



VALUE TRADING BV: CUSTOMER DUE DILIGENCE POLICY

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1 CUSTOMER DUE DILIGENCE

The customer due diligence measures described in this policy do not only apply to all new customers, but also at appropriate times to existing customers on a risk-sensitive basis, or when the relevant circumstances of a customer change. For the avoidance of doubt, both customers as well as supplier are subject to the same due diligence measures. This document is to be consulted together with Value Trading's compliance manual.

1.1 Customer identification and verification

1.1.1 Natural persons

Type of counterparty	Identification Obligation: mandatory information to obtain	Documents	Verification
- Private seller	<ul style="list-style-type: none"> - First name - Surname - Birthdate - Place of birth - Address - Nationality - PEP-status 	Reliable, independent source documents, data or information: <ul style="list-style-type: none"> - Passport or identity card whether op paper or electronically - Bank account details - Address 	Verification Tools: <ul style="list-style-type: none"> - Identity card or passport - World Check - relevant government lists of wanted money launderers, know fraudsters or terrorists or otherwise sanctioned individuals - PEP-status



A copy of the above-mentioned documents/sources should be kept in paper form and/or electronically and should be permanently consultable (cf. document retention guidelines contained in Value Trading's compliance manual).

Comment:

Passports, identity cards and other identity documents must be current, meaning unexpired. All documents must be originals. If deemed necessary, the authenticity of the document with its issuer should be verified.



1.1.2 Corporate entities

Type of counterparty	Identification Obligation: mandatory information to obtain	Documents	Verification
<ul style="list-style-type: none"> - Gold supplying refiner (RMI conformant or not) - Gold aggregator - Recycler (e.g. jeweler) - Exchange broker, trader, investment company 	<ul style="list-style-type: none"> - Full legal name - Legal form/type of legal structure - A unique identification number such as Vat number - Belgian or foreign - Name - Registered office - List of directors - Terms related to the authority to bind the company 	<ul style="list-style-type: none"> - Deed of incorporation - Articles of association - Directors - Document evidencing current existence of entity (extract from commercial register, certificate of incorporation, certificate of good standing etc.) - UBO (>5% shares) 	<ul style="list-style-type: none"> - World Check & Google - Verification against relevant government lists of wanted money launderers, know fraudsters or terrorists or otherwise sanctioned individuals



A copy of the above-mentioned documents/sources should be kept in paper form and/or electronically and should be permanently consultable (cf. document retention guidelines contained in Value Trading's compliance manual).

1.1.3 Identification of the representatives of the customer



Identification Obligation: mandatory information to obtain	Documents	Verification
<ul style="list-style-type: none"> - First name - Surname - Birthdate - Place of birth - nationality 	Reliable, independent source documents, data or information: <ul style="list-style-type: none"> - Passport or identity card whether op paper or electronically - Bank account details - Address 	Verification Tools: <ul style="list-style-type: none"> - Passport or identity card - World Check: - relevant government lists of wanted money launderers, know fraudsters or terrorists or otherwise sanctioned individuals - PEP-status



A copy of the above-mentioned documents/sources should be kept in paper form and/or electronically and should be permanently consultable (cf. document retention guidelines contained in Value Trading's compliance manual).

1.1.4 Identification of the Ultimate Beneficial Owner

The ultimate beneficial owner is

Identification Obligation: mandatory information to obtain	Documents	Verification
<ul style="list-style-type: none"> - First name - Surname - Birthdate - Place of birth - Address - nationality 	Reliable, independent source documents, data or information: <ul style="list-style-type: none"> - Passport or identity card whether op paper or electronically - Bank account details - Address 	Verification Tools: <ul style="list-style-type: none"> - Identity card or passport - World Check - relevant government lists of wanted money launderers, know fraudsters or terrorists or otherwise sanctioned individuals - PEP-status





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A copy of the above-mentioned documents/sources should be kept in paper form and/or electronically and should be permanently consultable (cf. document retention guidelines contained in Value Trading's compliance manual).

