



## **CUSTOMER ACCEPTANCE POLICY**

### **KNOW YOUR CUSTOMER (KYC) AND CUSTOMER RISK ASSESSMENT PROCEDURE**

#### **1. GENERAL :**

In order to protect itself and its employees from becoming a target regarding the violation of nation and international laws and applications such as **money laundering** and **terrorism financing** İstanbul Gold Refinery Inc. /IGR Global Inc. implements effectively and keeps current continuously **Know Your Customer-KYC procedures and Customer Acceptance Policy** in purchase and customer acceptance procedures regarding precious ores.

The entire personnel meticulously monitors and implements **Compliance** processes and procedures within the scope of supply chain process and the processes are monitored and audited by **Compliance Unit**.

İstanbul Gold Refinery Inc. /IGR Global Inc. undertakes the principle that in all activities it participates in, cooperates in and develops regarding the supply of precious metals in terms of gold refining that precious metals come from legitimate and ethical sources and that they do not constitute any criminal elements and that they are not associated with armed conflict or human rights violations.

The principles of **Customer Acceptance Policy** that was implemented in order to protect İstanbul Gold Refinery Inc. /IGR Global Inc. and its employees from becoming a target in the violation of national and international laws, money launder and terrorism financing was based on these parameters:

- a. Country of origin of precious metal,**
- b. Risk of conducting business with customer,**
- c. Risk of product or service provided,**
- d. Value of commercial transactions and type/duration of relations with customer.**

Customer risk profile is created in accordance with the above parameters and is updated at least once a year. Risk profiles of repeat customers are updated in a more comprehensive manner with inspections such as **on-site regular company visits** and **controlling the validity of administrative procedures**.

In regards to administrative procedures, customers must at least provide evidence on the below issues:



- a. Detailed explanation of areas of business and activity,
- b. References from other companies in the industry, to be inquired and confirmed by Compliance officer
- c. Detailed evidence on the source of goods.

## **2. SCOPE and IMPLEMENTERS:**

These instructions define **Gold Supply Chain Customer Due Diligence** processes, **Customer Definition System** requirements and how Risk Analysis shall be conducted in this regard, in accordance with Gold Supply Chain risks and it is implemented by all commercial units of İstanbul Gold Refinery Inc. /IGR Global Inc.

## **3. RISK MANAGEMENT:**

İstanbul Gold Refinery Inc. /IGR Global Inc. has adopted the principle of supporting all national and international efforts on the fight against **money laundering, terrorism financing and other related crimes** and to obey all national and international laws, other legal arrangements and regulations.

To this purpose, İstanbul Gold Refinery Inc. /IGR Global Inc. aims to manage supply chain process and risks in a more effective and accurate manner by implementing risk based **“Know Your Customer KYC procedures - Customer Due Diligence”**.

İstanbul Gold Refinery Inc. /IGR Global Inc. makes an effort for effective risk analysis and management by applying ethical business principles in accordance with the law and all national and international certifications to which it is subject by managing all commercial relations with its customers using precautions and methods to prevent **money laundering and terrorism financing**, in order to not place the company in a condition, despite unintentionally, of being involved in money laundering or terrorism financing and other related crimes and in order to remove the risk of harming commercial standing.

İstanbul Gold Refinery Inc. /IGR Global Inc. executes internal and external audits in order to create awareness for all personnel in this regard and refresh knowledge with training provided and to monitor and control applications by way of Compliance Unit and Compliance Committee.

### **Definition of risks in gold supply chain:**

By putting in action the **Gold Supply Chain Responsibility Policy** it has prepared to meet the requirements of associations such as **London Bullion Market Association (LBMA)** and **Dubai Multi Commodities Center (DMCC)** to both of which it is a certified member and in accordance with **OECD’s Due Diligence Guide in High Risk Areas and Areas Affected by Conflict** İstanbul Gold Refinery Inc. /IGR Global Inc. has adopted an effective internal management system and risk monitoring methods.



Supply Chain Monitoring System where supply information on each refined party is gathered and kept was created, information was recorded and saved, refreshment of information and applications on subject was ensured with personnel training and a Compliance Officer was appointed for each unit in order to start all Due Diligence processes for customers with appropriate and effective methods.

Obtaining necessary documents and legal documents from customers within the scope of Due Diligence by way of customer information form and customer risk evaluation following necessary inspections and as a result making customer risk classification and deciding whether to start commercial relations are all within applications developed. Risk evaluation in supply change begins with the determination of supply provision source. Different risk evaluations are done for different sources.

