

## CUSTOMER ACCEPTANCE AND RISK MANAGEMENT POLICY

### INTRODUCTION

Troy Kıymetli Maden Ticareti A.Ş. (Troy), which was founded with the permission of T.R. Undersecretariat of Treasury and is the financial intermediary of Borsa İstanbul A.Ş. "Precious Metals and Diamond Market", is always aware of the ethical values and its social responsibilities as a company. It is Troy's essential policy to fight against laundering proceeds of crime and relevant facilitating activities, the financing of terrorism or crime activities, and to follow up the prevention of such activities. In this context, Know Your Customer (KYC) procedures and Customer Acceptance Policy are implemented. These policies are under the responsibility of all company employees and under the control and supervision of the compliance unit.

The issues to be considered within the scope of Know Your Customer procedures are as follows:

- FATF Recommendations,
- OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas",
- UN Council Resolutions,
- European Union Resolutions,
- Borsa İstanbul A.Ş.'s Precious Metals Responsible Supply Chain Compliance Guideline, [2](#) Financial Crimes Investigation Board (MASAK) regulations
- A company policy in line with Turkish Labor Law No. 4857 on child labor and young workers has been adopted and put into practice.

### 1 - RISK IDENTIFICATION

Troy Kıymetli Maden Tic. A.Ş. takes into consideration the following criteria in determining the risk:

- The supplier's partners, owners or senior managers are politically exposed persons (PEPs);
- The precious metal supplier or the real/legal persons with whom it is in a relationship are directly or indirectly engaged in money laundering and transfer, arms trade and casino operations;
- The precious metals supplier or company is located in offshore, tax havens or money laundering zones;
- The source of the precious metal is located in an area affected by conflict or at risk of human rights abuses;
- The presence of a risk area in the supply chain, even if the supplier is not located in a conflict-affected or human rights abuses risk area for the precious metal;
- The production capacity of the region where precious metal is mined and the amount of declared precious metal has a contradictory ratio.



The Company implements the Troy Policy in line with the Internal Control System and Supply Chain Compliance Program and within the framework of all these risk criteria, and adopts an effective internal management system and risk audit methods in this direction.

## **2 – HIGH-RISK CUSTOMER TYPES**

### **a) Risks Related to Customer Profile**

The first criterion that Troy approaches sensitively and prioritizes within the scope of customer identification is the suitability of the customer's profile for the work. If the documents submitted by the customer during the pre-account opening control process contain insufficient information, contradict each other or refrain from providing information, this constitutes a reason for the customer to be evaluated in the risk category. In addition, the existence of a news report and a concrete situation related to laundering proceeds of crime or financing terrorism, serious differences between the customer's profession and financial situation, and the existence of a relationship with risky individuals or organizations are among the criteria that require a risk-oriented approach to the customer.

### **b) Risks Related to Transactions**

In addition to the risks related to the customer profile, the transactions which are realized or intended to be realized are also subject to risk assessment by the compliance unit. In this context, attention is paid to situations such as one-time transactions that require continuity within the scope of the activities of persons and organizations engaged in commercial activities, or the continuous repetition of a one-time transaction, the lack of a reasonable and economic justification for the transactions to be made, the customer's failure to explain or refrain from providing information about the purpose of the transaction or the source of the fund.

### **c) Risks Related to Trading Precious Metals**

It is essential that all Troy employees and the compliance unit are knowledgeable and cautious against the risks that they may encounter in their sector. Priority attention and caution should be paid to issues such as the sale of large amounts of scrap gold or in case of serious suspicion that the gold is stolen, repeated requests from a precious metal trader for trading transactions in amounts slightly below the limit for which identification is required within a short period of time, and requests to trade in non-convertible foreign currencies.



#### **d) Country Risk**

Detailed inquiries about the country of origin of the mine are made both at account opening and during the transaction. Each transaction is controlled to eliminate or reduce the risks related to trading if the precious metal supplier or company is located offshore, in tax havens or money laundering zones; if the source of the precious metal is located in a conflict-affected or human rights abusive region; if the supplier is located in a conflict-affected or human rights abusive region even if the precious metal supplier is not located in a conflict-affected or human rights abusive region; and if the production capacity of the region where the precious metal is mined and the declared quantity of precious metal are in conflict.

### **3- KNOW YOUR CUSTOMER (KYC) PROCESS**

Although we request the following documents within the framework of the "Know Your Customer" Policy, we may also request additional documents required by special circumstances for a healthy intelligence;

- 1 - Copy of Identity Card
- 2 - Copy of Passport
- 3 - Signatory Circular/Signature Declarations
- 4 - Articles of Association of the Company
- 5 - Tax Certificate
- 6 - Operating Certificate and Article of Organization
- 7 – Shareholding Structure of the Company
- 8 – Certificate of Residence
- 9 – Bank Account Details

Interview notes, risk analyses, customer identification documents and files of all customers/suppliers related to Troy are tracked and stored in its own software GOLDTAKAS on the basis of ID (Customer Account Number). Risks, customer/supplier IDs and transactions can be tracked. GOLDTAKAS provides Troy with a transaction-based monitoring capability on the customer/supplier side.