1.2 Assess and obtain information on the nature of the intended business relationship

The gathering of information and documents for formal identification and verification is a first step. However, in order to effectively Know Your Customer, an understanding of the content of the intended business relationship is also required. This means that information should also be obtained on the purpose and intended nature of the business relationship.

The type of counterparty identified will determine the due diligence to be conducted. In this respect the **supply chain policy** is to be consulted.

The following distinctions can be made:

- Gold supplying refiner, conformant with RMI Standard (or equivalent);
- Gold supplying refiner, not conformant with the RMI standard (or equivalent);
- Gold aggregator: an individual or an entity that consolidates and/or processes gold, as the first process and may cast in into rudimentary bars or some other form with undefined dimensions and variable fineness, prior to refining to begin a new life cycle;
- Recycler: an individual or an entity that is not a refiner, that collects, consolidates and/or processes recyclable/scrap gold, such as sampling and assay, prior to refining to begin a new life cycle;
- Trader: An individual or entity that trades in materials where the material traded is in the same chemical and physical state as received;
- Investment firm, exchange broker

1.3 Updates

Value Trading carries out periodic and risk-based reviews of the customer related documents, data or information in order to keep them up to date on an ongoing basis. World-check verifications are performed bi-annually.

1.4 Prohibition to establish a business relationship

In case a customer's identity cannot be verified as set out above, the person or entity cannot become a customer of Value Trading.



1.5 Value Trading' tools, document retention and operation procedures.

The following tools are to be used and the applicable operational procedures are to be adhered to:

- On-boarding checklist
- Internal compliance documentation
- PEP-hit operational procedure

All documents are to be stored as set out in the section of Value Trading's compliance manual relating to document retention.

2 CUSTOMER ACCEPTANCE

Value Trading has developed a risk-based customer acceptance policy. This policy describes objective risk factors to allow a risk-based classification of customers into distinct categories of risk

The customer acceptance policy identifies objective risk factors in order to define categories of customers with a graduated scale of AML/TF risk (extreme, (very) high risk, normal/medium risk, low risk). Based on this graduated scale of risks, various levels of requirements related to acceptance and ongoing monitoring are determined.

These risk factors are not only be taken into account at customer intake but also in the entire course of the business relationship.

The customer acceptance policy is to be consulted together with Value Trading's **supply chain policy**.

2.1 Source of gold

There are three possible sources of gold and gold-bearing material, for which Value Trading adopts different due diligence:

2.1.1 Mined Gold

Mined gold is gold that originates from mines (medium and large-scale or artisanal and/or small-scale mines) and has never been previously refined. The origin of Mined Gold is the mine where it was extracted.



Sub-categories of mined gold before it is refined are:

- **Alluvial gold** – Newly mined gold that has been taken from sand and gravel deposits, most often in or near streams, typically as very small but visible pieces of gold. Alluvial gold is usually in the form of “**dust**,” occasionally **nuggets**, which is already concentrated in form, easily transported, and may be easily melted and/or semi-refined into small ingots (normally of 85% – 92 % purity). Alluvial gold in all these forms requires refining before use as bullion or jewelry, but can ordinarily be directly refined, without further intermediate concentration or processing.
- **Gold ore** – Rock or gravel that contains an economically valuable concentration of gold. This concentration may be very small by weight, e.g., 1 gram of gold per ton of ore, and still be economically recoverable in medium and large-scale industrial mining. Gold ore, because of its bulk and weight, is ordinarily not transported far from a mine site for processing.
- **Gold concentrate** – An intermediate material produced from processing of gold ore to achieve a higher concentration, but still requiring further intermediate processing to produce doré. A gold concentrate would ordinarily be transported to a nearby gold smelter for creation of doré.
- **Gold doré** – A bar of newly mined gold metal alloy, generally originating from extensive processing of ores and smelting at medium and large-scale mines to a high concentration (normally of 85% – 90% purity). Mined gold in this form is not commercial quality and must then be transported to a refinery to be directly refined, without further intermediate processing.
- **Mining Byproduct** – Gold that is produced from other metal mining, e.g., from copper sulphide ore, in which gold may be a trace constituent. When gold is a byproduct, the other more important metal is processed and refined first, and the gold is then extracted and refined from the final residue of the first metal, such as a copper electrolytic cell slime.
- **LSM Gold** – Gold that has been produced by Medium and Large-scale Mining (see Definition of Medium and Large-scale Mining).
- **ASM Gold** – Gold that has been produced by Artisanal and Small-scale Mining (see Definition of Artisanal and Small-scale Mining).

