



MONITORING & RISK MANAGEMENT POLICY

Purpose of Policy

ABC Refinery (“ABC”) is committed to only conducting transactions with its Customer that are consistent with the risk profile accepted by ABC as determined through the due diligence conducted of the Customer. The purpose of this policy is to establish a procedure for the monitoring of Customer transactions and a system to respond to information or complaints regarding responsible gold sourcing practice or suspicious activities.

Customer Ongoing Monitoring

ABC Refinery shall conduct appropriate scrutiny and transaction monitoring through the course of the relationship with its Customer. Monitoring of transactions should be undertaken by applying a risk-based approach. For low and medium risk Customers, ordinary monitoring shall apply. For all high and extreme risk Customers, the risk management strategy outlined in this Policy shall apply.

Documentation of Information

For each lot received, ABC shall document the below information. It is the responsibility of the Stock Control Receipt Officer to verify that the documents are consistent with each other and its knowledge of the supply chain. In the event transactions are inconsistent or suspicious the Stock Control Receipt Officer shall file a report (“Suspicious Transaction Report”) as soon as possible to the Compliance Officer who shall conduct appropriate examination and document the results in writing.

Mined Gold

- Estimated weights and assay results (from counterparty);
- Shipping/transportation documents (waybill/airway bill, pro-forma invoice, if applicable);
- Export and import form for high-risk transaction, if applicable.

Recycled Gold

- Estimated weight (from counterparty);
- Shipping/transportation documents (waybill/airway bill, pro-forma invoice, if applicable);
- Export and import form for high-risk transaction, if applicable.

Identification of Transaction Risk

In the event the Stock Control Receipt Officer or another employee identifies a potential “red flag” and files a Suspicious Transaction report in accordance with this Policy or ABC’s Whistleblowing Policy, the Compliance Officer shall review the report (“Customer Incident Case”) and assign a “low”, “medium” or “high” risk category to the case. The category to be assigned shall be determined by adopting a risk-based approach in the Compliance Officer’s best judgment.

High or Extreme Risk Customer - Risk Management Strategy

The Compliance Officer shall design a risk management strategy for all business conducted with high or extreme risk customers. This strategy is approved by Senior Management and supervised by the Compliance Committee. This strategy shall include the provision of monthly transaction summary reports for review and consideration by the Compliance Committee and Senior Management.

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Red Flag Transaction - Risk Management Strategy

The Compliance Officer shall submit the Customer Incident Case to the Compliance Committee for the Committee to determine a protocol and strategy for the risk management of the identified risk to be taken. The risk strategy to be adopted shall be determined after conducting an investigation to determine the appropriate course of action that shall be one of the below and must take in to consideration any applicable legal requirements not to “tip off” and report to the authorities, in the event of suspected money laundering. The Compliance Committee shall promptly provide a report sent to Senior Management that contains notification of the risk strategy to be adopted.

1. Mitigation of the risk whilst continuing to trade

Where the result of the investigation is not fully satisfactory, but the Customer is using reasonable and good faith effort, ABC can continue to refine gold coming from this source provided that it adopts an improvement strategy stating clear performance objectives within a reasonable timeframe. This strategy must include qualitative and or quantitative indicators in order to measure improvement together with a reasonable deadline for achievement that has been communicated to the Customer. The advancement of the plan should be reviewed regularly and the results communicated to Senior Management. On the deadline, an assessment should be performed in order to determine if the measures have been properly taken. Senior Management should be informed of the results and decide whether to continue dealing with this supply chain.

2. Mitigation of the risk while suspending trade

If the result of the gold supply chain investigation concludes that it is possible that there is money laundering, terrorist financing, contribution to conflict or human rights abuse, ABC shall suspend refining gold from the Customer until it can obtain additional information/data confirming or refuting the preliminary assessment.

3. Disengagement from the risk

If the result of the gold supply chain investigation concludes that there is money laundering, terrorist financing, contribution to conflict, human rights abuses, or if the possibility of these is deemed too high, ABC shall immediately stop refining gold from the Customer.