



UDS GOLD TRADING LLC

SUPPLIERS CODE OF ETHICS

2019



Suppliers Code of Ethics

The Suppliers Code of Ethics applies equally to, and is fully observed by UDS GOLD TRADING LLC branches in Dubai. Any reference to “UDS GOLD” in this document refers equally to each of the above companies.

1. Purpose

This Standard governs the conduct of all Suppliers of all types and forms of precious metals to “UDS GOLD TRADING LLC” It sets the standards of ethical conduct that is required from the supplier community, provides for self- certification against all standards, validation of the self-certification, and procedures for proceeding or terminating contracts with suppliers that do not meet these standards.

2. Application

Social responsibility guides the operation of “UDS GOLD TRADING LLC” in the conduct of its business in the global precious metals industry. This Standard has been designed to help Suppliers understand their responsibilities and to create an awareness of the business and ethical standards that they must follow in their business dealings with “UDS GOLD TRADING LLC”. The key attributes expected from Suppliers are:

- Integrity
- Honesty and,
- The highest ethical standards

3. Administration and Interpretation

Enquiries, comments and recommendations related to this Standard and supporting Procedures must be communicated to the Compliance Officer of “UDS GOLD TRADING LLC”.

Definitions applicable to the understanding and application of the requirements contained in this Standard are located in Appendix A and Appendix B.

Suppliers must read, understand and accept in writing the following conditions of dealing with “UDS GOLD TRADING LLC”.

4. Compliance with Laws

Suppliers must comply with all applicable laws, rules and regulations in every jurisdiction in which they do business with “UDS GOLD TRADING LLC”. Local laws might change in restriction to this Standard in some instances. In such events, Suppliers are expected to comply with this Standard, even if the conduct would otherwise be legal under applicable laws. If local laws are more restrictive than this Standard, Suppliers are expected to, at a minimum, comply with applicable local laws.

5. UN Global Compact (see Appendix A below)

The ten principles of the Global Compact are based on internationally recognized norms and conventions in four critical areas: Human Rights, Labor Standards, the Environment, and Anti- corruption. In all business dealings with “UDS GOLD TRADING LLC”, Suppliers must comply with the principles of the UN Global Compact (see appendix A for reference).

6. DMCC Rules For Responsible Supply Chains For Gold and Other Precious Metals (See Appendix B below)

In 2012 the OECD issued a “Supplement on Gold” to its paper on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area. Subsequently the Dubai Multi Commodity Centre (DMCC) issued practical guidance (which are now rules) to assist DMCC licensed



members and non-members within the UAE's gold and precious metals industry on the implementation of the OECD guidelines on conducting due diligence and developing a risk management framework for responsible supply chain management of gold and precious metals when sourcing from conflict-affected and high risk areas. The rules provide a common reference for all actors in the supply chain on a step-by-step basis to ensure responsible sourcing and chain of custody of the gold and precious metals and to eliminate the risk of direct or indirect support to any kind of conflict in accordance with international standards. (See Appendix B for reference)

7. Certification

“UDS GOLD TRADING LLC” will certify and approve suppliers and accept their products once the supplier has passed our specialized assessment process, verification and monitoring procedures. Post certification, the supplier becomes a nominated entity to enter any deal with “UDS GOLD TRADING LLC” whenever required. The certification will occur at the outset of the relationship with the supplier and will be an on-going process and subject to review at least annually. “UDS GOLD TRADING LLC” has the right, but not the obligation, at its sole discretion to terminate the business relationship at any point if the standards required are not met by the supplier for any business related reasons. At the time of any termination for the business relationship with the supplier, “UDS GOLD TRADING LLC” will decide at its sole discretion whether or not to disclose the reasons for any such action.

8. Acknowledgement of Policy By The Supplier

WE acknowledge that we have read and understand this “UDS GOLD TRADING LLC” Suppliers Code of Ethics and Appendices and agree to comply with its provisions at all times during the business relationship with the company.

Name of Supplier:

Name of Officer:

Designation:

Authorized Signature:

Date:

PLACE COMPANY STAMP BELOW



APPENDIX A

The Ten Principles of The UN Global Compact

The UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 Make sure that they are not complicit in human rights abuses.

Labour

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4 The elimination of all forms of forced and compulsory labour
- Principle 5 The effective abolition of child labour; and
- Principle 6 The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7 Businesses should support a precautionary approach to environmental Challenges.
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



APPENDIX B

Responsible Supply Chain Management of Gold and Other Precious Metals

In 2012 The Organization for Economic Co-operation and Development (OECD) issued a “Supplement on Gold” to its paper on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas. Subsequently the Dubai Multi Commodity Centre (DMCC) issued practical guidance (which are now rules) to assist DMCC licensed members and non-members within the UAE’s gold and precious metals industry on the implementation of the OECD guidelines on conducting due diligence and developing a risk management framework for responsible supply chain management of gold and precious metals when sourcing from conflict-affected and high risk areas. The rules provide a common reference for all actors in the supply chain on a step-by-step basis to ensure responsible sourcing and chain of custody of the gold and precious metals and to eliminate the risk of direct or indirect support to any kind of conflict in accordance with international standards.