2.1.2 Recyclable Gold

Recycled gold is gold that has been previously refined, such as end-user, post-consumer and investment gold and gold-bearing products, and scrap and waste metals and materials arising during refining and product manufacturing, which is returned to a refiner or other downstream intermediate processor to begin a new life cycle as 'recycled gold'.



Mining material, of any form or shape or concentration, including intermediate material that has not yet been fully refined (99.5% or higher) and sold in its first gold life cycle, and continues to be mining material.

The origin of recyclable gold is considered to be the point in the gold supply chain where the gold is returned to the refiner or other downstream intermediate processor or recycler. Sub-categories of recyclable gold are:

- **Unprocessed recyclable gold** – Recyclable Gold still in its original form and/or fabrication scrap, before it has been returned for processing and refining (e.g. bullion bars, pieces of jewelry, ornaments, coins, machine turnings, etc.)
- **Melted recyclable gold** – Recyclable Gold which has been melted as the first recycling process and cast into rudimentary bars or some other form with undefined dimensions and variable fineness.
- **Industrial By-product** – A material produced while processing another material, not the primary intended product but nevertheless a separate useful material. For example, gold refining often creates low value by-products such as furnace flue dust, spent crucibles and floor sweepings.

2.1.3 Grandfathered stocks

Gold investment products (ingots, bars, coins, and grain in sealed containers) held in bullion bank vaults, central bank vaults, exchange and refineries with a verifiable date prior to 1 January 2012, which will not require a determination of origin. This includes stocks held by a third party on behalf of the listed entities.

Verifiable Date: A date which can be verified through inspection of physical date stamps on products and/or inventory lists.

Mixed Gold – Gold that includes multiple sources (e.g., both mined gold and recyclable gold).

2.1.4 Prohibition to establish a business relationship

Value Trading does not accept the following sources of gold or gold-bearing material:

- Alluvial gold
- Gold ore
- Gold concentrate
- Mining byproduct
- ASM Gold (there are exceptions depending on the results of the risk assessment).



2.1.5 Review of material transactions

Value Trading will collect the following documentation to assess origin, chain of custody and perform due diligence: The KYC requirements are set out above under chapter 1 of these guidelines.

Mined Gold low-risk.

Expectation	Level	Data Points	Document types (not all are necessary)
Country of origin	Transaction	Type or material, country of origin of material, identification of the mine site or region of origin for ASM	<ul style="list-style-type: none"> - Official (e.g. government issued) import / export license or other customs export document - Official (e.g., government-issued) country of origin certificate - Official (e.g., government-issued) mine license - Purchase order or contract showing mine name - Assessment of mining practice - Data on mining capacity (if available) - Mine assay results and weights

Mined Gold high-risk

Expectation	Level	Data Points	Document types (not all are necessary)
Context	Country/area	Political, economic, social and security context of the CAHRA	For LSM and ASM supply chains: <ul style="list-style-type: none"> - UN Reports - NGO Reports - Governance Assessments - Media reports
Know Your Counterparty (KYC)	Gold supplying counterparty	Identification of all actors in the upstream supply chain: Identification of ownership, Identification of related businesses, Verification of the identity, Checks on	The same documents than Mined Gold Low Risk (KYC obligation cf. part 1 of this manual). In addition, for each upstream supply chain actor in LSM supply chains and each



