



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

AML/CFT AND KYC COMPLIANCE MANUAL

CHAPTER I

INTRODUCTION

It is the policy of FOZ GOLD to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements of DMCC's Anti-Money Laundering and Combating the Financing of Terrorism Policy and Process, the UAE federal laws including Federal No. 4 of 2002 regarding the Criminalization of Money Laundering, the Federal Law No. 1 of 2004 regarding Combating Terrorism Offenses and the Penal Code of the United Arab Emirates.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have been derived from legitimate origins or constitute legitimate assets.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations.

FOZ GOLD'S AML/CFT and KYC policies, procedures and internal controls are designed to ensure compliance with all applicable UAE federal laws and will be reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our business.

CHAPTER II

PREMIER GOLD COMMITMENT

FOZ GOLD is committed to full compliance with all applicable laws and regulations regarding anti-money laundering and combating the financing of terrorism policies and procedures. FOZ GOLD has adopted and will enforce the provisions set forth in this Compliance Manual in order to prevent and detect money laundering, terrorist financing and other illegal activities.

FOZ GOLD will not (i) accept funds that are known or suspected to be the proceeds of criminal activity; (ii) enter into/maintain business relationships with individuals or entities that are either known or are suspected to be a terrorist or a criminal organizations or listed on any of the sanction list; (iv) maintain anonymous accounts; and (v) enter into relationships with customers from prohibited jurisdictions or industries.

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Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

FOZ GOLD is also committed to report suspicious transactions to the regulatory agencies and liaise and assist with the law enforcement authorities and regulators with regard to any investigations.

CHAPTER III

POLICY COMPLIANCE AND CUSTODIAN

FOZ GOLD shall appoint one or more senior persons, or an appropriate unit, to advise its management and staff on the issuance and enforcement of in-house instructions to promote adherence to the DMCC's Anti-Money Laundering and Combating the Financing of Terrorism Policy and Process, the UAE federal laws including Federal No. 4 of 2002 regarding the Criminalization of Money Laundering, the Federal Law No. 1 of 2004 regarding Combating Terrorism Offenses and the Penal Code of the United Arab Emirates (collectively referred to as the "AML/CFT Compliance Guidelines"), its implementing rules and regulations, including personnel training, reporting of covered and suspicious transactions, and generally, all matters relating to the prevention of money laundering.

FOZ GOLD shall appoint a Compliance Officer or designate a Compliance Unit. Unless otherwise provided in their respective Manuals, the registered associated person of FOZ GOLD shall also be the Compliance Officer as contemplated herein. A Compliance Officer or member of the Compliance Unit shall be:

- ② Responsible for establishing and maintaining a manual of compliance procedures in relation to the business of FOZ GOLD;
- ② Responsible for ensuring compliance by the staff of FOZ GOLD with the provisions of AML/CFT Guidelines, its implementing rules and regulations and FOZ GOLD'S AML/CFT and KYC Compliance Manual;
- ② Responsible for disseminating to its Board, officers, and all employee's memorandum Circulars, resolutions, instructions, and policies issued by the UAE Regulatory Agencies in all matters relating to the prevention of money laundering;
- ② The liaison between FOZ GOLD and UAE Regulatory Agencies in matters relating to compliance with the provisions of the AML/CFT Compliance Guidelines and its implementing rules and regulations;
- ② Responsible for the preparation and submission to UAE Regulatory Agencies written reports on FOZ GOLD'S compliance with the provisions of the AML/CFT Compliance Guidelines and its implementing rules and regulation, in such form as the UAE Regulatory Agencies may determine, and within such period as the UAE Regulatory Agencies may allow in accordance with the AML/CFT Guidelines, or as amended.

Notwithstanding the duties of the Compliance Officer or Compliance Unit, the ultimate responsibility for proper supervision, reporting, and compliance pursuant to AML/CFT Compliance



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

Guidelines, or as amended, its revised implementing rules and regulations shall rest with FOZ GOLD and its Board of Director.

CHAPTER IV

PURPOSE AND RATIONALE

FOZ GOLD Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and Know-Your-Customer Compliance Manual (hereinafter the “ Compliance Manual”) is designed to prevent and mitigate possible risks of FOZ GOLD being involved in any kind of illegal activity.