Istanbul Gold Refinery Inc. /IGR Global Inc. demands documentation of business and commercial relations by conducting a detailed ID scan on customer in order to make an effective risk evaluation to start from the first exit point where gold is provided. At this stage, whether customer has tendencies and efforts in regards to **money laundering, fraud, or terrorism financing and such illegal tendencies** is researched, business and financial data are controlled to access details and customer risk analysis is developed with documents such as mining license, mine capacity, data on mining applications, documents determining the origin of mine, gold import/export licenses and additional documents obtained from both the mine and small scale establishments. For high risk category customers, additional precautions are taken and on-site visits and research for the verification of information are done.

Istanbul Gold Refinery Inc. /IGR Global Inc. demands officially approved, notarized power of attorney declaration from customers contacting via power of attorney and in case any forgery or deception is detected, reports the situation to related authorities.

**Situations such as customers to be entered into trade with being reluctant about providing necessary documents, obtaining gold from countries or centers placed under suspicious status by OECD and other related agencies, not being able to document the source of mine, trying for large sums of money transfer, not willing to carry out transactions over bank in a registered and documented manner and such are evaluated within the suspicious operations category.**

In order to monitor risks that might occur during the transportation of precious metals, controls are done by way of documents regarding their weight, transport and insurance; thus allowing for monitoring the transport stage of the goods.

Each new customer within supply chain is considered **high risk** and is monitored and each year regular customer visits are done to decide whether business relations shall continue.



**a. Risk of ore/gold source:**

Goods from that customer or country are accepted or declined based on the information obtained as a result of country investigation ([www.countrywatch.com](http://www.countrywatch.com)). Source of ore is verified in each operation in order to remove or minimize commercial risk.

Existing or possible embargos, bribery, Financial Action Task Force (FATF) rankings, political stability and such parameters are considered by Compliance Unit to continuously monitor risky countries and if that country is deemed negative or suspicious as a result of the evaluation done, gold is either directly not accepted or it is accepted or declined after being controlled by the Compliance officer.

**b. Customer risk:**

Except for private investors known for gold investment products (investment bars, bullions, etc.) persons **privately** buying and selling precious ores/metals are not serviced.

Istanbul Gold Refinery Inc. /IGR Global Inc. minimizes its risk of conducting business with **non-boda fide persons** and only works with professional customers. Business is not done with customers who employ child labor in breach of local laws.

A risk profile (low risk, medium risk or high risk) for each customer during the evaluation of forms and it is regularly revised.

Each customer is given a reference number (customer ID) to this purpose and procedures are started and a customer file containing forms and documents that need to be declared is kept. Current card is issued in ERP system used and it is defined in system with ID number and all commercial procedures of that customer and the precious ores in refining are monitored with lot and serial numbering system.

If there is an anomalous increase in the amount of precious ore purchased routinely from such regular customers, additional due diligence is done on the determination of the source of precious ore and the plausibility of customer explanation.

All operations between Istanbul Gold Refinery Inc. /IGR Global Inc. and its customers are monitored and pursued by Compliance Officer and the functionality of Customer Acceptance Policy is checked. The results of these observations are reported to management once every 3 months. Risk profile of each customer is re-evaluated as a result of this reporting and revised if necessary. With independent external audits done each year, Compliance Process of the previous year is monitored and reported.

**c. Guarantee of no affiliation with illegal activities:**

Customers must guarantee that they are not affiliated with illegal affairs such as money laundering and tax fraud. The source of all precious ores and money under their control



should be verified. Customer should also prove that it abides by local laws regarding the employment of child labor.

Any doubt, no matter how small, regarding the above issues requires the immediate severing of relations with that customer or not starting such relations at all.

**d. Risk of service provided**

Each party of goods purchased is meticulously inspected by İstanbul Gold Refinery Inc. /IGR Global Inc. All operations are subject to goods purchase and compliance procedures. First time customers must go through a full acceptance process. A separate compliance program is applied to existing customers.

Customers from whom regular goods acceptance is decided are subject to internal audits on-site by İstanbul Gold Refinery Inc. /IGR Global Inc. During these on-site audits, customers must at least provide additional evidence such as the detailed explanation of their business and activity areas and the source of their goods, in terms of administrative procedures.