Expectation	Level	Data Points	Document types (not all are necessary)
		government watchlist information, Affiliation with government, political parties, military, criminal networks or non-state armed groups	upstream actor between the local exporter and the refiner for ASM supply chains: <ul style="list-style-type: none"> - Identity of the supply chain actor(s) - Identity of the beneficial owner(s) of the supply chain actor(s); - Records of checks that the supply chain actor(s) and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists - Records of related businesses, subsidiaries, parents and affiliates - Records of checks of any affiliation of the supply chain actors with government, political parties, military, criminal networks or non-state armed groups.
Country of origin	Transaction	Type of material For LSM supply chains, the location and name of all gold mines for every output For ASM supply chains, identification of suppliers of ASM gold to local gold exporter and geographic sourcing area of those suppliers	The same documents than Mined Gold Low Risk (KYC obligation cf. part 1 of this manual). In addition for LSM and ASM: <ul style="list-style-type: none"> - On-site visits or investigation reports For ASM sources only: <ul style="list-style-type: none"> - Identity of the gold supplying counterparty of ASM gold to the local gold exporter



Expectation	Level	Data Points	Document types (not all are necessary)
			<ul style="list-style-type: none"> - Report or mapping of geographic sourcing area of suppliers of ASM gold - Records of checks of suppliers of ASM gold for government, political or military affiliations and any reported instances of affiliations with non-state armed groups and / or public or private security forces - Assessment of whether suppliers of ASM gold can be considered to be involved in Legitimate ASM
Country of origin	Country/Area	<p>Current production and capacity of mine(s) and current production and capacity of mine processing unit(s)</p> <p>Quantity, dates and method of extraction (ASM or LSM)</p> <p>Methods of gold processing</p>	<p>For LSM and ASM:</p> <ul style="list-style-type: none"> - Production records from mine and (if applicable) processing unit(s) - Geological surveys, - Production records of traceability / chain of custody program
Chain of Custody / Traceability	Transaction	<p>Identification of all location(s) in the supply chain including mine site, trading house, exporter and processors</p> <p>Method of gold transportation</p> <p>For each independent section of the domestic and international transportation route, physical location of origin of the shipment;</p>	<p>For LSM and ASM:</p> <p>Traceability:</p> <ul style="list-style-type: none"> - Traceability reports - Reference / shipment numbers <p>Domestic Transportation:</p> <ul style="list-style-type: none"> - Trucking documentation or transportation logs - Warehouse receipts - Contract showing transporter name Invoices from appointed transport agent



Expectation	Level	Data Points	Document types (not all are necessary)
		physical location of final destination of the shipment, description of the material (type and weight) and date of physical transportation / arrival date of the material	<ul style="list-style-type: none"> - License from appointed transport agent - Inland forwarding note International Transportation: <ul style="list-style-type: none"> - Airway Bill - Bill of lading (by sea) - Through bill of lading - Customs import record (refiner's country)
Legality	Supplier/Transaction	All taxes, fees or royalties paid to government for the purposes of extraction, trade, transport and export of minerals Any other payments made to governmental officials for those same purposes	For LSM and ASM: <ul style="list-style-type: none"> - Customs export record - Mining operation or in-country exporter financial reports - Operating license for mining (LSM) or export (ASM local exporters)
Security Forces	Supplier	The security services provided by public or private security forces at the mine site All taxes and any other payments made to public or private security forces or other armed groups at all points in the supply chain from extraction onwards Training of security forces Screening and security risk assessments in accordance	For LSM supply chains only: <ul style="list-style-type: none"> - Contracts with public or private security forces - Records of payments made to public or private security forces - Training records - Risk assessment records - Records of screening of security forces personnel



Expectation	Level	Data Points	Document types (not all are necessary)
		with the UN Voluntary Principles on Security and Human Rights	
LSM / ASM Relationship	Supplier	<p>Operation of ASM on LSM Concession</p> <p>Tensions between LSM and ASM miners</p> <p>Entry of ASM gold into the LSM supply chain</p>	<p>For LSM and ASM supply chains, where applicable:</p> <ul style="list-style-type: none"> - Reports of ASM miners on LSM concession - Records of community engagement meetings - Records of engagement with ASM miners - LSM processing entity records of material receipt - Traceability mechanism incident reports
Supply Chain Mapping	Supply Chain	<p>Locations where minerals are consolidated, traded, processed or upgraded</p> <p>Identification of all upstream intermediaries, consolidators or other actors in the upstream supply chain; transportation routes</p>	<p>For LSM and ASM:</p> <ul style="list-style-type: none"> - Supply chain map - Traceability reports - Contracts / agreements - Mine site declarations or visit reports identifying actors in the supply chain
Risk assessment	Country / Area	<p>Qualitative information on conditions in the supply chain regarding:</p> <ul style="list-style-type: none"> - Presence and / or involvement of non-state armed groups - Occurrence of serious human rights abuse 	<p>For LSM and ASM:</p> <ul style="list-style-type: none"> - KYC documentation - On-site visits or audit reports - Incident monitoring reports - NGO or other stakeholder reports



