

## **ISGOLD GOLD REFINERY INC.**

### **Laundering Proceeds of Crime and Financing of Terrorism**

#### **Company Policy on Prevention**

##### **Version 04**

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### **1. Introduction**

Money laundering is the introduction of illegally obtained revenues into the economic system as if they were obtained through legal means. The aim of combating this crime is to deprive criminals of the proceeds of crime, to eliminate their basic reason for existence, to prevent the financial system and institutions from being used as a tool in the laundering process and to protect and to maintain public in the system. However, the main aim of the fight against money laundering, both at the national and international level, is to create a strong barrier between the legal financial market and the illegal market and to prevent the entry of the proceeds of crime into the legal financial system.

With the globalizing economy and technological development, illegal revenues have gained an international flow and methods have been developed that allow the said crime revenues to enter the legal financial markets more quickly and easily. Depending on this situation, countries had to continue their struggle by cooperating on this issue.

The standard setting institution for money laundering and terrorist financing is FATF (Financial Action Task Force). Turkey was accepted as a member of the FATF on September 24, 1991, and Turkey's financial intelligence agency , MASAK, became a member of the Egmont Group in June 1998. Turkey has put into effect the "Law on the Prevention of Laundering Proceeds of Crime" No. 5549, published in the Official Gazette on 18.10.2006. Financial Crimes Investigation Board (MASAK) is Turkey's financial intelligence agency.

Since the day it was founded, İSGOLD Gold Refinery A.Ş. it has taken care to institutionalize and to carry out its activities in accordance with the current legislation. In this context, being aware of its responsibilities , İSGOLD gives high importance to the fight against laundering proceeds of crime and financing of terrorism.

## **2. Abbreviations and Definitions**

**Ministry** : T.C. Ministry of Treasury and Finance

**FATF** : (Financial Action Task Force) An intergovernmental institution established to develop and implement international standards and policies in order to combat money laundering and terrorist financing.

**MASAK** : T.C. Ministry of Treasury and Finance, Financial Crimes Investigation Board

**Legislation**: These are the laws, regulations and notifications and MASAK decisions and instructions regarding the prevention of laundering proceeds of crime and financing of terrorism.

**Policy**: İSGOLD's Policy on Combating Laundering of Proceeds of Crime and Financing of Terrorism.

**Laundering of Proceeds of Crime**: Transactions aimed at transferring said earnings to the financial system in order to make them appear as if they were obtained through legal

means, especially saving them from the form of cash, and legitimizing them by passing them through a process within the financial system and changing their quality.

**Suspicious Transaction:** The property subject to transactions made or attempted to be carried out before or through ISGOLD; the presence of any information, suspicion or suspicion that it is illegally obtained or used for illegal purposes, in this context, for terrorist acts or by terrorist organizations, terrorists or those who finance terrorism.

**Financing of Terrorism:** Providing or collecting funds to a terrorist or terrorist organizations, even without being associated with a certain act, for the purpose of using or knowingly and willingly that it will be used, in whole or in part, in the realization of acts regulated as a crime in the law.

**Internal Control and Supply Chain Compliance Officer:** It is the officer appointed by the obliged parties with the necessary authority in order to ensure compliance with the obligations brought by the relevant legislation.

**Responsible Procurement and Compliance Committee:** The committee assigned by the Board of Directors to carry out the compliance program, reporting directly to the Internal Control and Supply Chain Compliance Officer, in order to ensure that the Internal Control and Supply Chain Compliance Officer can effectively fulfill their duties and responsibilities set by the relevant legal regulations.

**Compliance Program:** The set of measures established within the framework of the relevant legislation and Company Policy within ISGOLD for the prevention of laundering proceeds of crime and financing of terrorism.

**Know Your Customer Principle:** Within the framework of FATF's recommendations, it is listed among the measures to be taken by financial and non-financial institutions, business and professions to prevent money laundering and terrorist financing; The principle of paying

attention to obtaining full and correct information about customers and adopting the implementation of all necessary measures.

### **3. Purpose**

ISGOLD attaches importance to the effectiveness of its internal regulations and practices for the prevention of laundering proceeds of crime and financing of terrorism, and as a policy;

- Protecting the reputation and trust elements of the ISGOLD brand,
- Ensuring compliance of risk management, internal audit, implementation, reporting, monitoring and control methods with the legislation and implementation of the Compliance Program,
- Preventing the use of ISGOLD for the purpose of laundering proceeds of crime and financing terrorism,
- Evaluating customers, transactions and services with a risk-based approach, determining strategies, internal controls and measures, operating rules and responsibilities for reducing the risk that may be exposed,
- It aims to raise awareness of its employees about legal obligations and related principles.

