

CUSTOMER RECOGNITION AND IDENTIFICATION POLICY

RECOGNITION AND IDENTIFICATION POLICY**1. OBJECTIVE**

The most important means of combating money laundering and terrorist financing is an effective suspicious transaction reporting system and customer recognition process based on documents and information, which is carried out in accordance with the customer acceptance policy. In this context, in accordance with Onsa Rafineri A.Ş.'s customer acceptance policy, It is aimed to prevent persons and organizations that will not be served by Onsa Rafineri A.Ş. from being accepted as customers in Onsa Rafineri A.Ş. and to accept individuals and organizations that are considered to be high risk only after higher security measures and approval mechanisms are applied compared to other customers.

In this policy, within the framework of “ONSA RAFİNERİ (AML&CFT) ANTI-MONEY LAUNDERING AND TERRORIST FINANCING POLICY” accepted by the Board of Directors matters to be taken into account during customer acceptance, documents and information to be obtained, approval processes for the acceptance of high-risk customers, and procedures and principles of identification and confirmation are explained. With this policy, it is also aimed to raise awareness of Onsa Rafineri A.Ş and its employees regarding their legal and administrative obligations.

2. RISK ANALYSIS

As Onsa Rafineri A.Ş, we have obligations in accordance with the Law No. 5549 on the Prevention of Laundering Proceeds of Crime and the Regulation on Measures Regarding the Prevention of Laundering Proceeds of Crime, Communiqué on Precious Metals Standards and Refineries, Directive on Internal Control System and Compliance Principles of Borsa İstanbul A.Ş Precious Metals Intermediary Institutions and Refineries. For this reason, failure to fulfill the duties and responsibilities defined by the Law, the relevant Regulations and the Directive constitutes a crime.

2.1 Operational Risk

Onsa Rafineri A.Ş.'s involvement in money laundering and terrorist financing activities, defining customers and opening accounts and/or entering into permanent business relations with these people bring serious risks for Onsa Rafineri A.Ş.

Legal Risk: As explained in the regulation, money laundering is a serious crime that requires a prison sentence under the Turkish Penal Code. Certain responsibilities and obligations have been assigned to institutions deemed "obligatory" in the legal regulations to prevent laundering proceeds of crime and financing of terrorism. In case of non-compliance with the said responsibilities and obligations in these regulations, there are judicial and financial sanctions for the relevant legal entities:

- Administrative fines are imposed on the liable parties in case of identification, violation of suspicious transaction notification, violation of the obligation to provide continuous information, and failure to report suspicious transactions.
- In case of violation of the obligation to provide information and documents specified in the relevant articles of the law, as well as the article regarding preservation and submission, imprisonment and judicial fines are envisaged.
- In case of non-fulfillment of the obligations under the related Communiqué, a warning penalty, fine and removal from the refinery list are foreseen.

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In order to avoid legal risk, it is essential to consult the Compliance Officer on the following issues: In case of doubt, the full learning and implementation of other obligations as specified in the law and related sub-regulations, primarily the obligation of identification, control of the confirmatory documents defined by the legislation, identification in subsequent transactions, recognition of the real beneficiary, monitoring of customer status and transactions, etc. In addition, Onsa Rafineri A.Ş personnel should attend the trainings to be organized by the Compliance Officer on these issues.

2.2 Reputation Risk

Onsa Rafineri A.Ş.'s name being mentioned together with people who carry out activities for money laundering and terrorist financing, Onsa Rafineri A.Ş helping these activities, albeit unknowingly, through the services provided, will cause a serious loss of reputation for Onsa Rafineri A.Ş. both before national and international regulatory authorities. The cost of loss caused by this risk can be very high. For this reason, the steps to get to know the customer specified in this policy should be fully implemented, and maximum attention should be paid to high-risk customers during customer acceptance.

2.3 Risk of Valuable Mineral Resource

According to the information obtained as a result of the country inquiry, the goods coming from that customer or country are accepted or rejected. The source of the precious metal is absolutely verified in every transaction in order to eliminate or reduce the risk in the trade to be made. Risky countries are constantly monitored by the compliance unit, taking into account the current or potential embargoes, bribery, Financial Action Task Force (FATF) rankings, and political stability. If the result of the evaluation is negative or suspicious in that country, the incoming precious metal is either not accepted directly or is accepted or rejected after passing the control of the compliance officer.