Expectation	Level	Data Points	Document types (not all are necessary)
		<ul style="list-style-type: none"> - Occurrence of worst forms of child labor - Occurrence of forced labor - Presence and role of public or private security forces - Occurrence of bribery, money laundering or non-payment of taxes, fees and royalties 	
Risk assessment	Supplier/transaction	Name of actors involved, name and location of mine site(s) involved, type of risk, description of incident, description of immediate mitigation measures (where applicable)	For LSM and ASM: <ul style="list-style-type: none"> - On-site assessment team - Upstream actor visits or audit reports - Upstream risk assessment Reports - Incident monitoring reports - National law and regulations, OECD Guidelines, core Human Rights conventions, humanitarian law
Risk mitigation	Supplier	Records demonstrating implementation of risk mitigation measures	For LSM and ASM: <ul style="list-style-type: none"> - Risk management plan - Meeting records, email correspondence with supply chain actors for risk mitigation - Incident monitoring reports - Performance reports - Grievance Mechanisms and tracking / responding to supply chain incident



Expectation	Level	Data Points	Document types (not all are necessary)
Risk management	Auditee	Evidence of ongoing monitoring of risks	For LSM and ASM: <ul style="list-style-type: none"> - Risk management plan and strategy - Reports to senior management - Meeting notes - Internal memos / correspondence - Notice of suspension / discontinuation of contracts / agreements

Recycled Gold low risk

Expectation	Level	Data Points	Document types (not all are necessary)
Source	Transaction	Description of the material and / or information on the composition of the material confirming that it is recycled	<ul style="list-style-type: none"> - Analysis data - Information on physical form such as photos explicit descriptions of material lot - Direct gold supplying counterparty contract and or purchase agreement containing description of material supplied - Assay / estimated gold content

Recycled gold high risk

Expectation	Level	Data Points	Document types (not all are necessary)
Source	Transaction	Description of the material and / or information on the composition of the material confirming that it is recycled	<ul style="list-style-type: none"> - Analysis data - Information on physical form such as photos



		Unusual circumstances regarding volume or gold content of material	<p>explicit descriptions of material lot</p> <ul style="list-style-type: none"> - Direct gold supplying counterparty contract and or purchase agreement containing description of material supplied - Assay / estimated gold content - Material receipt records for transactions received from the gold supplying counterparty - Assay / gold content estimations for transactions received from the gold supplying counterparty
Source	Transaction	Location of the transaction	<ul style="list-style-type: none"> - Country of operation of the gold supplying counterparty - List of locations of gold sources used by the gold supplying counterparty
Value	Transaction	Threshold of 15.000 USD per transaction	Cf. above, increased focus on gold supplying counterparties
Risk Assessment	Counterparty/country	<p>Qualitative information on conditions in the supply chain regarding:</p> <ul style="list-style-type: none"> - Presence and / or involvement of non-state armed groups; - Occurrence of serious human rights abuse 	<ul style="list-style-type: none"> - KYC documentation - On-site visits or audit reports - Incident monitoring reports - NGO or other stakeholder reports



		<ul style="list-style-type: none"> - Occurrence of worst forms of child labor - Occurrence of forced labor Presence and role of public or private security forces - Occurrence of bribery, money laundering or non-payment of taxes, fees and royalties 	
Risk Assessment	Counterparty / Transaction	Name of actors involved, name and location of mine site(s) involved, type of risk, description of incident, description of immediate mitigation measures (where applicable)	<ul style="list-style-type: none"> - On-site assessment team - Reports on incident - National law and regulations, OECD Guidelines, core Human Rights conventions, humanitarian law

2.2 Geographical risk : gold origin and transit

Reference is made to the **supply chain policy** that contains detailed guidelines on the necessity to determine the origin, and where applicable, the chain of custody of material received.

