

**COMPANY POLICY ON
THE PREVENTION OF LAUNDERING PROCEEDS OF CRIME
AND
FINANCING OF TERRORISM**



INTRODUCTION

Troy Kıymetli Maden Ticareti A.Ş. (Troy), which was founded by 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 and to follow up the prevention of laundering proceeds of crime and relevant facilitating activities, the financing of terrorism or crime activities. Such policies are based on the 5-step rule specified in "Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guidance" by Borsa İstanbul A.Ş.

STEP 1: ESTABLISHING STRONG CORPORATE MANAGERMENTS SYSTEMS

I - ORGANIZATIONAL STRUCTURE

Troy does not act against the Responsible Supply Chain Compliance Directive. Accordingly, the sensitivity we have as an "Intermediary Institution" shapes our workflow, organizational structure and communication culture in relation to the prevention of laundering proceeds of crime and the use of financial system by the criminals. Precious metals are examined and documented regarding their sources of supply without discriminating forms such as ore, recycled precious metal or product.

For the operation and follow-up of this process:

An inspection group was created to evaluate the resources of precious metals and perform risks analysis within this scope. In order to inspect if the process runs properly, "Internal Control and Supply Chain Compliance Officer" is assigned while the inspection and valuation process continues. Internal Control and Supply Chain Compliance Officer detects and removes troubles in the organizational structure, and improves the process.

II - COMPANY POLICY

1. As Troy, we act in line with the following commitments, alongside the Know Your Counterparty Policy, considering the social and ethical results of trading;

- ☐ We will not allow for, contribute to, intermediate to or facilitate the tyrannical or inhuman torture and insulting behaviors;
- ☐ Illegal child employment;
- ☐ Sexual abuse and the similar human rights violations and abuses;
- ☐ All kinds of labor provided unwillingly;
- ☐ War crimes and other serious international violation of laws for humanity, crimes against humanity and genocide;
- ☐ All kinds of inadmissible and irresponsible mining practices which do harm to the nature and the living within the relevant environment



2. We will not directly or indirectly support illegal armed groups or companies or persons that make unlawful profit in cash or as precious metals from companies, intermediary companies and organizations engaging in international trade, or from companies or persons that make unlawful profit and take place in this chain on routes and areas where precious metal fields are built on and transported.
3. We will not engage in any trading operation with the relevant company or organization before the necessary information and documents are complete within the framework of our "Know Your Counterparty Policy".
4. We will abide by the national and international laws in our commercial tradings and relationships, will not bribe and will reject offerings, and will fulfill our responsibilities towards the governmental agencies, private companies and organizations during the processes.
5. We will inform our personnel, business partners, cooperating companies, institutions and persons about our policies in this regard and will ensure them to abide by these policies.
6. Within this scope, we, as Troy, will cooperate with the national and international institutions, local and central institutions, non-governmental organizations and international organizations.
7. We will suspend or close the accounts of our clients, which constitute situations against our company policy.

III - KNOW YOUR COUNTERPARTY (KYC) PROCESS

Within the framework of Know Your "Counterparty" Policy, we request the following documents alongside additional documents which may be necessary in special cases for a healthy intelligence;

- 1- Copy of Identity
- 2- Copy of Passport
- 3- Signatory Circular/Signature Declarations
- 4- Articles of Incorporation
- 5- Tax Certificate
- 6- Operating Certificate and Article of Organization
- 7- Certificate of Residence
- 8- Bank Account Information



IV - HIGH RISK CRITERIA IN THE RESPONSIBLE SUPPLY CHAIN

The following criteria are taken into consideration for the risk identification:

Partners, owners or senior executives of the supplier are politically exposed persons (PEP);

Precious metals supplier or its associated natural/legal entities engage directly or indirectly in laundering and transferring the illicit money, arms trade and casino management;

Precious metals supplier or its company is located in Offshore, tax heaven or money laundering regions;

The resource of precious metal is located in an area which is affected by the disputes or risky in terms of human rights;

Supplier precious metal is not located in an area which is affected by the disputes or risky in terms of human rights but there is a risky region within the supply chain;

The production capacity of the region where precious metal is mined and the amount of declared precious metal has a contradictory ratio.

V- DESIGNING AND IMPLEMENTING A RISK BASE RESPONSE STRATEGY

Troy has identified the measures to be taken and the procedures to be followed in the event that high risk criteria are met.

Within the scope of these procedures and Borsa İstanbul A.Ş.'s "Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guide";

- Additional information and documents are requested,
- With the new documents acquired, the scanning area is expanded,
- Risky areas are reported to the Board of Directors,
- Transactions within the scope of suspicious transaction recognition are notified,
- Suspicious transactions are reported to MASAK (The Financial Crimes Investigation Board).
- If the situations that prevent trade to continue, the accounts are closed and the commercial relationship is terminated.