### **4. Scope**

This policy covers the managers and employees of ISGOLD at all levels in terms of their duties, authorities and responsibilities regarding the prevention of money laundering and financing of terrorism.

This policy is about combating money laundering and terrorist financing consists;

- Risk management,
- Monitoring and control,
- Education
- Internal Audit policies.

### **5. Powers and Responsibilities**

The ISGOLD Board of Directors is ultimately responsible for the adequate and effective execution of the Compliance Program as a whole within the framework of this Policy. Within the scope of the Compliance Program, the Board of Directors is authorized and responsible for ;

- ensuring compliance of ISGOLD with the obligations regarding the prevention of laundering proceeds of crime and financing of terrorism,

- Approving the policy and annual training programs,

- assigning the Internal Control and Supply Chain Compliance Officer,

- determining the duties, authorities and responsibilities of the Internal Control and Supply Chain Compliance Officer and the Responsible Procurement and Compliance Committee,

- evaluating the results of risk management, monitoring and controlling internal audit activities and ensuring that the necessary measures are taken, and

- ensuring that all these activities are carried out in a coordinated and effective manner.

Internal Control and Supply Chain Compliance Officer assigned and had to work and to report to the Board of Directors is authorized and responsible for

- ensuring compliance of ISGOLD with the obligations regarding the prevention of money laundering and financing of terrorism and ensuring the necessary communication and coordination with MASAK,

- Creating the Company Policy and submitting it to the approval of the Board of Directors,

- carrying out and reporting risk management, monitoring and control activities regarding the implementation of the Compliance Program within the framework of the Company Policy,

- submitting the studies on the training program for the prevention of money laundering and financing of terrorism to the approval of the Board of Directors and ensuring the effective implementation of the approved training program,

- Evaluating the information and findings obtained by researching suspicious transactions within the limits of his/her authority and possibilities, and notifying MASAK about the transactions that he/she decides to be suspicious,
- reporting information and statistics on internal audit and training activities to MASAK in due time.

The Responsible Procurement and Compliance Committee operates under the Internal Control and Supply Chain Compliance Officer in fulfilling its duties and responsibilities within the scope of the Compliance Program.

Managers and employees of ISGOLD at all levels correctly and carefully fulfill all their duties and responsibilities in order to ensure that this Policy is implemented in an appropriate and effective manner and that ISGOLD is not exposed to risks related to money laundering and terrorist financing.

The effectiveness and adequacy of this Policy and Compliance Program in practice are regularly audited and evaluated within the scope of internal audit. The determinations included in the prepared reports are primarily resolved by the responsible departments, taking into account the compliance risk. Audit findings regarding compliance risk are presented to the Responsible Procurement and Compliance Committee and the Board of Directors.

## **6. Risk Management Policy**

The risk defined within the framework of this policy is the possibility of financial or reputational damage that ISGOLD or its employees may be exposed to, such as benefiting from the services offered by ISGOLD for the purpose of laundering the proceeds of crime or financing of terrorism, or failure to fully comply with the obligations defined in the legislation. With the Risk Management Policy, it is aimed to define, rank, evaluate and reduce the risks that may be exposed.

Appropriate processes and methods are established for the purpose of risk identification, rating, evaluation and reduction based on customer, service and country risks, and it is ensured that it functions effectively. Services, transactions and customers are rated and classified according to risks. With a risk-oriented approach, appropriate operating and control rules are developed for reporting, execution of transactions with the approval of a higher authority when necessary, and supervision to warn the relevant units.

Risk identification, rating and evaluation methods are updated according to developing conditions. Necessary development studies are carried out by following the recommendations, principles, standards and guides brought by national legislation and international organizations regarding the subjects within the scope of risk.

The risk management policy covers the precautions and operating rules regarding the implementation of ISGOLD's customer acceptance principles.

#### **7. Know Your Customer Principle**

The principle of "Know Your Customer" is the basis of the customer acceptance process of ISGOLD within the scope of preventing money laundering and financing of terrorism. Within the scope of this principle, an application is carried out in compliance with international standards, recommendations and current legislation.

#### **8. Monitoring and Control Policy**

The protection of ISGOLD from risks and the execution of its activities in accordance with the legislation are constantly monitored and controlled. Monitoring and control activities are designed and carried out with a risk-based approach, under the supervision and coordination of the Internal Control and Supply Chain Compliance Officer, within the framework of the relevant legislation and the provisions of this Policy. In this context; In addition to the standard controls to be applied to all activities of ISGOLD, appropriate and effective control systems and methods are determined and implemented for closer

monitoring of customers, transactions and activities that are seen as high risk and require special attention. High-risk customers, business relations and transactions are identified and followed through the established risk management and monitoring and control processes and systems. Communication channels are established to ensure that any information obtained is immediately taken into account within the decision-making, monitoring, reporting and auditing processes.