“UDS GOLD TRADING LLC” has adopted these rules and it is the responsibility of everyone involved in the global precious metals business, including our suppliers, to fully understand these DMCC/OECD rules in order to ensure that they are in full compliance with the principals of responsible supply chain management of precious metals.

While supplies from those refineries that hold an international accreditation such as the London Bullion Market Good Delivery or Dubai Good Delivery standards can be categorized as low risk in as much as they have to adopt and follow the DMCC/OECD rules in order to obtain and retain their approval status, nevertheless the rules below do apply to all supplies of precious metals, particularly gold with its high value and geographic locations of production in possible high risk areas.

The DMCC rules set out a step by step framework for risk based due diligence in the gold and precious metals supply chain, and a summary of the key aspects is set out below. This summary should be viewed as a documented set of procedures that all of our global precious metals suppliers should adhere to. As the DMCC guidance is aimed at the whole supply chain it may well be that not every rule will apply to every client, the aim is to have a balanced understanding of the pipeline in order to mitigate as far as possible the inherent risks involved in the supply of physical gold and other precious metals. The essence of compliance in any form is “does this make sense and appear to be within the rules to any reasonable person?”

Summary of the DMCC Rules For Responsible Supply Chains For Gold & Other Precious Metals

- A. A company must ensure that robust systems are in place in the gold and precious metals supply chain to ensure that its conducts effective due diligence on the supply chain.**
- A company must assign a dedicated compliance or risk officer with the following conditions:
 - The Compliance Officer should be a senior staff member; and should have the necessary competence, knowledge, experience and training in supply chain due diligence; and must be equipped with the necessary resources to perform the relevant duties and be able to communicate critical information to top management, staff and suppliers.
- B. A company must ensure that adequate documentation, records of supply chain and due diligence are maintained which should include the following:**
- Physical form, type and physical description of gold and precious metals including any Imprints and/or hallmarks.
 - Weight and assay of gold and precious metals after proper own verification and/or through third party verification.
 - Full KYC due diligence of all suppliers including their due diligence practices, which need to conform



to international standards. The KYC form should also include the company's suppliers and locations.

- Unique reference number for each entry/input and exit/output.
- Name, stamp and logo of refiner/producer/manufacture (if applicable).
- Year of refining/production (if applicable).
- Dates of purchases and sales.
- Inventory list classified as per supplier.

All documentation should be kept for at least five years and we must have a mechanism for tracing products back to the origin of the purchased material, known as 'Track and Trace'. Documents should include the following:

- Shipping/transportation documentation.
- Sales documents with specific lot numbers.
- Mining license and related permissions.
- Import/export licenses and forms.

C. A company must ensure that we have strong relationships with suppliers through the following:

- Maintaining adequate KYC due diligence process for suppliers including reviewing suppliers' own due diligence practices.
- Establishing long-term relationships.
- Sharing with suppliers the DMCC guidance and acknowledging the receipt and compliance of the suppliers with the DMCC rules.

D. A company must conduct regular training for all persons involved in the responsible supply chain process.

This includes initial training for new staff and refresher sessions for existing staff based on the level of risks and job profiles in engaging with the supply chain participants.

E. A company must identify and assess the risks in the supply chain.

The objective of this is for companies in the supply chain to identify and assess the risks associated with gold and precious metals, which they either: produce, distribute, transport, export or purchase. A company must conduct a risk-based assessment on each party included in the supply chain from the mines including suppliers, exporters and transporters of newly mined, or recycled gold and precious metals. Factors to take into consideration for conducting the risk assessments are as follows:

The geographical location of gold and precious metals supply:

- Origin and transportation.
- The level of government regulation and supervision in the country of origin.
- The extent of cash transactions used in the country of origin.
- The level of conflicts or human rights abuses in the country of origin.
- Payment systems used in the country of origin. I.e. formal banking versus informal systems such as money exchanges and 'Hawalas'.
- Level of involvement of criminal organizations in the country of origin.
- Level of high-risk businesses (such as gaming and casino, etc.) in the country of origin.
- Level of access from a country to nearby markets or processing operations that are termed as conflict and/or high-risk areas.
- Level of enforcement of laws addressing significant criminal activity in the country of origin.
- Existence of sanctions and/or embargoes that have been directed against the country and individuals/entities in that country.