In compliance with DMCC’s Anti-Money Laundering and Combating the Financing of Terrorism Policy and Process and to assist in the implementation of relevant UAE federal laws include Federal No. 4 of 2002 regarding the Criminalization of Money Laundering, Federal Law No. 1 of 2004 regarding Combating Terrorism Offenses and the Penal Code of the United Arab Emirates, FOZ GOLD apply the following principles:

- a. Know Your Customer FOZ GOLD shall obtain competent evidence of the customer’s identity and have effective procedures for verifying the bona fide identity of new customers.
- b. Compliance with laws FOZ GOLD shall ensure that its business is conducted in conformity with high ethical standards, that laws and regulations are adhered to, and that service is not provided where there is good reason to believe that transactions are associated with money laundering activities.
- c. Cooperation with law enforcement agencies Within the legal constraints relating to customer confidentiality, FOZ GOLD shall cooperate fully with law enforcement agencies. This includes taking appropriate measures allowed by law if there are reasonable grounds for suspecting money laundering. Disclosure of information by FOZ GOLD for the purposes of relevant laws regarding covered transactions and suspicious transactions shall be made to UAE authority.
- d. Policies, procedures and training FOZ GOLD shall adopt policies consistent with the principles set out in this Compliance Manual, and ensure that its staff, wherever located, are informed of these policies and adequately trained in matters covered herein. To promote adherence to these principles, FOZ GOLD shall implement specific procedures for customer identification, record keeping and retention of transaction documents and reporting of covered and suspicious transactions.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

CHAPTER V

POLICY SCOPE AND PENALTIES

This Compliance Manual covers all employees, clients, affiliates, and officers of FOZ GOLD REFINERY LLC.

Breach of this Compliance Manual by any staff, client, affiliates or officers shall constitute a disciplinary offense and FOZ GOLD reserves the right to take any action as it, in its sole discretion, deems fit in securing the diligent and proper implementation and enforcement of this Compliance Manual.

If FOZ GOLD, its personnel and/or premises are inadvertently used for money laundering or other illegal activities, FOZ GOLD can be subject to potentially serious civil and/or criminal penalties. Therefore, it is imperative that every member, officer, director, and employee is familiar with and complies with the policies and procedures set forth in this Compliance Manual.

CHAPTER VI

PROCEDURES AND CONTROL

FOZ GOLD is required to establish and implement internal control procedures aimed at preventing and impeding money laundering. Such procedures shall, among other things, ensure that such intermediaries and their employees are aware of the provisions of the law, its implementing rules and regulations, as well as all reportorial and compliance control procedures that shall be established by FOZ GOLD and the supervising authority.

FOZ GOLD shall see to it that their respective policies and procedures for dealing with money laundering, reflecting under the AML/CFT Guidelines and its implementing rules and regulations, are clearly set out and reflected in their operating manual.

Policies and procedures should cover:

- ☐ Identification, Verification and Know-Your-Customer (KYC)
- ☐ Updating of KYC information
- ☐ Monitoring of clients' activities
- ☐ Reporting of suspicious activities
- ☐ Training and Awareness
- ☐ Record Keeping detailed information on the above procedures is dealt in succeeding chapters.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

CHAPTER VII

IDENTIFICATION, VERIFICATION AND KNOW-YOUR-CUSTOMER

A. CUSTOMER IDENTIFICATION AND VERIFICATION

a. FOZ GOLD shall establish, document, and maintain a written identification, verification and KYC program, (hereinafter referred to as “Customer Identification Program”) appropriate for its size and business that, at a minimum, includes each of the requirements under KYC Checklist. The Customer Identification Program shall be part of the FOZ GOLD’S anti-money laundering compliance program.

b. FOZ GOLD shall obtain and record competent evidence of the true and full identity, representative capacity, domicile, legal capacity, occupation or business purposes of clients, as well as other identifying information on those clients, whether they be occasional or usual, through the use of documents detailed in the KYC Checklist.

c. Clients should be made aware of the FOZ GOLD’S explicit policy that business transactions will not be conducted with applicants who fail to provide competent evidence of their identity, but without derogating from FOZ GOLD’S obligations to report suspicious transactions. Where initial verification fails to identify the applicant or give rise to suspicion that the information provided is false, additional verification measures should be undertaken to determine whether to proceed with the business. Details of the additional verifications are to be recorded.

d. If during the business relationship, FOZ GOLD has reason to doubt (i) the accuracy of the information relating to the customer’s identity; or (ii) that the customer is the beneficial owner; or (iii) the intermediary’s declaration of beneficial ownership; or (iv) if there are any signs of unreported changes, FOZ GOLD shall take further measures to verify the identity of the customer or the beneficial owner, as applicable. Such measures may include the following:

i. referral of names and other identifying information to criminal investigating authorities; and ii. review of disciplinary history and disclosure of past relevant sanctions.

