



# NADİR METAL RAFİNERİ

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Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirket

LBMA Responsible Gold Guidance

Compliance Report Year

2018

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[nadirmetal.com.tr](http://nadirmetal.com.tr)

The London Bullion Market Association (LBMA) Responsible Gold Guidance has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi ("Nadir Metal" or "we") has complied with the requirements of the LBMA Responsible Gold Guidance and furthermore OECD's Due Diligence Guidance for Responsible Supply Chains.

Refiner's details	
Refiner's name:	Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi
Location:	Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapı No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye
Reporting year-end:	December 31, 2018
Date of report:	February 5, 2019
Senior Management responsible for this report:	Abdullah Tütüncü, Chairman Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapı No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye  Phone number: +90 212 886 6729

## Summary of Activities Undertaken to Demonstrate Compliance

### Step 1: Establish strong company Management systems

#### Compliance Statement with Requirement:

We have fully complied with Step 1: Establish strong management systems as detailed below:



**Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?**

Comments and Demonstration of Compliance:

Nadir Metal has adopted its Responsible Supply Chain Policy in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, according with the model set out in the Annex II and The London Bullion Market Association Responsible Gold Guidance since 2012. The Guidance has been updated as version 7 in 2017, and in this regards our policy has been updated accordingly to fulfill the requirements.

In 2018, Nadir Metal continue to publish its yearly Sustainability Report in the field of refining. Beside its commitment to Anti-corruption and Anti Money Laundering and Combating the Financing of Terrorism; environmental, social and occupational security, stakeholder engagement is key for Nadir Metal's sustainable point of view as well.

**Has the Refiner set up an internal management structure to support supply chain due diligence?**

Comments and Demonstration of Compliance:

Starting from 2012 a strong internal management system has been established within the scope of our Responsible Supply Chain Company Policy and developed according to needs and requirements. The tasks, responsibilities and authorities of the relevant persons have been defined. In this context, Nadir Metal is responsible for its gold supply chain by conducting KYC procedures and due diligence with risk-based approach, screening, monitoring transactions, maintaining records, checking the respect to the supply, transport and trade in gold related precious metals, supported with internal & external trainings. A Risk Assessment Manuel has been prepared where all relevant compliance procedures, due diligence & KYC toolkit, risk assessment, relevant forms take place. Furthermore, Nadir Metal supports its gold supplying counterparts in building their own due diligence capabilities to comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

A compliance officer and relevant employees have been appointed to manage all these processes since 2012. The compliance officer's duties and responsibilities have been undertaken with a board resolution. Furthermore, the compliance officer has been equipped with the necessary authority to fulfill his duties with a direct line to the senior management; CEO of the company and Risk Committee where she/he submits his monthly-prepared reports in this matter. The compliance officer and if necessary the Risk Committee evaluates the strong possibilities or existence of facts mentioned within the Company's



Policy under 'Criteria's About High-Risk Gold Supply Chains'. The ultimate decision about the future or existing business relationship is taken by the Risk Committee, which is supported by external lawyers since 2014.

**Has the Refiner established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors?**

Comments and Demonstration of Compliance:

Nadir Metal is identifying and recording all its new and existing suppliers and clients within the supply chain. According to our Risk Assessment Manuel specific and relevant documents must be received and verified, client profiling must be completed and approved before any precious metal is accepted and processed. Records of suppliers' and clients' profile, call & visit reports and risk assessments are kept through the CRM system. All the due diligence and supporting documents, checklists and LBMA Best Practice Toolkit forms are stored within the archive program. A robust traceability system database that begins from goods acceptance with a reference number structured as client/supplier ID and lot for each transaction, included information of date, bill of conveyance, weight, type, origin ...etc. and results of analyses, output are in place to have a transactional base monitoring and risk assessment.

**Has the Refiner strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities?**

Comments and Demonstration of Compliance:

Nadir Metal is carrying out works through media and trainings to raise awareness of local precious metal market players in this context. Nadir Metal has been the main sponsor of the translation of 'OECD Due Diligence Guidance for Responsible Supply Chains' into Turkish together with Borsa Istanbul and as well as of the 'Train The Trainer' workshop organized by Borsa Istanbul and OECD.

Nadir Metal is holding yearly internal trainings regarding Responsibilities within the Legislation of Criminal Revenues, Suspicious Transaction Types, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, "Know Your Customer" process with case studies. Internal and external trainings have been provided just like every year in 2018. We make reference to our Responsible Supply Chain Policy, The London Bullion Market Association Responsible Gold Guidance and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas at our KYC Questionary and in details by a declaration which is signed by our suppliers/clients. Hence special trainings have been provided for dealers and domestic market players to improve their responsible supply chain practices.



**Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?**

Comments and Demonstration of Compliance:

Nadir Metal has a Whistleblowing Policy which allows anyone (employee, dealer or client/supplier...etc) to express any kind of concern, unexpected risks involved in its precious metals supply chain. A dedicated email address of etik@nadirmetal.com.tr has been established allowing any employee, supply chain actor or stakeholder to voice any concerns over the precious metals supply chain or newly identified risk. The Compliance Officer is responsible for monitoring, assessing and informing the senior management about the incoming information.

