

Customer Acceptance Policy and Risk Assessment Procedure

V04

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References:

- İSGOLD Altın Rafinerisi A.Ş. (İSGOLD) Company Procedures, Directives and Policies 2021
- LBMA Responsible Gold Guide, v8 11/12/2018
- Responsible Procurement of Minerals from Conflict-Affected and High-Risk Areas
OECD Compliance Guidelines for Chain, Third Edition 2016
- OECD Compliance Guide Gold Supplement, 17 July 2012
- World Gold Council Conflict-Free Gold Standard, 01 October 2012
- MASAK (Financial Crimes Investigation Board of Turkey) Regulation
- BIST Precious Metals Responsible Supply Chain Compliance Guide, 2021

1. General

İSGOLD provides itself and its employees with national and international services such as money laundering and terrorist financing related to precious metals to protect them from being a target for violations of laws and practices, It implements and updates the Customer Recognition System procedures and Customer Acceptance Policy in purchasing and customer acceptance processes. Compliance processes and procedures within the scope of the supply chain process are meticulously carried out by all personnel and all transactions also are followed up and implemented and audited by the Compliance Unit. Interm of gold refinery, in the process of supplying precious metal in all activities participated and cooperated, İSGOLD accepts the principle of not taking part of any type of crime and tries to ensure that the precious metals come from legitimate and ethical sources.

With regard to all national and international law money laundering and terrorism, Customer Acceptance policy which has been put in place to protect İSGOLD and its employees from being targeted for breaches of all illegal finance.

Policy principles are based on the following main parameters:

1. Country of origin of the metal (country risk),
2. The risk of doing business with the customer (customer risk),
3. The risk of the product or the service provided (Product-service risk),

A customer risk profile is created, which is updated at least once a year in accordance with the above parameters. Continuous risk profiles of customers, regular company visits to be held at different periods. They are updated as a result of a more comprehensive review, such as checking the validity of the procedures.

In terms of administrative procedures, clients should at least provide evidence of:

1. their detailed description of business and activity areas,
2. references from other companies in the industry to be questioned and confirmed by the Internal Control and Supply Chain Compliance Officer
3. Detailed evidence of the origin of the goods.

2. Scope

This Policy provides for Gold Supply Chain Customer Due Diligence in line with Gold Supply Chain risks, processes, Customer Definition System requirements and how to make Risk Analysis in this direction.

3. Risk Management

With all departments İSGOLD, adopts complying with all international laws and other legal regulations and legislation and supports all efforts in money laundering and financing of terrorism and other related crimes as a principle. For this purpose, İSGOLD implements risk-based "Know Your Customer Procedures" to improve the supply chain process and aims to manage risks effectively and accurately. Ethical business principles which are appropriate in accordance with the requirements of legal national and international certifications, İSGOLD

carries out the measures and methods that will provide not to become a company involved in financing and other related crimes and to damage its commercial reputation. It makes an effective risk analysis and management effort to eliminate the risks of possible money laundering and financing of terrorism in entire commercial relationship with its customers. To raise awareness of all İSGOLD personnel in this direction, to refresh the information with the trainings and "Internal Control and Supply Chain Compliance Officer" to monitor and control the practices, Internal and external monitoring and control activities through the "Responsible Procurement and Compliance Committee" carries out internal and external inspections.

Identification of Risks in the Gold Supply Chain:

İSGOLD, puts an effective in-house management into practice the Responsible Gold Sourcing Policy which is compatible with the OECD's Due Diligence Guide in Conflict-Affected and High-Risk Areas and is prepared in accordance with and to meet the requirements of the London Bullion Market Association (LBMA). A supply chain tracking system where the supply chain information of each refined lot is collected and stored, was created, information was recorded and stored. Refreshing the knowledge and practices related to the subject with trainings, the Internal Control and Supply Chain Compliance Officer appointed by the Board of Directors determines all Due Diligence for the customers and starts the processes with appropriate and effective methods. Documents to be taken from customers within the scope of Due Diligence, official documents are determined. Customer risk assessment following the procurement and necessary examinations through the customer information form. The practice of deciding whether or not to start a commercial relationship has been put into effect. The initial risk assessment in the supply chain is followed by the identification of the source of the gold supply. Different risk assessments are made for different sources. In order to do an effective risk assessment, starting from the first point of origin from which gold is procured İSGOLD makes a detailed identity scan of the customer, to investigate customer's business and