e. The Customer Identification Program must include procedures for responding to circumstances in which the Compliance Unit cannot form a reasonable belief that it knows the true identity of a customer. These procedures should describe, among others, the following:

- ☐ When FOZ GOLD should not open an account;
- ☐ The terms under which a customer may conduct business transactions while FOZ GOLD attempt to verify the customer’s identity;
- ☐ When FOZ GOLD should close an account after attempts to verify customer’s identity fail;
- ☐ When FOZ GOLD should file a Suspicious Transaction Report.

f. The Customer Identification Program must include procedures for providing customers adequate notice that FOZ GOLD is requesting information to verify their identities.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

g. FOZ GOLD shall maintain customer accounts only in the name of the account holder. It shall not open or keep anonymous accounts, fictitious names accounts, incorrect name accounts and similar accounts.

h. FOZ GOLD shall ensure that they know their customers well, and accordingly, shall keep current and accurate all material information with respect to their customers by regularly conducting verification and update thereof.

A.1. INDIVIDUAL CUSTOMERS

a. FOZ GOLD shall obtain from all individual applicants the following information:

- ☐ Applicant's full name (as per passport);
- ☐ Date and place of birth.
- ☐ Nationality.
- ☐ Physical Address (residential and business / home country and UAE)
- ☐ Contact details; Previous personal / business activities / occupation (type and volume)
- ☐ Anticipated type and volume of company's activities.
- ☐ Bank reference and introductory letter; and
- ☐ Source of funds

b. FOZ GOLD shall request individual applicants who present only photocopies of identifications and other documents to produce or show the original documents for verification purposes. The relevant documents listed in Appendix A hereof shall be obtained in respect of individual applicants.

c. Wherever possible, prospective clients should be interviewed personally. FOZ GOLD shall take particular care in opening accounts via the internet, email, post or telephone or other such instances which may give rise to verification without face-to-face contact.

d. The customer identification procedures for non-face-to-face verification should be as stringent as those for face-to-face verification. FOZ GOLD is duty-bound to inform such clients that identity verification measures apply as well to them.

e. The following are a number of checks which can be used by FOZ GOLD to verify identity of prospective clients where there is no face-to-face contact:

- ☐ telephone contact with the applicant at an independently verified home or business number;
- ☐ subject to the applicant's consent, telephone verification of the applicant's employment with the employer's personnel department at a listed business number;
- ☐ income or salary details appearing on recent bank statements, income tax returns or any other document evidencing income or compensation



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

- ② confirmation of the address through an exchange of correspondence or by other appropriate methods;
- ② an initial deposit drawn on another financial institution regulated by the Central Bank of UAE will provide additional assurance as to identity.

A.2. CORPORATE CUSTOMERS

a. Before establishing a business relationship, a company search and/or other commercial inquiries shall be made to ensure that the corporate/other business applicant has not been, or is not in the process of being dissolved, struck off, wound-up or terminated. In case of doubt as to the veracity of the corporation or identity of its directors and/or officers, or the business or its partners, a search or inquiry with relevant Supervising Authority/Regulatory Agency shall be made.

b. FOZ GOLD shall obtain from all corporate account applicants the following information. The relevant documents listed in Appendix A hereof shall be obtained in respect of corporate / other business applicants.

- ② Incorporated name;
- ② Shareholders (in case applicant company being non-publicly traded);
- ② Ultimate beneficial owners (in case applicant company is not publicly traded)
- ② Managers;
- ② Signatories;
- ② Country of origin / UAE physical address (if applicable);
- ② Contact details; ② Previous business activities (type and volume);
- ② Anticipated type and volume of activities;
- ② Last two years audited financial statements
- ② Source of funds; and
- ② Bank reference and introductory letter

c. For companies or businesses registered outside the United Arab Emirates, comparable documents are to be obtained, duly authenticated by UAE Embassy where said embassy are located.

d. If significant changes to the company structure or ownership occur subsequently, or suspicions arise as a result of a change in the payment profile as reflected in a company account, further checks are to be made on the identified of the new owners.

