

BASIQ<sup>®</sup>



# SmartSecurity.

A Service by BASIQ<sup>®</sup>

# BASIQ® SmartSecurity: Risk reduction and smart security solutions for precious metals.

## Aspects of Security Strategies



Conventional security systems in the precious metals industry typically rely on deterrence by an overwhelming presence of security: armed guards, armored vehicles, fences, closed circuit video surveillance as well as body scans of employees and visitors.

This method has a number of downsides:

- The visual presence of security raises the threat level as the public will notice and take interest in the activity at the site, or the vehicle.
- It also escalates the potential of a violent attack of criminals who now expect a forceful defense.
- The method is expensive and its cost, compared to the probability and effect of a theft, often exceeds the risk it seeks to manage.
- Most of all, the system is adverse to the dignity and motivation of employees as its underlying principle suggests everyone is a potential thief and criminal. As a result, employee fluctuation increases and criminal behavior to protest and challenge the system is stimulated.

Based on decades of experience and inside knowledge of a large number of precious metals operations in existence, BASIQ® has therefore developed BASIQ® SmartSecurity, a cost-efficient method of addressing and managing security in the precious metals industry. Our method promotes appreciation, encouragement and trust combined with powerful tools to stay in control.

A comprehensive security system must address the following areas:

1. External threats
2. Internal threats
3. Loss
4. Soft targets

We firmly believe that the intelligent use of IT systems and tools, combined with unobtrusive security hardware is the key to managing all threat areas efficiently.

### 1. External threats

External threats are theft and robbery but also blackmail and extortion (see "soft targets" below). These risks can be considerably reduced by not appearing as a potential target.

We assist our clients with:

- Toning down appearances on the exterior of buildings and vehicles that would point at high values.
- Developing marketing and online strategies with a view to reducing threats to physical locations and activities.
- Utilizing modern IP technology to reduce the size of cameras and other surveillance features.
- Utilizing modern architectural features to provide high security while maintaining a pleasant and subdued exterior.

### 2. Internal threats

Usually theft, either physically or on an accounting level. Very few people join a company with the explicit aim of stealing money or other valuables. A small percentage is, however, vulnerable to criminal behavior if stimulated, be it by personal circumstances or dissatisfaction with an employer or workplace.

We firmly believe that a positive work environment that is conscious of the high value of products and materials will be your best method to prevent theft by employees. Group work, incentives and bonuses and genuine concern for employees is proven to reduce theft by up to 80% throughout different industries.

Our metals management software allows assigning metal ownership per employee, permitting to know at all times where the company's metal is, and if it has been returned to secure storage at the end of the day. The combination of both promotes pride and accountability, and a respectful way of monitoring metals entrusted to employees.

### 3. Loss

Loss of metals is usually related to insufficient tracking, operating procedures or poor management. BASIQ® PM-PRO for SAP and BASIQ® OpenPM for other ERP systems are designed, among other things, to prevent accidental loss of precious metal products and materials. Double-sided account entries ensure that each and every material movement is conclusive and accurate. Complete “4 Eye Principle” records provide total accountability for all transactions.

### 4. Soft targets

Extortion, coercion and blackmail have unfortunately become part of the arsenal of criminals trying to get access to precious metal companies and other security sensitive operations. Protecting the lives and health of our client’s employees and their families is therefore an integral part of a comprehensive security concept.

For obvious reasons this brochure will not discuss tactics. Detailed advice is available to our clients as part of a security project.

In line with our overall strategy we will give you the tools to:

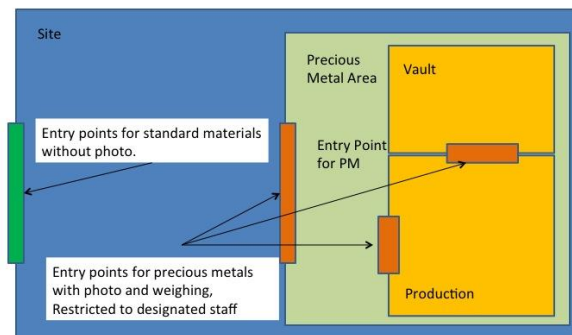
- Keep a low profile
- Keep low inventories
- Deescalate critical situations
- Record and track
- Train, be aware and safe.

Please contact us for more information.

## Layered Security Model

Consistent with our approach, surveillance and protection levels should gradually increase with the aggregated value of materials to be secured:

### Layered Security



While it is helpful to create secured areas with this layout from the start it is possible to redesign almost any existing site to incorporate BASIQ®’s SmartSecurity tactics.

Access control systems, surveillance and protection levels gradually increase security and focus the attention on specific areas where it is needed rather than uniformly controlling the entire site.

Like any other business component the value of a security system is not only determined by its effectiveness but also by its economics. The cost of protecting an asset should never be higher than the value of the asset itself if the measure is to make sense. Our layered security model will allow you a more targeted investment in UL- and insurance approved hardware in areas where it matters while maintaining normal business operations with moderate security in all other areas of the plant.

Modern access control systems together with our proprietary metal control tools and software will assist you in determining the optimum setup for your operation. We collaborate with our client’s insurance providers to ensure 100% compliance.

## The Four-Eye Principle

The Four-Eye (4E) Principle, also known as the “Two Man Rule” is a control mechanism designed to achieve a high level of security for especially critical materials or operations. Under this rule all access and action requires the presence of two authorized people at all times.

The participants to this type of transaction must be:

- Unbiased
- Independent
- Competent
- Not influenced

Each sale is a transaction following the 4E Principle. However, in a business environment the two parties to the sale (in our case: a handoff of precious metal products or materials) are both employees who are not directly affected by the outcome, or who might not act independently. It is therefore necessary to monitor and record the transaction to ensure its accurate execution.