VI - APPOINTING INTERNAL CONTROL AND SUPPLY CHAIN COMPLIANCE OFFICER AND THE JOB DESCRIPTION;

Regarding the activities of our Company within the scope of the directive,

Didem SÖNMEZ was assigned as Internal Control and Supply Chain Compliance Officer and Burcu DİLCE was assigned as Internal Control and Supply Chain Assistant Compliance Officer.

In order to present information and documents, deficiencies, negations detected during the supply chain compliance program and to ensure communication regarding the entire process, internal communication channel (uyum@troypm.com / compliance@troypm.com) was created.

Job Descriptions are listed below:

- Creating the Internal Control System and Supply Chain Compliance Program; as part of this, carrying out the risk management, follow-up and control activities;
- Examining whether the transactions are performed in line with the relevant legislation, corporate policies and procedures on an annual basis and with a risk-based approach;
- Detecting the risks, deficiencies, failures and misconducts emerging in the institution within the framework of internal control activities, responsible supply chain policies and procedures, and the relevant other legislation, taking the necessary measures to prevent these reoccur, and reporting these to the Board of Directors within periods determined by the bourse;
- Including the troubles detected during follow-up and control studies as well as the risky clients, services and transactions into the scope of internal control;
- Ensuring the inspection of units and transactions in a quantity and quality that can represent all the activities we perform;
- Conducting training programs and establishing an internal control system that includes all of these aspects.



VII - ARCHIVING

Troy will store all the information and documents in an easily accessible way to present upon request.

- Records and documents of client transactions,
- Set of documents prepared for doubtful transactions,
- Justifications and documents of transactions which are supposed to be doubtful but decided not to be notified,
- Training documents,
- Monitoring and control reports of the Compliance Department,
- Documents including other legal instruments and information will be maintained for 10 years.

VIII - TRAINING

There have been new cases of suspicious transactions each passing day and in order to prevent these, legislative amendments are made. We are aware of how important it is to examine such cases and detect the suspicious transactions. In order to examine the cases and adapt to the legislative amendments:

- Regular trainings are provided to all departments on the prevention of laundering proceeds of crime and financing terrorism,
- Details, principles and procedures regarding the training program is determined by the Compliance Department,
- Training program is approved by the Board of Directors,
- Training activities are recorded and the necessary measures are taken based on the results of assessment and evaluation on the knowledge level of employees.



STEP 2: IDENTIFYING AND EVALUATING THE RISKS IN SUPPLY CHAIN

As **Troy**, we perform risk assessment within the framework of criteria given in the step 1. The identified risks are minimized through additional document requests and detailed examinations. In cases that we are not able to minimize the risk to reasonable levels, the commercial relationship is suspended. If the reasons of risk are removed, commercial relationship is retained, if not, the accounts are closed and commercial relationship is ended due to the fact that the cases restraining trade persist.

STEP 3: DESIGNING AND IMPLEMENTING THE STRATEGY OF RESPONSE TO THE IDENTIFIED RISKS

In case of high risk criteria given in the Article III of step 1, Troy identified the measures to be taken and procedures to be applied. Within the scope of these procedures and the "Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guidance" by Borsa İstanbul A.Ş.:

- Additional information and documents are requested,
- The scope of scanning is extended with the new documents obtained,
- Risky areas are reported to the Board of Directors,
- Transactions within the scope of suspicious transaction definition are notified,
- Accounts are closed and commercial relationship is ended if the cases restraining the trade persist.

STEP 4: INDEPENDENT AUDIT BY THIRD PARTIES OF THE PRACTICES FOR DEFINING THE COMPLIANCE LEVEL OF THE CURRENT STATE OF OBLIGORS' SUPPLY CHAIN (INDEPENDENT ASSURANCE REPORT)

It is ensured that audits are performed for the Supply Chain state assurance report by the Independent Auditing institutions which is licensed by the Capital Markets Board and authorized by Borsa İstanbul A.Ş. Independent assurance report is published on our company website (www.troypm.com).

STEP 5: ANNUAL REPORT ON THE PRACTICES FOR DEFINING THE COMPLIANCE LEVEL OF THE CURRENT STATE OF SUPPLY CHAIN

"The Prevention Of Laundering Proceeds Of Crime And Financing Of Terrorism" and "Independent Assurance Report" which are prepared in line with the "Precious Metals Responsible Supply Chain Compliance Guidance" and "Responsible Supply Chain Compliance Directive" by Borsa İstanbul A.Ş. are shared with our clients and the third parties on our company website.