Risk Categories	Definition	Due Diligence to be Applied
Low risk <b>A</b>  Low risk profile customer	Gold with clean source from secure regions with secure transport routes <b>Customers with strong documents and records</b> <b>Risk-free/Secure regions/countries</b>	basic due diligence
Medium Risk <b>B</b>  Medium risk profile customer	Gold from high risk regions or regions affected by conflict and gold with risk transport routes High number of undocumented, unregistered commercial operations <b>Reasonable and well meaning customers</b> <b>Low risk-Partially secure regions/countries</b>	enhanced due diligence



<p>High Risk C</p> <p>High risk profile customer</p>	<p>Gold from high risk regions or regions affected by conflict and gold with risk transport routes</p> <p>High number of undocumented, unregistered commercial operations</p> <p><b>Reasonable and well meaning customers</b></p> <p><b>High risk-Unsecure regions/countries</b></p>	<p>enhanced due diligence</p>
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Risk Classification Schematic on Country/Customer and Product Basis

**4. CUSTOMER ACCEPTANCE POLICIES:**

Activity and operations are monitored on the basis of information, documents, references, carat results, etc. given by customer by sample goods reception with whom commercial relations shall be started and in case of any inconsistency, Compliance Officer is immediately contacted. Customer ID is verified by **World-Check ([www.world-check.com](http://www.world-check.com))** and whether findings are accurate is researched and verified by on-site visit and audit in addition to administrative procedures (existence of mining, refining or production facilities, accuracy of capacity and market information provided by customer, on-site verification of information including situations for which customer acts as intermediary). Whether commerce shall continue with that country or customer is decided as a result of all these. If after on-site audit, the information and documents presented to us and issues determined during on-site audit coincide, this customer is placed under regular customer status and regular goods purchase is decided.

**All professional customers must declare the below documents and fill out the customer information form:**

1. Passport photocopy (color) - **minimum**
2. ID photocopy (color) - **minimum**
3. If representative, notarized power of attorney- **minimum**
4. Documents showing the recent financial status of company
5. Documents showing bank accounts
6. Last electricity invoice of company
7. Precious ore selling license
8. Mining license
9. Gold import/export license
10. Documents on the weight of precious metal
11. Documents regarding carat results - **minimum**
12. Commercial registration documents



13. Partnership structure
14. Documents regarding area of activity
15. Documents regarding company authorized representatives
16. Information on mine capacity
17. Information/document on mining applications

Checking and verification of forms and documents are done after they are received. If customer or company cannot be verified, operations are immediately halted and service is terminated.

**In case of doubt:**

In case of doubt, Compliance Officer requests additional information and documents regarding ID verification and operations continue if no problems arise after ID verification.

If suspicions continue after control and verification cannot be done, operations are halted and commerce with that customer is terminated.

**Customer ID determination stages:**

**Stage 1:** Customers who wish to contact via internet in order to start business relations print and fill out the **Pre-KYC form** on [www.igrglobal.com](http://www.igrglobal.com) before İstanbul Gold Refinery Inc. /IGR Global Inc. **Know Your Customer-KYC** processes and scan the signed document to contact Compliance Unit via email after adding the additional documents required and filling out **Compliance Contact form** at [www.igrglobal.com](http://www.igrglobal.com). **Customer Pre-KYC form** (Turkish-English) is in App.-A.

**Stage 2:** If the information in Pre-KYC Form are compatible with the policy and procedures of İstanbul Gold Refinery Inc. /IGR Global Inc. customer is sent **KYC form** to complete including all documents regarding customer identification system and detailed information on opening up account after evaluation. **KYC form (Turkish-English) is in App.-B.** Customer attaches the related documents to the form and either sends or hand delivers to company.

Full Due Diligence and Risk analysis procedure take approximately 5-10 business days. By using **World-Check** ([www.world-check.com](http://www.world-check.com)) all customers' ID verification and country inquiry including the research on the source of gold ([www.countrywatch.com](http://www.countrywatch.com)) are done and as a result, a comprehensive risk evaluation of that customer and source of gold is completed.

After deciding whether to form business relations with the customer, procedures are started by informing the customer of the result. All information on customer are kept private and confidential within these rules of ethics. That information that should not be



shared is not shared with 3<sup>rd</sup> parties or institutions. Company Compliance Officer and related Unit Compliance Officer monitor and control all these procedures. Goods acceptance from customer does not begin unless all verification such as ID documents, references, analysis results, etc. are complete. In case of inconsistencies in documents and information, Compliance Officer is informed rapidly or by using Compliance transition points system.

**Stage 3:** Following Full Due Diligence procedures, a current card is opened for each customer and a reference number (customer ID) is provided. From customer acceptance on, all procedures are monitored in the system with this customer ID, gold containing precious ores sent to refining belonging to customer are monitored in compliance with lot numbering system and thus all commercial transactions, refining and exists after production of hold or hold containing precious ores are taken under monitoring from the origin of these metals. All these stages of the process are monitored with the internal audits by related units and Compliance Committee.

**Compliance Agreement Form** is signed with customers accepted into commercial relations and their declarations are obtained regarding being compatible with İstanbul Gold Refinery Inc. /IGR Global Inc.'s **Compliance procedures, Gold Supply Chain Responsibility Policy and Due Diligence processes.** **Compliance Agreement Form** is in App.-C. **Customer Declaration Form** to be used by customers purchasing scrap from counters in declaring the source of goods is in App.-D.