2.4 Customer Risk

Except for well-known private investors related to precious metal investment products (investment bars, ingots, etc.), services are not provided to persons engaged in private trade of precious metals. Onsa Rafineri A.Ş works only with customers who do business professionally, minimizing the risk of doing business with people who do not have good intentions. It also does not work with customers who employ child labor. During the evaluation of the forms, a risk analysis is made for each customer and the customer is defined as low risk, medium risk or high risk. It is ensured that the customer's risk analysis is regularly revised. For this purpose, a reference number is given to each customer with whom a commercial relationship will be started, and transactions are initiated and a customer file is kept containing the forms and documents that must be declared. In the CRM system used, the current card is opened and introduced to the system with the reference number. If there is an increase in the amount of precious metals routinely purchased from regular customers other than the reasonable increases, if the source of the gold is determined and the customer's explanation is not sufficient, a re-evaluation is made and a decision is made by requesting new documents and information if necessary.

All transactions between Onsa Rafineri A.Ş and customers are monitored and followed by the compliance officer, and the functionality of the Customer Identification and Identification Policy is checked. The results of these observations are reported to the board of directors every 3 months. As a result of this reporting, if necessary, the risk profile of the customer is re-evaluated and revised.

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With the external audits made every year, the compliance process of the company for the previous year is audited and reported.

2.5 Risk of Engagement with Illegal Activities

Customers must ensure that they are not associated with illegal means such as money laundering and terrorist financing, money laundering and tax fraud. They must verify the origin of all precious metals and money under their control. The client must also demonstrate compliance with local laws against the use of child labor. Even the slightest doubt in these matters requires that the relationship with that customer be terminated immediately or that the relationship should not start at all.

3. GENERAL PRINCIPLES AND RULES**3.1 Customer Acceptance**

Real or legal persons who meet the criteria set out in the customer recognition and Identification Policy are candidates to become ONSA Rafineri A.Ş. customers. Whether or not people who meet these criteria will become ONSA Rafineri A.Ş. customers is decided by the compliance officer.

Recognition of the customer means that ONSA Rafineri A.Ş. has sufficient information about its customers and its customers' activities, and develops policies and procedures within its own structure in order to obtain this information. While the customer recognition process is an important tool in the prevention of money laundering and terrorist financing, it is also a principle that will enable the customer's needs to be determined more accurately and consequently to increase the service quality. Therefore, customer recognition should be considered as a continuous process that applies not only to new customers but also to existing customers. Documents and data on customer recognition are among the most important information sources for ONSA Rafineri A.Ş.

3.1.1 Standard Know Your Customer Practices

Standard Know Your Customer measures include followings:

- a) To identify the customer;
- b) In order for ONSA Rafineri A.Ş. to determine the final beneficiary of legal entities, trusts and similar legal arrangements;
 - To take the necessary measures to identify and confirm the identity of the final beneficiary,
 - Taking risk-based and necessary measures to understand the client's partnership structure and ultimate beneficiary (The aforementioned measures also apply to other persons on whose behalf and/or account the client acts)
- c) To obtain information from the Customer about the nature and purpose of the business relationship to be established,
- d) In order to ensure that the transactions made are compatible with ONSA Rafineri A.Ş.'s information on its customer, business, risk profile and funding sources, constantly monitor the business relationship, including the examination of the transactions made during the relationship, and ensure that the documents, data or information are kept up-to-date,

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e) To determine the risk level of the customer within the scope of the necessary monitoring and control activities in order to detect the transaction or operations that may be related to money laundering or the financing of terrorism before the transaction.

Onsa Rafineri A.Ş. will implement standard know-your-customer practices for all customers, and will switch to the know-your-customer application developed for customers with a high risk profile, within the scope of the customer's country risk, clean source, safe zone, trust of shipping routes, precious metal documents and records in order to prove to the competent authorities that standard know-your-customer practices are appropriate in terms of money laundering and terrorist financing risks.

3.1.2 Improved Know Your Customer Practices (Tightened Measures)

Onsa Rafineri A.Ş. switches to the developed know-your-customer application in addition to the standard know-your-customer application, in cases where there are transactions that carry the risk of money laundering or terrorist financing, and precious metals coming from conflict-affected and high-risk regions and whose transportation routes pass through risky regions. ;

- Where there is a suspicion of money laundering or terrorist financing, regardless of the amount of precious metals,
- When higher risk transactions are detected in the transaction monitoring process (because of their nature, size, frequency or unusualness that puts them at higher risk of being part of a money laundering scheme)
- When the presence of a politically influential person is detected,
- Being a national of a risky country or residing in or associated with a risky country or region,
- Coming from conflict-affected and high-risk areas and shipping routes coming from risky areas,

Within the scope of Enhanced Know Your Customer, Tightened Measures are applied within the framework of risk-based approach regarding this customer.