commercial relations and to ensure that it doesn't involve in money laundering, fraud or illegal tendencies and efforts such as financing of terrorism. By checking the data, the details are reached, for all the gold coming from mine or small scale business it requires mining license for gold from businesses, mine capacity, mining applications, additional data such as data on the mine, documents determining the origin of the mine, gold import/export licenses. According to all information gathered ISGOLD develops customer risk analysis with documents. It makes on-site visits and additional researches if necessary, and as a result decides whether to start or not for high-risk customers. ISGOLD requires an officially approved, notarized power of attorney for customers who contact through power of attorney. When any fraud or deception attempt is detected, the situation will be reported related authorities. Customers's reluctance to submit the necessary documents, their supply gold from dubious countries or centers according to the organizations OECD, UN and other relevant Procurement of gold, their inability to document the source of the mine, their efforts to transfer large amounts of money, their cases such as those who do not want to do it on a registered and documented basis are under the category of suspicious transactions. In order to follow up the risks that may occur during the transportation of precious metals. documents such as weights, shipping and insurance documents are checked upon request and thus during the transportation of the goods the phase is followed. Each new customer in the supply chain is considered as High Risk and followed up regularly every year. Customer visits are made to determine whether to continue the business relationship or not.

a. Source Risk of the Mine/Gold (Country Risk)

According to the information obtained as a result of the country inquiry, the goods coming from that customer or country are accepted or rejected. In order to eliminate or reduce the risk in the trade where the mineral will be sourced, necessarily verified. Existing or potential embargoes, Bribery, Financial Action Task Force (FATF) rankings, Political stability Risky countries are constantly monitored by the Responsible Procurement and Compliance Committee regularly. Thanks to the risk-based approach, iSGOLD makes classifications about the countries listed below as “high risk countries”.

- Gray Areas
- Tax Havens
- Countries and territories not cooperating with FAFT
- Countries mentioned in the American International Narcotics Control Strategy Report
- Countries mentioned in the FinCEN list
- Countries embargoed by OFAC

b. Customer's risk

Except for known private investors involved in gold investment products (investment bars, nuggets, etc.), services are not provided to persons who buy and sell metals/metals privately. iSGOLD minimizes the risk of doing business with people who do not have good intentions, and works with only those who do business professionally. It also does not work with customers who employ child labor contrary to local laws. During the evaluation of the forms, a risk profile was defined for each customer (low risk, medium risky or high-risk) and is revised regularly. For this purpose, a reference number (GUID) is given to each customer with whom a commercial relationship will be started and a customer file is kept containing the forms and documents that must be declared. In the software program (iSGOLD master), the current card is opened and introduced to the system with its ID number. All commercial information of the customer is processed. If there is an abnormal increase in the amount of precious metal

routinely purchased from regular customers, according to the additional information on the identification of the source of the gold and the plausibility of the customer's disclosure, the situation is determined and the decision is made. Thanks to the risk-based approach, İSGOLD provides information about the countries listed below with “high-risk customers” are classified as:

- Politically Influential Persons (PEP)
- Non-profit non-governmental organizations (Associations, Foundations, etc.)
- Offshore Banks and other organizations
- Customers who want to make transactions with large amounts of cash
- Authorized Institutions

All transactions between İSGOLD and customers are handled by the Internal Control and Supply Chain Compliance Officer. The functionality of the Customer Acceptance Policy is checked by observation and follow-up. These observation results are reported to a board of directors every three months. As a result of this reporting, if necessary, the risk profile of the customer is reconstructed, evaluated and revised. With the external audits made every year, the company's the previous year Compliance procedure is audited and reported. Customers have to give guarantee that they are not involved in illegal ways such as money laundering and tax fraud. Also they have to verify the origin of money with all precious metals under their control. Furthermore the client needs to prove that it complies with local laws regarding the use of child labour. Even the slightest doubt regarding the above-mentioned issues will promptly terminate the relationship with that customer or not starting at all.

c. The risk of the service-product provided

Every purchased goods are strictly examined by ISGOLD. All transactions are subject to purchase and compliance procedures. First-time clients must go through a full acceptance process. A separate compliance program is also applied for existing/permanent customers.

