laws and regulations. This involves:

- Periodic checks on the counterparty's business operations
- Continuous screening of transactions against risk indicators such as sanctions lists, watch lists, and adverse media reports
- Regular updates to risk profiles as new information becomes available

4.4. Reporting Suspicious Activities

If any suspicious activity is detected during the due diligence or ongoing monitoring process, the Company will report the findings to the relevant authorities in accordance with local regulations and DMCC requirements. This may include:

- Unexplained or unusual transactions
 - Suppliers or customers with connections to high-risk or sanctioned countries
 - Transactions involving untraceable or illicit sources of precious metals
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5. Due Diligence Checklist

The following checklist outlines the steps and documentation that must be obtained and verified as part of the due diligence process. This checklist will be used for both new and ongoing relationships with suppliers and customers.

5.1. Supplier Due Diligence Checklist

1. Basic Supplier Information

- Full name, address, and contact details
- Business registration and incorporation documents
- Valid trade license
- Tax identification number (if applicable)
- Evidence of regulatory compliance (e.g., DMCC registration)

2. Ownership and Control Structure

- Details of the ownership structure (individuals or entities holding significant control)
- List of senior management and key personnel
- Beneficial owners and any related entities

3. Source of Gold and Precious Metals

- Certification of gold provenance (from legally authorized mining operations)
- Proof of origin and traceability of the gold and precious metals
- Documentation of compliance with OECD Due Diligence Guidance on Responsible Supply Chains of Minerals

4. Country of Origin

- Verification of the country from which the metals are sourced
- Check against high-risk jurisdictions or conflict-affected areas

5. Compliance with Sanctions and Regulations

- Screening against local and international sanctions lists
- Verifying no links to any sanctioned individuals or entities
- Confirmation of compliance with local anti-money laundering (AML) and counter-financing of terrorism (CFT) regulations

6. Reputation and Financial Health

- Media reports or public records on the company's reputation
- Review of the company's financial stability and performance
- Past legal cases, if any, related to financial crime or unethical business practices

5.2. Customer Due Diligence Checklist

1. Customer Identification Information

- Full name, address, and contact details
- Business registration and incorporation documents
- Valid trade license and tax registration details

2. Ownership and Control Structure

- Identification of the ultimate beneficial owners and senior management
- Assessment of the risk associated with the business partners or individuals

3. Transaction Verification

- Nature and purpose of the transaction
- Details of any third parties involved in the transaction
- Source of funds for the transaction and verification of financial capacity

4. Monitoring of Transaction

- Review of all past and ongoing transactions
- Monitoring for consistency with the customer's profile and industry
- Identification of any unusual or suspicious activity

5. Ongoing Compliance

- Continuous monitoring of the customer's relationship status
 - Periodic re-assessment of the customer's risk profile
 - Annual review of the compliance and due diligence files
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6. Record Keeping

All due diligence records and supporting documentation will be maintained for a minimum of five (5) years after the conclusion of the business relationship. This includes:

- Copies of due diligence documents
 - Risk assessment reports
 - Transaction monitoring logs
 - Compliance reports to regulatory authorities
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7. Training and Awareness

To ensure the proper implementation of this policy, Azhar Commodities Ventures FZE will provide regular training and updates to staff involved in due diligence processes. This will include:

- Regular training on the DMCC Rules for Risk-Based Due Diligence
- Updated procedures for identifying high-risk counterparts
- Best practices for transaction monitoring and reporting suspicious activities

8. Conclusion

This Risk-Based Due Diligence Policy ensures that Azhar Commodities Ventures FZE adopts the highest standards of corporate governance and compliance in all our dealings within the gold and precious metals supply chain. By adhering to the DMCC's guidelines, we aim to protect our business from reputational, legal, and operational risks while fostering transparency and integrity in the commodities trading industry.

9. Approval and Amendments

This policy is approved by the management of Azhar Commodities Ventures FZE. Any amendments or updates to this policy must be reviewed and approved by the compliance department and communicated to all relevant stakeholders.

This comprehensive due diligence framework ensures that the Company remains compliant with DMCC guidelines, mitigates risks, and upholds ethical standards in its business operations.

Compliance Officer:

Name: Abiola Jubril Dairo
Title: Responsible Compliance Management Officer
Company: Azhar Commodities Ventures FZE
Signature: Abiola Dairo
Date: April 8, 2025

Management Authorization:

By signing below, the management of Azhar Commodities Ventures FZE authorizes the enforcement of this policy and the allocation of necessary resources to ensure its effective implementation.

Name: Abiola Jubril dairo
Title: Director
Signature: Abiola Dairo
Date: April 8, 2025