##### **5. ORIGIN OF THE GOLD:**

All customers deal with questions regarding the source of gold (**whether counter customers' goods are savings or inheritance, etc.**) at the stage of starting commercial relations within the framework of Customer identification system and at goods purchase/acceptance counters and they should provide clear and net answers to these questions.

**The high level of amount and value of operations also means that risk is low and monitoring and verification of operations in process hold an equal amount of high importance.**

Goods from that customer or country are either accepted or declined based on the information obtained as a result of country investigation ([www.countrywatch.com](http://www.countrywatch.com)). Source of ore is verified at each operation.

If evaluation results are compatible with the declarations of customer on the source of gold, evaluation stage is completed and goods acceptance begins.



If there is an inconsistency between evaluation results and customer's declarations regarding the source of gold, related customer representative calls the Compliance Officer and requests assistance for evaluation.

- a. **Investment gold or fine gold:** The accuracy of document and explanations of customers that wish to provide goods to İstanbul Gold Refinery Inc. /IGR Global Inc. as a one-time deal is diligently researched and determined. In case customer explanations regarding the origin of small amounts investment goods such as jewelry, coins, bars are found plausible and in keeping with their initial statement, the acceptance of such goods (savings, inheritance, etc.) is done directly from purchasing counter.
- b. **Unrefined, scrap gold:** The source of gold with customers that wish to provide goods to İstanbul Gold Refinery Inc. /IGR Global Inc. as a one-time deal is determined during the interview to be held with that customer and is thus evaluated. Customer declarations are taken on the source of gold (inheritance, savings, etc.). carat and analysis results of the goods to be purchased is checked and whether it is considered jewelry is determined based on the silver and copper ration within.
- c. **Gold from areas of Conflict/problem regions:**

If the source of gold provided by customer is within areas defined as areas of conflict by UN or OECD, goods from those countries and (in certain risky situations declared) goods from surrounding countries are not accepted – except for approvals of United Nations or OECD and such official establishments.

If any customer declares having goods from such areas and research indicates to that area or under suspicious conditions, Compliance Officer must be contacted.

- d. **In case of doubt:**

In case of doubt, Compliance Officer requests additional information and documents regarding ID verification and operations continue if no problems arise after ID verification.

If suspicious continue on the source of goods/gold after control and verification cannot be done, operations are halted and commerce with that customer is terminated.

**Regular customers:**

İstanbul Gold Refinery Inc. /IGR Global Inc. calls customers from whom it accepts ores/gold regularly as regular customers. Regular customers are subject to internal audit by İstanbul Gold Refinery Inc. /IGR Global Inc.



These audits are in the form of more comprehensive administrative procedures and regular company visits. During these on-site audits, customers must at least provide evidence on the following issues in regards to administrative procedures:

1. Detailed explanation of areas of business and activity,
2. References from other companies in the industry, to be inquired and confirmed by Compliance officer,
3. Detailed evidence on the source of goods,
4. Evidence and documents regarding that child labor is not employed.

Sample goods acceptance may begin after verification process. If provided information and those detected during on-site audit are compatible, that customer/company is placed under regular customer status and trade begins.

Despite being accepted as regular customer, periodic customer visits are not neglected and customer information verification procedures are executed at the same periods.

All process workflow charts are attached.

#### **6. INTERNAL CONTROL MECHANISMS:**

**Non-Compliance Notification System** has been installed as a communication mechanism to transfer any non-compliance deemed as risk within gold supply chain process to upper management and **Compliance Access Points** have been formed to this extent. Information is refreshed by creating awareness with planned personnel compliance training done during the year. By way of appointed unit compliance officers, setbacks in the application of supply process stages in related units, procedures and processes that should be done and within compliance system and supply chain as well as possible risks are taken under control and negative developments are reported and all these issues are discussed during periodic meetings of Compliance Committee.

Istanbul Gold Refinery Inc. /IGR Global Inc. has created an internal audit system for customers with whom it is in regular commercial relations. It controls at various periods during the year with on-site audits and administrative applications its regular customers and thus provides the security and reliability of trade.

In this regard, the following are done;

- a.Verification of detailed explanation on the activities done as company,
- b.Research on and verification of companies listed as references by Compliance officer,
- c.Verification of detailed documents on the proof of origin of goods,
- d.Audit and control on the guarantee of not employing child labor.



**7. METHOD OF APPLICATION:**

**Customer Acceptance Policy** is valid on the date of issue. All possible changes are published with revision number by **Compliance Officer**. Unit officers/managers are responsible to ensure that all unit employees understand clearly the principles of these directives and its method of application, providing an operation style to fulfill all requirements of instructions and procedure and to execute inter-unit applications in this regard.