Risk Categories	Description Applicable Condition	Detection Level
<p>Low risk A Low risk (low profile Customer)</p>	<p>Gold that originates from clean and safe areas and whose shipping routes are safe. Customers with strong documents and records Risk-Free-Safe zones/countries</p>	<p>Basic Level (basic Due Diligence)</p>
<p>Medium Risk B Medium Risk (Medium Profile Customer)</p>	<p>Gold coming from conflict-affected and high-risk areas and whose shipping routes pass through risk areas Large amounts of undocumented, unregistered business transactions Customers who make reasonable and good faith efforts Low risk-Partly safe zones/countries</p>	<p>Enhanced Level (enhanced due diligence)</p>
<p>High Risk C High risk (High customer profile)</p>	<p>Gold coming from conflict-affected and high-risk areas and whose shipping routes pass through risk areas Large amounts of undocumented, unregistered business transactions Customers who are suspected of making reasonable and good faith efforts High Risk-Unsafe areas/countries</p>	<p>Enhanced Level (enhanced due diligence)</p>

Country/Customer and Product Based Risk Classification Schematic

Regular customers, who are decided to accept goods on a regular basis, are subject to internal control that will be made on-site by ISGOLD. In these on-site audits in terms of administrative procedures customers have to offer additional evidence, such as at least a detailed description of the business and the source of the goods

4. Customer Acceptance Principles

Within the scope of Know Your Customer Procedures, by accepting a party (sample of goods) from the customer who has decided to start a commercial relationship, ISGOLD follows the information, documents, references, adjustment results etc. given by the customer. In case of any inconsistency, Internal Control and Procurement Chain Compliance Officer is contacted.

The identity of the customer is verified by World-check application of the company based on the annual contract with Refinitiv company www.world-check.com in addition to the administrative procedures, by making on-site visits and inspections when necessary (mining, refining or production facilities presence, capacity and accuracy of market information provided by the customer, situations where the customer is the intermediary on-site confirmation of the information, including the correctness of the findings) is investigated and confirmed. As a result of all of these it is decided whether to continue trade with that country or customer.

if it is seen that the documents and information presented and the issues identified in the audit match during onsite inspections, the customer is placed in the status of a regular customer and it is decided to trade regularly.

All professional customers must declare the following documents and fill out the customer information form.

- Copy of passport (colour) - minimum

- Copy of ID (colour) - minimum
- Notarized power of attorney if a proxy – minimum
- Documents showing the latest financial status of the company
- Documents showing bank accounts
- The company's latest electricity bill
- Precious metal dealer license
- Mining license
- Gold import/export license
- Documents on the weight of the precious metal
- Documentation of the setting results - minimum
- Business registration documents
- Affiliate structure
- Documents related to the fields of activity
- Documents related to company authorized representatives
- Information about mine capacity
- Information/document on mining applications

After the forms and documents are received, they are checked and verified. If the verification cannot be done, the processes are stopped immediately and the service is terminated.

In case of doubt:

Internal Control and Supply Chain Compliance Officer requests additional documents and information for identification verification in case of doubt. If there is no problem in authentication as a result of the control, the process continues.

If, as a result of the control, the suspicion persists and verification cannot be made, the transactions are stopped and the trade with the customer is terminated.

Customer acceptance stages:

Step 1: Customers who want to communicate over the internet in order to start a business relationship, before starting the ISGOLD's

Know Your Customer Procedures process,

contacts the Compliance Unit via e-mail (compliance@isgold.com)

Step 2: Emails of customers contacted via email, Internal Control and Supply Chain Compliance Staff welcome. It is requested that the annexes and all the necessary documents will be filled in completely. The customer should provide all required documents list, Know Your Customer Procedures, Know Your Customer Form and its attachments.

Due diligence and Risk analysis processes take approximately 5-10 business days. To authenticate all customers and also investigate the source of the gold World-Check (www.worldcheck.com) is used. A country inquiry (www.countrywatch.com) is made and as a result, A comprehensive risk assessment will be made for that customer and the source of the gold. After deciding whether to establish a business relationship with the customer or not, customer will be informed about the decision and process is started. All this information belonging to the customer is kept confidential and secret within the framework of ethical rules. Information that should not be shared is not shared with third parties or institutions. All these processes are carried out, followed and controlled by ISGOLD's Internal Control and Supply Chain Compliance Officer and, where necessary, by Responsible Procurement and Compliance Committee. Identity documents, references, analysis results, etc. all the information provided goods are not accepted from the customer unless the verification is done. Inconsistency in documents and information In case of detection, Internal Control and The Supply Chain Compliance Officer is informed.

Step 3: Following the Due Diligence procedures, a current card is opened for each customer and reference number (GUID) is given to all customers. All transactions are registered with

this reference number in the system as of customer acceptance is followed. Lot numbering separately for each of the customer's refining or other services (GUID) is given, so that it is monitored in accordance with the system and the precious metal is from the origin.

From the beginning, all process flow and production result outputs are traceable in harmony with each other. All these stages of the process that are followed by internal audits by the relevant units are controlled by the Responsible Procurement and Compliance Committee.

ISGOLD Compliance Procedures, Responsible Gold Supply Policy and

Statements regarding their compliance with Due Diligence procedures are received.

