

**TROY KIYMETLİ MADEN TİCARETİ  
ANONİM ŞİRKETİ**

**INDEPENDENT ASSURANCE REPORT  
IN ACCORDANCE WITH  
INTERNATIONAL STANDARD ON ASSURANCE  
ENGAGEMENTS (ISAE 3000)  
AS OF MARCH 31, 2018**

## INDEPENDENT ASSURANCE REPORT

**To the Board of Directors of Troy Kıymetli Maden Ticareti A.Ş.**

We are authorized by the Board of Directors of Troy Kıymetli Maden Ticareti A.Ş. ("Company") to provide assurances on Company's Responsible Gold Supply Chain Compliance Report ("Report") dated March 31, 2018.

### Scope of Our Work

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the guidance set out in the (OECD) Due Diligence Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – Third Party audit guidance for ISAE 3000 auditors (the "Audit Guidance"). The scope of assurance consists of the Precious Metals Compliance Report.

### Responsibilities

The Management of the Company is responsible for the preparation and fair presentation of its compliance report in accordance with the requirements of The Organisation for Economic Co-operation and Development (OECD)'s "Guidelines for Compliance with the Responsible Supply Chain Related to Minerals of Conflict-Affected and High-Risk Areas" has been published by the BIST (BORSA ISTANBUL). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Company's Compliance Report.

Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the guidance set out in the OECD / BIST Due Diligence Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - Third Party Audit Guidance for ISAE 3000 Auditors (the "Audit Guidance").

This report has been prepared for the Company for the purpose of assisting the management in determining whether the Company has complied with the guidance and for no other purpose. Our assurance report is made solely to the Company in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than the Company for our work, or for the conclusions we have reached in the assurance report.



### Inherent Limitations

Non-financial information, such as that included in the Company's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Company to comply with the Guidance may differ. It is important to read the Company's Independent Assurance Report in the frame of company's methodology and current Due Diligence Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas policy available on the Company's website: [www.troypm.com](http://www.troypm.com)

### Independence and Perfection Declaration

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our independent assurance report has been carried out by a team of experts who have expertise in reporting the Gold Responsibility Policies and the Gold Supply Chain system.

### Conclusion

In our opinion, the Company's Compliance Report for the year(period) ended 31 March 2018, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the requirements of the OECD / BIST Due Diligence Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

25 May 2018, İstanbul

EDİT Bağımsız Denetim Hizmetleri A.Ş.



**Burhan ÖZDEMİR**  
Partner

**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	<a href="http://www.troypm.com">www.troypm.com</a> , <a href="http://www.troypreciousmetals.com">www.troypreciousmetals.com</a>

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 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 49<sup>th</sup> 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 Doğukan ÇIÇEK 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. Doğukan ÇIÇEK



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](mailto: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](http://www.troypreciousmetals.com) and [www.troypm.com](http://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](http://www.troypreciousmetals.com) and [www.troypm.com](http://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.