Monitoring and control activities mainly cover the following:

- Monitoring and control of high-risk customers and transactions,
- Monitoring and control of transactions with risky countries,
- Monitoring and control of complex and unusual transactions,
- Checking the compatibility of transactions over the determined amount with the customer profile by sampling method,
- Monitoring and control of related transactions exceeding the amount that requires identification,
- Checking the suitability, adequacy and up-to-dateness of the information and documents that should be kept about the customers,
- Monitoring the transactions; the compliance of the customer with information about his business, risk profile and funding sources,
- Control of transactions carried out using systems that enable non-face-to-face transactions,
- risk-based control activities of services that may become vulnerable to risk and abuse due to new products or technological developments.

Monitoring and control activities are carried out within the Responsible Procurement and Compliance Committee. On the other hand the efficiency of the practices and the compliance of the transactions regarding the execution of the compliance program within



the framework of the current legislation, corporate policy and processes, are provided within the scope of internal audit and internal control activities. The results of monitoring and control activities and the data and information reported as a result of internal audit and internal control activities are subject to follow-up and evaluation as a whole within the Responsible Procurement and Compliance Committee under the supervision of the Internal Control and Supply Chain Compliance Officer.

### **9. Internal Audit Activities**

Special attention is paid to identify and prevent suspicious transactions in advance and to detect suspicious transactions within the establishment of internal audit, reporting and communication systems to ensure compliance with the obligations regarding laundering proceeds of crime,

The purpose of internal auditing is to provide assurance to the Board of Directors regarding the effectiveness and adequacy of the entire Compliance Program. In this direction; The company's policy, processes, risk management, monitoring and control activities, adequacy and effectiveness of training activities, and execution of transactions in line with the legislation and Company policies are reviewed and audited annually with a risk-based approach.

While determining the scope of internal audit, malfunctions identified in monitoring and control studies and risky customers, services and transactions are included in the scope of the audit. ISGOLD's organizational structure, business and transaction volume are taken into account when determining the departments and transactions to be audited. In this context, it is ensured that departments and transactions in quantity and quality that can represent all transactions carried out within ISGOLD are audited.

Deficiencies, errors and abuses detected, as well as opinions and suggestions to prevent their reoccurrence, are reported to the Board of Directors.

## 10. Education

Training activities are carried out within the framework of the relevant legislation and the provisions of this Policy in order to fully know the legal and administrative obligations in the fight against laundering proceeds of crime and the financing of terrorism, and to cover all relevant employees. The training program is prepared by the Internal Control and Supply Chain Compliance Officer and with the participation of ISGOLD's experts on related subjects. The effective implementation of the training program is overseen by Internal Control and Supply Chain Compliance.

Education policy is created according to the purposes of ensuring compliance with the obligations brought by the legislation, and to form a corporate culture and updating information by increasing the awareness of responsibility in corporate policy and risk-based approach.

In a way to ensure that educational activities are spread throughout the institution; classroom education, e-learning and other various education methods, visual and auditory training materials, communication channels such as the internet or intranet are used effectively and appropriately.

Necessary information and statistics regarding the training activities carried out within the framework of the legislation are kept regularly and reported to the relevant institutions through Internal Control and Supply Chain Compliance within the determined period and principles.

The educational activities consists of ;

\*Concepts of laundering proceeds of crime and financing of terrorism,

- Stages and methods of laundering proceeds of crime and case studies on this subject,

- Legislation on the prevention of laundering proceeds of crime and financing of terrorism,

- risk areas,

- Company policy and procedures,

- Within the framework of the law and relevant legislation; Principles regarding the recognition of the customer, principles regarding suspicious transaction reporting, the obligation to preserve and submit, the obligation to provide information and documents, and the sanctions to be applied in case of non-compliance with the obligations,

- It covers the issues of international regulations in the field of combating money laundering and terrorist financing

at a minimum level.

## 11. Retention of Records and Data Privacy

In accordance with the legislation in effect in our country; All information, documents and records that need to be received and kept regarding customers and transactions are carefully kept in a way that can be easily accessed when necessary and within the framework of the period and principles specified in the legislation. Necessary measures are taken within the framework of the relevant legislation regarding the confidentiality of information, documents and records related to customers and transactions and are carefully implemented.

## 12. Obligation to Provide Information and Documentation

Reporting activities to be carried out within the scope of continuous information disclosure and requests from institutions and officials authorized to request information and documents are fulfilled with the utmost care and attention in line with the provisions of the legislation.

### 13. Enforcement

This policy and the changes made in the policy take effect on the date they are approved by the Board of Directors. Changes and updates to be made later will also enter into force with the Board of Directors.