With the documents supplied within the scope of Know Your Customer, controls are made through the services we have and from the scanning areas owned by other countries and international organizations. These controls are carried out not only for the customer who opens an account, but also for the legal and real persons with whom they are associated, and their scope is as follows;



- Australian Sanctions,
- Bureau of Industry and Security (US),
- Department of State, AECA Debarred List (US),
- Department of State, Nonproliferation Sanctions (US),
- EU Financial Sanctions List,
- INTERPOL Wanted List,
- OFAC Specially Designated Nationals,
- Office of the Superintendent of Financial Institutions (Canada),
- Switzerland Sanction List – SECO,
- UK Financial Sanctions List (HMT),
- United Nations Security Council Sanctions,
- US Consolidated Sanctions List
- Global Pep List

For all of the individuals and companies included in the sanctions list of the above-mentioned countries and institutions, outsourced services were obtained from international data and intelligence organizations that exist in a common area.

#### **Identifying Risks in the Supply Chain and Implementing Strategies with a Risk-Based Approach**

Troy carries out activities within the scope of the Responsible Supply Chain Policy developed within the framework of FATF recommendations, OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and BIST's "Responsible Gold Supply Chain Guidelines". In addition to collecting intelligence information on potential customers against the risks identified under the heading "High Risk Criteria in Responsible Supply Chain", differentiated questionnaires and similar information collection methods are applied to individual, corporate, precious metal and other companies.

The intelligence work on the customer is periodically updated and additional information and documents are requested in extraordinary circumstances. These processes are systematized by managing, compiling and recording them within the scope of Customer Relations, and all interview notes, information and documents collected from the first meeting of a customer to the current situation are recorded in digital environment and a cumulative big data is created. Within this data, a reference account number is assigned for each customer/supplier and a systematic monitoring and analysis is carried out in the customer/supplier acceptance/rejection processes and commercial processes following acceptance.

The Internal Control and Supply Chain Compliance Officer regularly observes, analyzes and identifies the risks identified under the heading "High Risk Criteria in Responsible Supply Chain" and reports to senior management. High-risk cases in the presence of the risks or related possibilities specified in the section titled "High Risk Criteria in Responsible Supply Chain" in the Company Policy are forwarded to the Risk Committee for evaluation by the Internal Control and Supply Chain Compliance Officer.



The Risk Committee may reject a potential customer/supplier or accept to work with them. Following the acceptance of the customer/supplier, a risk mitigation plan to be managed by compliance officers due to risks that may arise during the working process is made and the results are monitored. As a result of these processes, the trade may be suspended or terminated altogether.

### **In Case of Risk Detection**

Troy performs risk assessment within the framework of the above mentioned criteria. Identified risks are minimized through additional document requests and detailed examinations. In a situation where we cannot reduce the risk to a reasonable level, the commercial relationship is suspended. If the causes of the risk are eliminated, the commercial relationship is continued, and if the conditions that prevent trade continue, the accounts are closed and the commercial relationship is terminated.

### **Design and Implementation of Risk Response Strategy**

Troy has defined the measures to be taken and the procedures to be followed in the event that high risk criteria are encountered. Within the scope of these procedures and Borsa İstanbul A.Ş.'s "Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guidance";

- Additional information and documents are requested,
- The area of the scan is expanded with new documents acquired,
- Areas found to be risky are reported to the Board of Directors,
- Transactions falling within the scope of suspicious transaction definitions are reported,
- If the conditions that prevent the trade continue, the accounts are closed and the commercial relationship is terminated.

### **4 - Internal Control and Audit**

Troy's compliance officers are responsible for the implementation of the Gold Supply Chain Policy prepared within the framework of FATF recommendations and OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and Borsa İstanbul A.Ş. "Responsible Gold Supply Chain Guidelines".



Their task descriptions are as follows;

- Establishing the Internal Control System and Supply Chain Compliance Program, and carrying out risk management activities, monitoring and control activities within this scope,
- Reviewing whether transactions are carried out in accordance with the relevant legislation and the organization's policies and procedures on an annual basis and with a risk-based approach ,
- Identifying the risks, deficiencies, errors and misconducts that arise in the organization within the framework of internal control activities, responsible supply chain policy and procedures and other relevant legislation and taking the necessary measures, and taking actions to prevent their re-emergence and reporting to the Board of Directors at intervals determined by the Exchange,
- Inclusion of deficiencies identified in follow-up and control activities and customers, services and transactions involving risks within the scope of internal control,
- Ensuring the auditing of units and transactions in a quantity and quality that can represent all of the activities we carry out,
- Conducting training programs and establishing an internal control system that includes all these factors.

