

TROY Kıymetli Maden Ticareti Anonim Şirketi Responsible Gold Supply Chain Compliance Report

Responsible Gold Supply Chain Guidance has been prepared by BIST in parallel with OECD's Compliance Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Compliance Guidance

This report analyses the activities and practices of the Troy Precious Metals Trading Corporation ("TROY") in compliance with the BIST "Responsible Gold Supply Chain Guide".

COMPANY INFORMATION	
Company Title	Troy Kıymetli Maden Ticareti Anonim Şirketi
Address	Istanbul World Trade Center A3 Blok No:193 Bakırköy İstanbul / Turkey.
Report Date	31 March 2018
Responsible Management	Hüseyin ÇELİK, General Manager
Telephone No	+90 212 465 6570
Web Address	www.troypm.com , www.troypreciousmetals.com

Troy, The compliance process has been analysed and assessed in terms of compliance under six main headings, identification and prevention of risks in the supply chain, establishment of strong company management systems to prevent these risks and auditing gold supply chain from third party.

1. Establishment of The Supply Chain Policy And Its Practices In The Operational Processes
2. Determination of The Risks In The Supply Chain And Implementation Of The Strategies With A Risk-Based Approach
3. The implementation of the 'Know Your Customer' principles
4. Appointment of the Compliance Officer, Activity And Activity Reports
5. Auditing and Reporting The Compliance Studies By Independent Third Parties
6. Responsible Top Management Compliance Statement

1. Establishment of the Supply Chain Policy and Its Practices in the Operational Processes

Troy, to establish a strong corporate governance system;

- The FATF Recommendations
- OECD's Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Compliance Guidance
- UN Council Decisions
- European Union Decisions
- Adopted and implemented a company policy consistent with the regulations of the Turkish Financial Crimes Investigation Board (MASAK)

Risk-based due diligence was conducted and all supply chain processes were applied in line with the Responsible Supply Chain Management Policy, the controls and transactions were monitored, the risks were analysed and evaluated, the 'know your customer' principles were applied and finally a strong company management system was fully established.

2. Determination of the Risks in the Supply Chain and Implementation of the Strategies with a Risk-Based Approach

Troy has been developed the Gold Supply Chain Policy and implemented in scope of The FATF Recommendations and OECD's Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Compliance Guidance. In this policy, intelligence information has been collected about potential customers against the risks identified under the heading "High Risk Criteria in the Gold Supply Chain"; besides, differentiated questionnaires and similar methods of collecting information have been applied to the companies which are engaged in individual, institutional, precious metals and other fields.

The intelligence studies conducted on the customers have been updated periodically and additional information documents have been requested in extraordinary circumstances. Managing these processes within the scope of Customer Relations have been systematized, compilation and recording of customer relations and all the interview notes, information and documents from the first interview of a customer to the current situation were recorded in the digital environment and a large amount of cumulative data was revealed. In this data, a reference account number (ID) is assigned for each customer / supplier and acceptance / rejection process as customer / supplier, systematic monitoring and analysis have been performed in the commercial processes following the acceptance.

The compliance officer regularly monitors, analyses, identifies and reports to the top management in spite of the risks identified under the heading "High Risk Criteria in the Gold Supply Chain". In the Company Policy, high risk incidents in the presence of risks or probabilities in the section entitled "High Risk Criteria in the Gold Supply

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Chain" are forwarded by the compliance officer to the Risk Committee for consideration.

The Risk Committee may refuse or accept the potential customer / supplier to work. Following the acceptance of the customer / supplier, due to the risks that may arise during the work process, a risk reduction plan to be managed by the compliance officer can be made and the results can be monitored, the trade can be suspended or terminated completely.

3. The Implementation of the “Know Your Customer” Principles

Troy is kept of all customers / suppliers interview notes, risk analyses and customer identification documents and other documents under the customers ID on the "GOLDTAKAS programme" owned by Troy. Risks, customer / supplier IDs and transactions are followed.

Troy's GOLDTAKAS programme has won the 49th rank in the Turkey's innovative companies competition organized by TIM (Turkish Exporters Assembly) in 2016. GOLDTAKAS programme has providing a transaction-based tracking capability to Troy on the customer / supplier side.

With the system we have, when transactions are monitored on a customer basis, the account can be made passive, frozen or taken into the blacklist by the Risk Committee based on the level of risks.

4. Appointment of the Compliance Officer, Activity and Activity Reports

Troy's compliance officers are responsible for implementing the Gold Supply Chain Policy within the framework of the FATF Recommendations and the OECD Guidelines for Compliance with the Responsible Supply Chain Related to Minerals of Conflict-Affected and High-Risk Areas.

In this context, the assignment of the Compliance Officers of our company was made with the decision of the Board of Directors dated 30.10.2015. Haluk YILMAZ and Dođukan ÇİÇEK were assigned as compliance officers in the direction of the Board of Directors dated 30.10.2015. Compliance Officers are provided with reporting to the company's senior management and the Risk Committee.

The Risk Committee, which includes compliance officers, consists of the following 4 persons:

1. Hüseyin ÇELİK
2. Çiğdem HANEDAR
3. Haluk YILMAZ
4. Dođukan ÇİÇEK

Troy has participated in the trainings organized by the Financial Crimes Investigation Board (MASAK) and the BORSA ISTANBUL (Precious Metals Market) Istanbul on the subjects of "Laundering of Crime Revenues and Terror Financing, Types of Suspicious Transactions and Reporting". He also participated in the "Train The Trainer" seminar held in the BORSA ISTANBUL in Istanbul in 2015 and trained personnel to create the same awareness in our company.

An e-mail address has been created (compliance@troypm.com) to share opinions, information and findings about the Gold Supply Chain Policy and Compliance issues, and to share unexpected risks. The compliance officer is responsible for monitoring, evaluating and communicating information to the risk committee and top management when necessary.

5. Auditing and Reporting the Compliance Studies by Independent Third Parties

The FATF Recommendations and the Gold Supply Chain Policy, which is prepared in the framework of the OECD's Guidelines for Compliance with Responsible Supply Chain Regarding the Minerals of Conflict-Affected and High-Risk Areas, is posted at our website (www.troypreciousmetals.com and www.troypm.com).

Within the framework of these policies, Edit Independent Audit Services Inc., which is an independent auditing company authorized for compliance assessment, has made an agreement with our company. The independent audit report is available in Turkish and English language options and on Troy's websites as www.troypreciousmetals.com and www.troypm.com.

MASAK (Financial Crimes Investigation Board) audited our company, in the second half of 2015, based on the Law on Prevention of Proceeds of Crime under the "Compliance Audit of Obligations". The Financial Crimes Investigation Board not found any complaints that our Company's operations for the years 2012, 2013, 2014, 2015 have been audited and are not compliant with the Law on the Prevention of Crime Income.

6. Responsible Top Management Compliance Statement,

Our company's operational processes are fully matched at the identification and prevention of risks in the supply chain, the establishment of strong company management systems to prevent these risks, the “Responsible Supply Chain Management Policy” based on OECD’s “Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Compliance Guidance”.

In the framework of our Consistent Gold Supply Chain Policy we are in the awareness of developing and improving ourselves and we are making effort to create this awareness our suppliers and our clients too.