When assessing counterparty risk in the supply chain a company should focus on the following:

- KYC information of the company's suppliers, which should include information about the origin and transportation of the gold and precious metals.
- Red flags (obvious high risks) in any aspect of the entire supply chain.
- Number of suppliers i.e. the greater, the higher the risk.
- Level of control that the counterparty has over its suppliers.
- Level and adequacy of due diligence practices of the counterparty.
- Whether the counterparty has due diligence practices that have been audited by a qualified third party auditor.
- How long the counterparty has been in the gold and precious metals business (longer = lower risk).
- No indication and/or disclosure of beneficial owners of the counterparty.
- Seeking anonymity by intermediating third parties such as lawyers, accountants, etc.
- Scale of mining operations of the supplier, if applicable.
- Politically exposed persons that have been entrusted with prominent public functions or individuals who are closely related to such persons.

When assessing transaction risk in the supply chain a company should focus on the following:

- Due diligence should be proportional to the value of the transaction.
- Gold and precious metals that are transited and/or exported which are not reasonably reconciled with the declared location of the origin.
- Unexplained geographic distance in the supply chain.
- Melted recyclable gold and precious metals is higher in risk than unprocessed recyclable gold and precious metals.
- Unusual circumstances which are not consistent with the local practices (amount, quality, potential profit, level of discount etc.).
- Use of cash in excess of government thresholds.
- Payment by cash and/or physical delivery to unrelated third parties.
- Structuring to make payments in smaller multiple transactions to avoid the government thresholds.

F. A company should adopt a system of red flags (high risk warnings) with respect to the location of supply, the nature of the suppliers, and circumstances of the supply with an in depth review of any supply that raises a red flag.

Location-based red flags of gold and precious metals related to origin and transportation include the following:

- The gold and precious metals originate from, or have been transported through a conflict-affected or high-risk area.
- The gold and precious metals are claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold and precious metals (i.e. the declared volumes of gold and precious metals from that country are in excess of its known reserves and/or expected production levels).
- The gold and precious metals are claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold and precious metals from conflict-affected or high-risk areas is known or reasonably suspected to transit.

In each of these location-based red flag considerations, the risk is increased when anti-money laundering laws, anti-corruption laws, customs controls and other relevant government laws are weakly or not enforced, where informal banking systems operate, and when cash is extensively used.



Supplier-based red flags include the following:

- Suppliers or other known upstream companies operate in one of the red-flagged locations of gold and precious metals' origin and transportation, or have shareholder(s) or other interests in suppliers of gold and precious metals from one of the above-mentioned red flag locations of gold and precious metals' origin and transportation
- Suppliers or other known upstream companies are known to have sourced gold and precious metals from a red flagged location of gold and precious metals origin and transit in the last 12 months.

Circumstances-based red flags include the following:

- Anomalies or unusual circumstances that are identified through the information collected in the KYC process give rise to reasonable suspicion that the gold and precious metals may contribute to conflict or serious abuses associated with the extraction, transportation of and/or trading in gold and precious metals.

A company should conduct enhanced research on red-flagged suppliers prior to engaging with them, which would include some or all of the below mentioned research methods based on the outcome of the risk assessments and the pertinent cost-benefit analysis in proportion to the level of the risks identified:

Desk research:

- Identify each company in the supply chain
- Identify the beneficial owner(s) of each company in the supply chain
- Obtain financial information on each company in the supply chain
- Ensure that each company in the supply chain holds the necessary permits and licenses
- Ensure that each company in the supply chain is not listed on any sanctions and/or embargoes list

On-site visits to gold and precious metals suppliers and/or keeping independent or joint on-the-ground assessment teams to generate and maintain information on the circumstances and processes of the following activities:

- Gold and precious metals extraction (physical access to mines, mine capacity against recorded mine production and discrepancies)
- Gold and precious metals processing (consolidation, blending, crushing, milling, smelting, refining, etc. and recording any discrepancies in the processing and/or production and related capacity of the facility to perform relevant activities)
- Handling of gold and precious metals (inventory, trans-shipment, relabeling, etc.)
- Transportation of gold and precious metals
- The weight and assayed quality characteristics of the gold and precious metals that are used in the above mentioned activities

G. A company should develop and implement a risk mitigation/control plan with the objective of controlling the identified risk(s) in order to mitigate any adverse implications.

This policy should include the following:

- A reporting mechanism for risks identified to company's senior management and the concerned compliance or risk (or supply chain) officers.
- Enhanced engagement with suppliers through establishing a chain of custody and/or traceability system from a red-flagged supply chain.
- Enhancing the physical security practices.
- Physically segregating and securing shipments from a red-flagged supply chain, avoid co-mingling supplies from a red flag area or supplier with those from a low risk geographic area and/or an accredited refinery.