Recording 4E transactions can be implemented in different ways. Short of a handshake, a paper-based form is the most commonly utilized form of a 4E transaction. Forms can be used for either one-step transactions (both parties sign at the same time) or two step transactions (the second party signs without the first party being present).

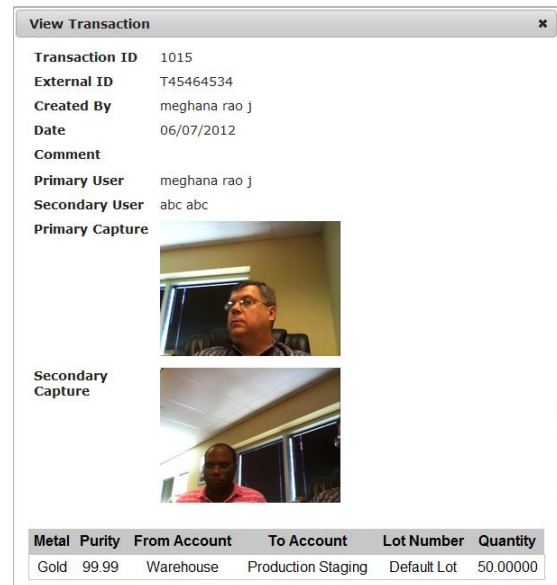
After the introduction of computer based business management systems the need arose to copy form data into IT systems, a redundant process which on top is susceptible to errors.

Electronic signatures and biometric readers (fingerprint, retina, face recognition etc.) are closing this gap but implementing them poses two issues:

1. Standard ERP systems only read the signature of the user currently signed on. Authorization by two participating individuals requires two system logons, or sequential (two-step) authorization.
2. The systems lack the ability to verify if the four conditions to a transactions, influence in particular, are met.

## The BASIQ® 4E Method

The BASIQ® 4E Method utilizes our software’s capability to create two-sided metal account records to append not only two electronic signatures, but also images, stills captured from surveillance video recordings or any other biometric records confirming all criteria of a 4E transactions were met.



This feature is available for both BASIQ® PM-PRO (for SAP) and BASIQ® OpenPM (other ERP systems or standalone). The image above simulates a handoff capturing each employee at the exact time of authorization. It may serve to confirm a coworker’s presence, intent and environment indicating that the transaction was done without influence or outside interference.

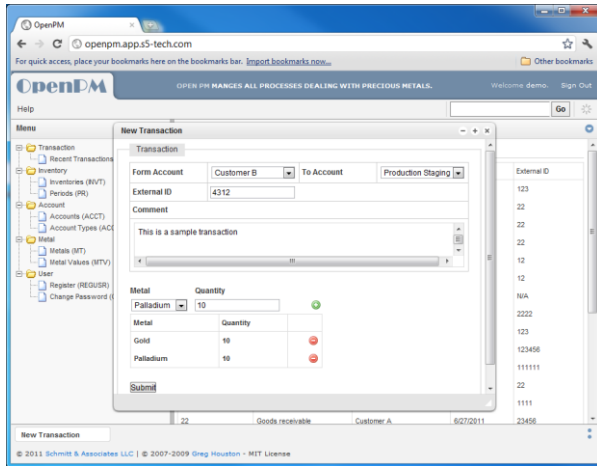
Depending on value, size of your organization and environment the system can be adopted to accommodate:

- Single picture of both parties
- Surveillance video sequence
- Fingerprint
- Password
- Password and digital key generator
- Video and paper form (as backup solution)

We will be happy to assist with the selection of the solution best suited for your individual situation.

## Metal Control Systems

Capable metal control systems are prerequisite to manage security in any precious metals operation. BASIQ® PM-PRO and BASIQ® OpenPM are both using our copyrighted method of tracking precious metals as two-sided transactions, carrying a “from” and a “to” account for every material movement, and 4E data along with it.



Seamless metal control is essential to be able to target critical areas where the resolution of data should be much higher than in areas of low sensitivity. Our systems will allow you to reconcile metal inventories for each process area at the press of a button, and to verify your entire inventory is accounted for at the end of a day, or when taking periodic inventory.

The availability of 4E information for every single transaction will allow you to analyze discrepancies quickly, and to respond without delay if necessary. Alert levels and flags can be set for specific events to highlight any incident, and trigger a response.

BASIQ® OpenPM is a web-based application. It can reside on your local server or remotely, requires no installation and can work stand-alone as well as a bolt-on to your ERP system. Please note, however, that in any case the product will require initial configuration and customization to accurately reflect your individual business process.

## Hardware



To offer you the most current technologies we continuously research the market for small, unobtrusive and powerful security devices providing a maximum of information and protection.

In partnership with a specialized Mercedes-Benz dealership and licensed outfitter BASIQ® developed a novel concept for Class B and C armored vehicles based on Mercedes' popular Sprinter Van. These trucks combine excellent fuel economy / high range with near invisible changes in outside appearance allowing you to blend in rather than stand out.



We develop custom surveillance and GPS tracking solutions to meet any requirement, including the ability to monitor remote locations or vehicles from standard handheld devices.



We also offer to develop your plant or perimeter security layout, recommend and install audio and video equipment, assist with tie-ins to your fire and other alarm systems, auditing and maintenance procedures.

Based on requirements and budget we will work with suppliers for electronic equipment, vehicles, vaults etc. to furnish you with options to select from, be it for installation by your own staff or provided by us.

Please contact us for more information.

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We solve problems.

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