Summarized, the requirement to determine the origin of gold does not apply to the following categories:

- Gold in refiner inventory;
- Grandfathered gold;
- Assay samples
- Recycled Gold.

Value Trading does not accept gold or gold-bearing material that originates from or has been transported through a conflict-affected or high-risk area. Reference is made to <http://www.responsiblemineralsinitiative.org/emerging-risks/conflict-affected-and-high-risk-areas/> and CAHRAs (cahraslist.net)

In case a smuggling risk is identified and/or the proximity to a country under sanctions additional steps are taken as set out in the supply chain policy.



2.3 Customer / supplier risk / reputational risk

Value Trading will gather sufficient information as set out in article 1.2 [Assess and obtain information on the nature of the intended business relationship] above to allow an understanding of the nature of the customer's business and the purpose of the business relationship.

Furthermore, Value Trading will conduct the following due diligence in case it is confronted with any of the following counterparties:

- Gold supplying refiner, not conformant with RMI standard or equivalent;
- Gold aggregator;
- Recycler;

For any gold supplying counterparty that provides gold that cannot be demonstrated to have originated from a gold supplying refiner found RMI conformant (or equivalent) (not all documents are required):

- 1) The gold supplying counterparty shall declare all types of gold and sources for the gold supplied. For any mined gold, the gold supplying counterparty shall disclose the country(ies) of origin and type of operations (ASM and / or LSM) of the mined gold used. The full determination of origin is required for any mined material that originated, transited or was transported through a CAHRA.
- 2) Value Trading shall obtain and review the gold supplying counterparty's Anti-Money Laundering and Countering Financing of Terrorism Policy
- 3) All KYC-guidelines will be followed and plausibility review for the gold supplying counterparty and the gold supplied.
- 4) Using a risk-based approach, Value Trading shall conduct in-person visits to the gold supplying counterparties to confirm:
 - The KYC information obtained;
 - The plausibility of gold supplying counterparty
 - The accuracy of the types, sources and types of operations (for mined gold) of gold disclosed by the gold supply counterparty in its declaration.
 - The implementation of the counterparty's AML-CFT Policy.

2.4 Labor rights / human rights

Value Trading assess the presence and severity of the following risks:

- Serious abuses associated with the extraction, transport or trade of minerals:



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- Any forms of torture, cruel, inhuman and degrading treatment;
 - Any forms of forced or compulsory labor;
 - The worst forms of child labor;
 - Other gross human rights violations and abuses such as widespread sexual violence;
 - War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.
- Direct or indirect support to non-state armed groups.
 - Direct or indirect support to public or private security forces.
 - Bribery and fraudulent misrepresentation of the origin of minerals.
 - Money laundering.
 - Non-payment of taxes, fees and royalties to governments.

2.5 Risk assessment

Value Trading uses the following risks for the application of its risk-based customer acceptance policy:



Risk classification	Kind or risk	Risk factor
EXTREME	Geographical risk: gold origin and transit (mined gold and recycled gold)	The gold originates from or has been transported through a conflict-affected or high-risk area.
		The gold is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold (i.e. the declared volumes of gold from that country are out of keeping with its known reserves or expected production levels).
		The gold is claimed to originate from a country through which gold from conflict-affected and high-risk areas is known or reasonably suspected to transit.
		The gold is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold from conflict-affected and 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 governmental oversight laws are weakly enforced; informal banking systems operate, and cash is extensively used.
	Supplier risk	Suppliers or other known upstream companies operate in one of the above-mentioned red flag locations of gold origin and transit or have shareholder or other interests in suppliers of gold from one of the above-mentioned red flag locations of gold origin and transit.
		Suppliers or other known upstream companies are known to have sourced gold from a red flag location of gold origin and transit in the last 12 months
		Anomalies or unusual circumstances are identified which give rise to a reasonable suspicion that the gold may contribute to conflict or serious abuses associated with the extraction, transport or trade of gold.
		Known occurrences of bribery, Money Laundering and/or Finance or Terrorism by the supplier or its supply chain business partners. Illegal Facilitation Payments have occurred.
		The supplier: <ul style="list-style-type: none"> - is known to have significantly breached applicable law and/or prevailing industry standards and/or human rights, with little or no plans to rectify these breaches. - is known to have had significant human rights violations with little or no plans to rectify these breaches.