One or more or all of the following measures are applied in proportion to the identified risk;

- Obtaining additional information about the customer and updating the identity information of the customer and the beneficiary more frequently,
- Obtaining additional information about the nature of the business relationship,
- Obtaining information about the purpose of the transaction,
- To enter into a business relationship, to maintain the current business relationship or to carry out the transaction is subject to the approval of the senior official,
- Keeping the business relationship under strict surveillance by increasing the number and frequency of the controls applied and identifying the types of transactions that require additional control,

3.1.3 Simplified Measures,

In cases where the risk of money laundering and terrorist financing can be considered low in terms of transaction types, it is possible to simplified and implement the issues related to the principle of knowing the customer. In this context, the Compliance Officer may apply simplified measures in circumstances that inherently have a low risk of money laundering or terrorist financing, such as:

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- In transactions where banks residing in our country or in other countries, which are subject to regulation and supervision in accordance with international standards in the fight against money laundering and terrorist financing, are customers of obligatory parties other than financial institutions,
- In transactions where the customer is a bank or company whose shares are listed on Borsa Istanbul and/or international stock exchanges,
- Banks and intermediary institutions that are parties to the transactions carried out in the Borsa Istanbul Precious Metals Market,

Simplified measures are not implemented in order to classify customers as customers with a low risk of money laundering, making it possible to simplify the customer's identification documents. Customers to whom Simplified Measures are applied do not need to submit documents to confirm some of their information.

In the event that one of the situations that meets the high risk criteria described in section 3.5 arises during the business relationship for customers who are considered to be at low risk of money laundering, appropriate developed know-your-customer measures/ tightened measures will be implemented.

The approval of the compliance officer is required for the implementation of simplified measures.

3.2 Persons and Institutions That Cannot Be Considered as Customers

Onsa Rafineri A.Ş does not consider the following persons and organizations as customers.

- Persons whose real identities and addresses cannot be determined and confirmed,
- Persons and institutions mentioned in the banned/black lists published by MASAK, OFAC on laundering proceeds of crime and financing of terrorism,
- Legal entities whose structure is very complex and does not allow the identification and confirmation of the real beneficiary,
- Natural and legal persons who have doubts about the legality of their business or funding sources,
- Persons, groups or legal entities suspected of being involved in criminal activities or being a member of, or politically supporting or financing, a criminal or terrorist organisation,
- Banks that do not have a physical service office in any country, do not employ full-time personnel, and are not subject to the supervision and permission of an official authority in terms of banking transactions and records,
- Companies/banks which exist only on Signage,

3.3 Customer Recognition Process

Onsa Rafineri A.Ş (natural and legal persons) requires the collection and storage of sufficient information and documents for all its customers. Said information and documents are stored in hard copy and electronically in accordance with the relevant procedures of the Bank.

FOR CUSTOMERS WHO ARE REAL PERSONS;

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ALL account beneficiaries

FOR CUSTOMERS WHO ARE LEGAL ENTITIES;

Legal Entity itself

10% or more of shareholders

Legal representatives who will make transactions with Onsa Rafineri A.Ş.

Mandatory information and documents will be collected within the scope of identification by the MASAK Measures Regulation.

All prospective customers are required to declare the information and documents required for the Onsa Rafineri A.Ş account opening customer recognition procedure and fill in the relevant forms.

For Legal Entities,

1. Certificate of Activity (Must not be older than 3 months)
2. Copy of Signature Circular (Must be a current signature circular without expired validity period)
3. Copy of Tax Certificate (Should not be older than one year)
4. Current Shareholder Certificate (List of attendants / list of attendees of the last general assembly meeting)
5. Copy of TR Identity/Passport (Persons who are Authorized according to the Signature Circular and Members of the Board of Directors)
6. Business License (for Mining Companies)
7. Know Your Customer Form (Legal Person) (Annex 1.1)
8. Customer Transaction Form (Annex 1.2)
9. Customer General Information Form (Annex 1.3)
10. Customer Compliance Agreement Form (Annex 1.4)
11. Declaration (Annex 2)
12. Information Regarding the Real Person(s) Authorized to Execute the Transactions on behalf of the Customers with Altınbaş Kıymetli Madenler Borsası A.Ş.(Annex 3)
13. Information Regarding the Person or Persons Who Have Control in the Company (Annex 4)