A.3. TRUSTEE, NOMINEE OR FIDUCIARY ACCOUNTS

a. FOZ GOLD shall establish whether the applicant for business relationship is acting on behalf of another person as trustee, nominee or agent. FOZ GOLD should obtain satisfactory evidence of the identity of such agents and authorized signatories, and the nature of their trustee or nominee capacity and duties.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

b. Where FOZ GOLD entertains doubts as to whether the trustee, nominee or agent is being used as a dummy in circumvention of existing laws, it shall immediately make further inquiries to verify the status of the business relationship between the parties. If satisfactory evidence of the beneficial owners cannot be obtained, FOZ GOLD shall consider whether to proceed with the business, bearing in mind the “Know-Your-Customer” principle. If they decide to proceed, they are to record any misgiving and give extra attention to monitoring the account in question.

A.4. TRANSACTION UNDERTAKEN ON BEHALF OF ACCOUNT HOLDER OR NON-ACCOUNT HOLDERS

a. Where transactions are undertaken on behalf of account holders of FOZ GOLD, particular care shall be taken to ensure that the person giving instructions is authorized to do so by the account holder.

b. Transactions undertaken for non-account holders demand special care and vigilance. Where the transaction involves significant amounts, the customer should be asked to produce positive evidence of identity including nationality, the purposes of the transaction and the sources of the funds.

B. KNOW-YOUR-CUSTOMER (KYC)

a. FOZ GOLD maintains clear customer acceptance policies and procedures, including a description of the types of customer that are likely to pose a higher risk than average risk. Before accepting a potential client, KYC and due diligence procedure are followed, by examining factors such as customers’ background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators.

b. KYC is to be carried out according to mandatory Customer KYC checklist as provided for in the Appendix A for (i) Individual shareholders / directors / manager KYC checklist and; (ii) Corporate KYC checklist.

c. FOZ GOLD is strictly forbidden to transact business with shell companies. Shell companies are institution that has no physical presence in any country, no active business and which merely exists on paper.

d. An integral part of KYC process is the carrying out of applicant screening and background checking and risk assessment. Applicant screening is designed to ensure that an applicant is not listed on an international official sanction lists issued by government and departments and law enforcement agencies. Background checking is designed to identify any adverse information about the past conduct of an individual that may influence their suitability as an applicant. The risk assessment process clarifies the applicants into three risk categories: low, medium and high.

e. Extensive due diligence is essential for an individual with high net worth but whose source of funds is unclear. A decision to enter into business relationships with high risk customers, such as politically exposed persons, is taken exclusively at senior management level.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

f. When conducting the KYC process, there shall be no reliance on third party information or “hearsay”. For applicants introduced to FOZ GOLD by a third party, FOZ GOLD compliance unit must carry out and perform all identification, verification and KYC procedures.

CHAPTER VIII

UPDATING OF KYC INFORMATION

Know-Your-Customer is an ongoing process. The foundation of any customer due diligence and monitoring procedures lies in the initial collection of KYC information and the ongoing updating of that information. By keeping accurate and up-to-date clients’ records, FOZ GOLD not only manages the risk but also reassures the clients that FOZ GOLD cares about them.

Reasonable steps must be undertaken to ensure that KYC information and documents is updated as and when required. As a minimum standard, KYC information must be updated every year.

CHAPTER IX

MONITORING OF CLIENTS’ ACTIVITIES

FOZ GOLD is mandated to monitor, supervise and inspect the activities of its clients and their affiliates. As such, the Client Activity Monitoring will be undertaken to (i) collect and retain members’ annual Audited Financial Statements; (ii) Reviewing the clients’ annual Audited Financial Statements; and (iii) conduct inspections of clients’ premises to ensure that their operations are conducted in accordance with UAE Regulatory System.

CHAPTER X

REPORTING OF SUSPICIOUS ACTIVITIES

FOZ GOLD shall institute a system for the mandatory reporting of suspicious transactions pursuant to Federal Law No. 4 of 2002 regarding criminalization of money laundering. Any transactions settled in cash and which has a value of One Hundred Thousand Dirhams (AED 100,000/-) or above should be accompanied by a certificate of source of funds such as bank cash payment certificate or slip, customs declaration certificate, etc. Any suspicious transactions must be reported to Anti-Money Laundering and Suspicious Cases Unit (AMLSCU).

Where any employee or personnel, director or officer of FOZ GOLD knows that the client has engaged in any of the predicate crimes under the UAE Federal Law, the matter must be promptly reported to the Compliance Officer within the organization who, in turn, must immediately report the details to the AMLSCU.