5. Source of the Gold

Within the framework of the commercial relationship, All customers required both at the point of purchase/receiving and on the basis of Know Your Customer Procedures are confronted with questions about the source of gold and this questions must be answered clearly and precisely. The high in the amount and value of the transactions also means that the risk is high, and the process of tracking and verification of transactions within is of such high importance. According to the information obtained as a result of the country inquiry (www.countrywatch.com), that customer or goods coming from the country are accepted or rejected. The origin of the mine is verified in every transaction.

If the assessment results are consistent with the customer's statements regarding the origin of the gold, the relevant evaluation phase is finalized and the goods acceptance begins.

If there is an inconsistency between the results of the assessment and the customer's statements regarding the origin of the gold, , the relevant customer representative calls the Internal Control and Supply Chain Compliance Officer for evaluation and asks for help.

-Investment gold or fine gold: Customers who want to sell goods to ISGOLD for once the accuracy of the explanations and documents is well researched and confirmed. Like trinkets, liras, bars, small quantity goods for investment purposes; the customer's explanations

regarding the origin of the goods are reasonable and If it is considered to be proportional to the first statements (savings, inheritance property, etc.), direct purchase is made from the purchase bank.

- **Unrefined, scrap gold:** in the hands of customers who want to sell one-off goods to İSGOLD The source of the gold is determined and evaluated during the interview with the customer.

If necessary, the setting and analysis results of the goods are checked, and the silver and copper in them are checked. According to the ratio, it is determined whether the goods are within the scope of jewellery or not.

- **Gold from conflict zones/problem zones:** If the goods' source offered by the customer is defined as a conflict zone by the United Nations (UN) or OECD, areas from those countries and in some declared risk situations (United Nations or OECD),

goods coming from the surrounding countries are

not allowed. If any customer declares that he has goods from such regions, investigations will reveal that region or in all doubtful cases, with the Internal Control and Supply Chain Compliance Officer should be contacted.

In case of doubt: In case of doubt, the Internal Control and Supply Chain Compliance Officer must be consulted. Internal Control and Supply Chain Compliance Officer in this case identification requests additional documents and information for verification. As a result of control and evaluation If not, the process continues. If Doubt about the source of the goods/gold as a result of the control continues and verification cannot be made, the transactions are stopped and the trade with that customer is terminated.

- Regular customers: Customers that İSGOLD accepts mine/gold regularly

is called the customer. Customers who are decided to accept goods on a regular basis are subject to İSGOLD's internal audit. These audits take the form of more extensive administrative procedures and regular company visits.

In terms of administrative procedures in these on-site audits, customers should at least must present evidence of:

1. Detailed description of business and activity areas,
2. References from other companies in the industry to be questioned and confirmed by the Internal Control and Supply Chain Compliance Officer
3. Detailed evidence of the origin of the goods,
4. Evidence and documentation of non-use of child labor.

After the verification process, sample goods can be accepted. If the information given and those determined as a result of on-site inspection are compatible, that customer/company is a regular customer status and starts trading. Despite being considered a regular customer Periodic customer visits are not delayed and the verification of customer information is performed periodically.

6. Internal Control Mechanical Mechanisms

The compliance@isgold.com e-mail address has been set up for any non-compliance anticipated to be considered a risk within the gold supply chain process and as the Non-Compliance Notification System as a communication mechanism to be transferred to the top management. Planned personnel compliance trainings during the year ensures awareness-raising and refreshing the information. Detected unit Implementation and execution of the procurement process stages in the relevant units through compliance officers, disruptions and possible risks in the required procedures and processes, compliance system and supply chain are under control and negative developments are reported.

İSGOLD has also established an internal audit system with its customers who have continuous commercial relations. Regular within the year with administrative practices and on-site field inspections of customers to whom goods are accepted at intervals. It controls the risk of the trade made by controlling it at different periods.

In this context, customers

- a. Confirmation of detailed explanations of their activities as a company,
- b. conducting research and confirming information by the Internal Control and Supply Chain Compliance Officer with the companies they have reported as references.
- c. Confirmation of detailed documents to prove the origin of the goods,
- D. Supervision and control are carried out on the issue of guaranteeing that child labor is not used.

7. Method of Application

The Customer Acceptance Policy takes effect as soon as it is published. Possible changes are published with its revision number by Internal Control and supply chain compliance officer. Unit chiefs/managers are responsible for making in-unit applications, ensuring that the principles and application method of this directive are well understood by all unit employees, establishing a functioning style that will fulfill the requirements of the instruction and procedure.