	<p>Source of gold: Recycled Gold</p>	<p>Value of a transaction</p> <p>Place of a transaction. higher risk places of transactions include places where the location(s) of gold transit and export are not reasonably reconciled with the declared location of gold origin; where there is ready access to competitive markets or processing operations closer to the declared location of gold origin; where AML/CFT laws, anti-corruption laws, customs controls and other relevant governmental oversight laws are weakly enforced; and where informal banking systems operate in the country, including cash-based economies.</p> <p>Type of material</p> <p>Unusual circumstances. Material claimed to be recycled should be considered for its reasonableness in context. For example, sudden unusual increases in volume of high-grade material from a supplier or area should be explained. If jewelry worn in a country is typically 14k (58%), an offer claimed to be recycled jewelry at 90% should be questioned.</p> <p>Supplier. Different suppliers of recyclable gold will present varying levels of risk for laundering-type activities. For example, recyclable gold produced on a controlled facility during manufacturing/processing presents lower risks than a collector sourcing recyclable gold from multiple sources. Other high-risk factors include any reasonable inconsistency between the recommended due diligence processes of this Guidance and the practices of suppliers; or the supplier “has significant and unexplained geographic distance” from a supplier or counterparty in the supply chain.</p>
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Risk classification	Kind or risk	Risk factor
HIGH	Reputational risk	<ul style="list-style-type: none"> - Not being satisfied that the purpose and nature of the business relationship are legitimate; - Not being satisfied that the ML/TF risk can be effectively managed, such as no or insufficient Identification and Verification of the identity of the Customer, its Representative(s) and/or Beneficial Owner; <p><i>Remark: Where such a business relationship already exists, the business relationship should be terminated or the transactions suspended until it can be terminated, subject to instructions from law enforcement, where applicable.</i></p>
		<p>The Customer, its Representative and/or Beneficial Owner is a person or institution appearing on an embargo or terrorist list At least following lists must be consulted:</p> <ul style="list-style-type: none"> - United Nations list - European Union list - OFAC list on Specially Designated Nationals and Blocked Persons (SDN-list)
		<p>There is in-house negative information about the customer's or the UBO's integrity obtained, for example in the course of a long-standing business relationship or the customer, its representative and/or UBO is a person with whom Value Trading discontinued the business relationship in the past for AML/TF reasons.</p>
		<p>Widespread complaints about the customer, its projects or operational activities. Adverse coverage in the international media and widespread community outrage. Widespread adverse attention from multiple NGO's. Permanent damage to items of cultural significance.</p>
		Labor risk
HIGH	Human rights	<p>Evidence of significant adverse human rights impacts and there are no plans to rectify the breach. Customer using a security firm that is known to have been involved in incidents which resulted in the inappropriate, serious and/or fatal harm to employees, contractors, visitors or other parties.</p>
HIGH	Reputational risk	<p>There are adverse media reports about the customer, for example there are allegations of criminality or terrorism against the customer or UBO's. The customer, UBO or someone associated with them is/was subject to an asset freeze due to criminal proceedings or allegations of terrorism or terrorist financing. <i>Remark: the credibility of allegations should be determined on the basis of the quality and independence of the source data and the persistence of reporting of these allegations, among others.</i></p>
HIGH	Customer (including UBO) risk	<p>The Customer or UBO is a Politically Exposed Person.</p>