For Real Person

- 1.Copy of TR Identity/Passport
- 2.Residence Certificate (Must be obtained via E-Government and include a barcode)
- 3.Know Your Customer Form (Real Person) (Annex 1)

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3.4 Customer Risk Assessment

Onsa Rafineri A.Ş., should classify new and existing customers according to risk categories reflecting the source of the precious metal, whether it comes from clean and safe areas, shipping routes, working time, year of establishment, origin of the company, origin of the precious metal, and the level of risk associated with the business in accordance with the principle of continuity. This classification;

- I. **HIGH RISK** customers: Customers who need to be subject to close monitoring frequently. Customers with a risk score of 6501-10000 (see 3.5).
- II. **MEDIUM RISK** customers: Customers who do not need to be subject to close monitoring frequently, but are always under monitoring. Customers with a risk score of 3001-6500.
- III. **LOW RISK** customers: Low risk customers. Customers with a risk score between 1-3000.

The risk classification of customers is made by the compliance officer.

3.5 High-Risk Customers

In accordance with the acceptance policy of Onsa Rafineri A.Ş., the persons and institutions listed in the following sub-items are considered in the high-risk category.

At the initiation of the business relationship, after the risk level of the customer is determined by the Compliance Officer, approval is obtained for the opening of an account with the suitability of the General Manager in the acceptance of high-risk customers. For high-risk customers within the scope of MASAK Measures Regulation Article 26/A Tightened Measures;

- The risk of the customer is shared by the Compliance Officer with the opinion of the General Manager for compliance,
- If the General Manager approves the customer risk, the customer is accepted.

It is possible for the client's risk level to be changed by the Compliance Officer during regular close monitoring.

Persons and institutions included in the prohibited lists published by MASAK and OFAC are not classified as high-risk customers, but are not included in the category of persons and institutions that will not be employed by Onsa Rafineri A.Ş.

3.6 Regular Customers

Customers that Onsa Rafineri A.Ş regularly accepts precious metals are called regular customers. Customers who are decided to accept goods from them on a regular basis are subject to internal audit by Onsa Rafineri A.Ş.

These audits can take the form of more extensive administrative procedures and regular company visits. In terms of administrative procedures in these on-site audits, clients are required to provide evidence of at least the following:

1. Detailed description of business and activity areas,

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2. References to be obtained from other companies in the sector to be questioned and confirmed by the compliance officer,
3. Detailed evidence of the origin of the goods,
4. Evidence and documentation of non-use of child labor.

If the information given at the customer acceptance stage and the information determined as a result of the on-site inspection are compatible, that customer/company is put into regular customer status and trading is started.

Although it is accepted as a regular customer, periodic customer visits are not interrupted and the verification of customer information is carried out at the same intervals.

4. INTERNAL CONTROL MECHANISMS

A Non-Compliance Notification System has been established as a communication mechanism through which any non-compliance that is foreseen to be considered as a risk within the gold supply chain process will be conveyed to the senior management, and Compliance Access Points have been established for this purpose. Awareness is raised through planned personnel compliance trainings held throughout the year, and the information is refreshed. The implementation of the procurement process stages in the relevant units, the procedures and processes to be carried out, the disruptions and possible risks in the compliance system and supply chain are taken under control and negative developments are reported through the unit compliance officers identified. ONSA Rafineri A.Ş has also established an internal audit system with its customers who have continuous commercial relations. It controls the customers to whom it accepts goods at regular intervals, with administrative practices and on-site field audits, at different periods throughout the year, and carries out the risk audit of the trade.

In this context, customers;

- a. Confirmation of detailed explanations of the activities of the customers as a Company,
- b. Research and confirmation of the information is made by the Compliance Officer with the companies that customers report as references,
- c. Confirmation of detailed documents for customers to prove the origin of the Goods,
- d. Inspection and control of customers are carried out to guarantee that no child labor is used.

5. METHOD OF APPLICATION

The Customer Acceptance Policy takes effect as soon as it is published. Possible changes are published by the Compliance Officer together with the revision number. Unit leaders/managers are responsible for ensuring that the principles and implementation of this directive are well understood by all unit employees, establishing a functioning style that will fulfill the requirements of the instruction and procedure, and making in-unit practices related to the subject.