**Step 2: Identify and assess risks in the supply chain**

Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain as details may be found below:

**Does the Refiner have a process to identify risks in the supply chain?**

Comments and Demonstration of Compliance:

Nadir Metal has a process to identify risks in the supply chain, apply due diligence following a risk based approach and allocate a risk profile according to the company's risk profile criteria. Nadir Metal has gathered its risk criteria, risk defining and assessment processes, KYC and due diligence procedures within the supply chain in its Company Policy and Risk Assessment Manuel. Along with this Manuel the company's due diligence and risk assessment processes have been documented in details and are constantly being reviewed and updated due to the requirements and implementations.

**Does the Refiner assess risks in light of the standards of their due diligence system?**

Comments and Demonstration of Compliance:

Every gold business related client/supplier has a profile and allocated risk assessment, which is updated periodically within the CRM system, supported by the archive program where all the documents of the counterparties are kept and monitored. The traceability systems takes control of client/supplier's transactions beginning from goods acceptance and allows to conduct transactional based risk assessment. Those tools and processes enable Nadir Metal to identify, assess and monitor risks in its gold supply chain beginning with the origin of the gold and its form.



In 2018 Nadir Metal has conducted enhanced due diligence for its potential and current suppliers/clients where necessary. We have not sourced from artisanal mining supply chains. We sourced from recycled and mined gold supply chains. Mined gold is sourced from well-established, licensed and regulated mid to large sized mines in Turkey. LBMA Toolkit for mined gold best practices are applied.

**Does the Refiner report risk assessment to the designated manager?**

Comments and Demonstration of Compliance:

Nadir Metal has developed an internal and risk management systems, which are documented in details within its Risk Assessment Manuel. The system itself is supported by relevant employees and is ongoing basis monitored by the compliance officer and reported regularly to the senior management.

**Step 3: Design and implement a Management system to respond to identified risks**

Compliance Statement with Requirement:

We have fully complied with Step 3: Design and implement a management system to respond to identified risks as detailed below.

**Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?**

Comments and Demonstration of Compliance:

Nadir Metal has devised and adopted an appreciate risk management procedure of possible or identified risks. All client/suppliers and their transactions are regularly assessed and reported when necessary to the designated parties. According to our Risk Assessment Manuel every client/customer within our supply chain is receiving a risk profile according to certain risk criteria like duration of business relationship, jurisdiction, origin of goods and form...etc. For the assessment of country of origin and jurisdiction certain risk parameters are taking into consideration like human rights, sanction lists ...etc. If necessary enhanced due diligence and renewed risk review is conducted under the supervision of the compliance officer and as well as by the Risk Committee.

If there is strong possibilities or existence of facts that have been mentioned as high risk according to the company policy's 'Criteria's About High-Risk Gold Supply Chains', it is submitted to the Risk Committee by the compliance officer for further evaluation and for information to the senior



management. The final decision about the future or existing business relationship is taken by the Risk Committee. The Risk Committee rejects or ends the business relationship or might decide to build up or continue the relationship, however generates a risk mitigation plan, which can be valid up to 3 months. The plan has to be composed by measurable objectives to mitigate the associated risks. The compliance department and if necessary further counterparties are responsible for monitoring the risk mitigation plan. Once the deadline comes on and the high-risk factors still continue, the Risk Committee might extend the time period or might suspend the business relationship until high risk factors do not exist or might end the business relationship directly.

**Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.**

Comments and Demonstration of Compliance:

Corresponding procedures are in place and detailed with in our Risk Assessment Manuel, applied if necessary to inform the Senior Management.

**Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

Compliance Statement with Requirement:

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

Nadir Metal engaged the services of the assurance provider PKF Istanbul and their independent reasonable assurance report can be viewed on Nadir Metal's web page, [www.nadirmetal.com.tr](http://www.nadirmetal.com.tr)

**Step 5: Report on supply chain due diligence**

Compliance Statement with Requirement:

We have fully complied with Step 5: Report on supply chain due diligence

Comments and Demonstration of Compliance:

Further information and specific details of how Nadir Metal's systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold

Guidance have been set out in our gold supply chain policy, compliance report and independent third party audit report which are available on Nadir Metal's website, [www.nadirmetal.com.tr](http://www.nadirmetal.com.tr)

#### **Management Conclusion**

**Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?**

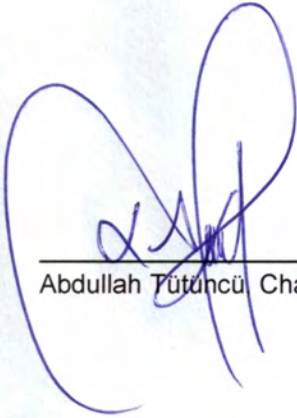
Yes.

In conclusion, Nadir Metal implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above for the reporting year ended December 31, 2018.

Nadir Metal is committed to ensure its social responsibilities and regulatory requirements and will continue review and update its internal controls on an ongoing basis.

#### **Other Report Comments**

If users of this report wish to provide any feedback to Nadir Metal Rafineri with respect to this report, they can contact by emailing [etik@nadirmetal.com.tr](mailto:etik@nadirmetal.com.tr)



Abdullah Tütüncü Chairman