Risk classification	Kind or risk	Risk factor
MEDIUM	Supplier Risk	<p>Operating in regions where the risk of Bribery, Money Laundering or Finance or Terrorism is high, and the customer does not have controls to prevent them. Facilitation Payments have not been identified nor controlled.</p> <p>The Business Partner (which may be an ASM and/or located in a conflict affected area):</p> <ul style="list-style-type: none"> - is known to have breached Applicable Law and prevailing industry standards - is known to have had instances of Human Rights violations, has weak controls to prevent future Human Rights breaches, but is working with stakeholders and regulators to rectify these breaches. - has only just commenced developing management systems and/or control processes. - although known to the customer, has been known to be unreliable and problematic with respect to responsible business practices but is used because the alternatives are either not available or present a higher risk to the customer.
	Labor risk	<p>Although there is no evidence that the customer is using forced labor or child labor, the customer is using a recruitment agency known by the industry to have promoted forced labor or been involved in human trafficking. Evidence of breaches of applicable law regarding working conditions which put workers at risk of harm. Workers are free to join associations and but discouraged from bargain collectively.</p>
MEDIUM	Source of gold: Recycled Gold	
MEDIUM	Supplier risk	<p>Operating in regions where the risk of bribery, money laundering or finance or terrorism has been known to occur, but the customer has controls to prevent them. Not all facilitation payments have been identified but most are under control.</p>
	Labor risk	<p>Although located in a jurisdiction where forced labor, human trafficking and child labor is prohibited, the customer does not have controls to prevent the accidental hire of forced labor or child labor. Some minor breaches of applicable law regarding working conditions although these do not result in any harm to workers. Workers are free to join associations and bargain collectively.</p>
LOW	Customer Risk	<p>No known risk of Bribery, Money Laundering or Finance or Terrorism. Facilitation Payments are controlled or there are steps underway for these to be eliminated.</p> <p>The customer</p> <ul style="list-style-type: none"> - is in compliance with applicable law, the adoption of prevailing industry standards and control of human rights. - has no known risks to the supply chain or human rights violations. - has mature and effective management systems or processes. - has an established and good relationship Value Trading and has a proven track record and is not located in a conflict affected area.



Risk classification	Kind or risk	Risk factor
	Source of gold: Grandfathered Gold	
	Labor risk	Positive affirmation that there is no forced labor or child labor used by the customer. Working conditions comply with applicable laws and workers are free to join associations and bargain collectively.
	Legal and general business	Substantial compliance with legal requirements and other industry best practice. Financial accounts are independently prepared in accordance with Applicable Law and/or applicable accountings standards. The financial accounts are reviewed/audited at least annually.

⇒ All extreme risks and high risks will be reported to the compliance officer.

⇒ When medium-risk or high-risk is determined in the supply chain, additional information shall be requested, and a risk-assessment of all parties involved in the supply chain shall be executed.

2.6 Value Trading's tools

The following tools are to be used:

- Risk assessment tool
- Red flag report
- World-check

3 CUSTOMER MONITORING

Value Trading uses the Harmony platform as part of its Know Your Counterparty process, particularly with regard to counterparties established in the EU and with regard to natural persons.

3.1 Periodical review

In general, Value Trading carries out periodic and risk-based review of the customer-related documents, data or information in order to keep them up-to-date. The review is more frequent for extreme or high-risk customers:

- The review of high (and extreme if accepted) customers is performed annually;
- The review of medium risk customers is performed every three years;



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- The review of low risk customer is performed every five years.

Specifically with regard to counterparties whose data is uploaded and available in the secure Harmony platform, all customer/supplier-related documents, identification data VAT information is automatically controlled and kept up-to-date. The platform regularly checks all EU VAT-numbers and is linked to the World Check platform. This information is regularly updated.

In addition, prior to each and every transaction with an EU customer, the individual VAT number is checked through the EU VAT Information Exchange System (V.I.E.S.) and attached to the invoice for our internal control system.

3.2 Additional monitoring

Apart from this periodical review, updating is undertaken as a result of triggering events:

- In case a transaction of significance takes place;
- Customer documentation changes substantially;
- At the request of competent authorities;
- In case of suspicion of money laundering or terrorist financing;
- In case of doubts about the veracity or adequacy of previously obtained customer identification data.