If there are reasonable grounds to suspect that the customer has engaged in an unlawful activity, the Compliance Officer, on receiving such a report, must promptly evaluate whether there are reasonable grounds for such belief and must then immediately report the case to the AMLSCU



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

unless the compliance officer/s or unit considers, and records an opinion, that such reasonable grounds do not exist.

FOZ GOLD'S directors, officers, and employees shall not warn their customers that information relating to them has been reported or is in the process of being reported to the AMLSCU, or communicate, directly or indirectly, such information to any person other than the AMLSCU. Any violation of this confidentiality provision shall render them liable for criminal, civil and administrative sanctions under the UAE federal law.

FOZ GOLD shall maintain a register of all suspicious transactions that have been brought to the attention of its Compliance Officer or Compliance Unit, including transactions that are not reported to the AMLSCU. The register shall contain details of the date on which the report is made, the person who made the report to its Compliance Officer and information sufficient to identify the relevant papers related to said reports.

Chapter 3 of the UAE Federal Law No. 4 of 2002 provides penalties for failure to report suspicious activities to the AMLSCU by those who are aware of a suspicious activity or transaction which may be a criminal offense, punishable by a fine or imprisonment or both.

CHAPTER XI

TRAINING AND AWARENESS

FOZ GOLD shall provide education and training for all its staff and personnel, including directors and officers, to ensure that they are fully aware of their personal obligations and responsibilities in combating money laundering and to be familiar with its system for reporting and investigating suspicious matters.

FOZ GOLD may, due to the scale and nature of its operations, assign the internal audit or training functions to another person (i.e. professional association, parent company or external auditors). Where FOZ GOLD delegates its responsibilities for audit and training, due diligence is to be exercised to ensure that the persons appointed are able to perform these functions effectively and the fact of such appointment must be relayed in writing to regulatory agencies.

FOZ GOLD shall, at least once a year, make arrangements for refresher training to remind key staff and officers of their responsibilities and to make them aware of any changes in the laws and rules relating to money laundering, as well as the internal procedure of FOZ GOLD. New employees will receive appropriate training within 30 days of their hire date. Training for all employees includes not only the legal elements of AML/CFT laws and regulations but also covers job specific applications of these laws. Ongoing training is provided and updated regularly to reflect current developments and changes to laws and regulations.

To ensure the continued adherence to FOZ GOLD'S AML/CFT and KYC policies and procedure, all Employees are required to confirm and reconfirm their awareness of the contents of this



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

Compliance Manual by signing the acknowledgment form annually, or more frequently, as required by the Compliance Unit.

CHAPTER XII

RECORD KEEPING

The following documents shall be considered as FOZ GOLD'S KYC Documents:

- ☑ All clients' documentation as provided in KYC checklist and/or correspondences.
- ☑ All documentation concerning a suspicious activity report concerning a client or applicant together with any response or follow up;
- ☑ Records of AML/CFT training sessions attended by FOZ GOLD'S staff, officers and their affiliates, the dates, content, and attendees.

The following document retention periods shall be followed:

- ☑ All records of all transactions of covered clients, especially customer identification records, shall be maintained and safely stored in an easily accessible place for six (6) years from the dates of transactions.
- ☑ With respect to closed accounts, the records on customer identification, account files and business correspondence, shall be preserved and safely stored for at least six (6) years from the dates when they were closed.
- ☑ If the records relate to ongoing investigations or transactions that have been the subject of a disclosure, they shall be retained beyond the stipulated retention period until it is confirmed that the case has been closed.

Transaction documents may be retained as originals or copies, or may elect to scan images of original documents onto CD-ROM format, provided that such forms are admissible in court, pursuant to the UAE Rules of Court and the E-Commerce Law. CD-ROM's should be stored in a secured environment suitable for the long-term storage of electronic/digital media.

FOZ GOLD shall designate at least two (2) persons responsible in the safekeeping of all records, reporting to the AMLSCU any change in the person/s responsible, if there is any.



Foz Gold & Diamonds Trading FZC

UAQ Free Trade Zone, Um Al Quwain, UAE

CHAPTER XIII

PERIODICAL REVIEW

A regular review of this Compliance Manual shall be undertaken to ensure that it is functioning as designed. Such a review could be performed by external or internal resources, and should be accompanied by a formal assessment or written report.

If and when regulations are amended concerning reporting of suspicious activities, FOZ GOLD will amend this Compliance Manual to comply with those regulations.