



NADİR METAL RAFİNERİ

Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirket

DMCC's Review Protocol on Responsible Sourcing of
Gold

Compliance Report Year

2017

DMCC Practical Guidance for Market Participants, DMCC Review Protocol on Responsible Sourcing of Precious Metals and lately with the DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1/ 2016 have been established 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 DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1/ 2016.

Refiner's details	
Refiner's name:	Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi
Location:	Akçaburgaz Mah. 3114 Sok. No:6 Esenyurt-İSTANBUL
Reporting year-end:	December 31, 2017
Date of report:	February 5, 2018
Senior Management responsible for this report:	Abdullah Tütüncü, CEO Head Office: Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapı No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye Tel No: +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:

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 and The London Bullion Market Association Responsible Gold Guidance and DMCC Practical Guidance. Our policy has been updated accordingly to fulfill the requirements in this regards. A strong internal management system has been established within the scope of this policy. The tasks, responsibilities and authorities of the relevant persons have been defined. In this context Nadir is responsible for its gold supply chain to conducting KYC procedure and due diligence with risk based approach, screening, monitoring transactions, maintaining records, checking security with the respect to the supply, transport and trade in gold related precious metals, conducting trainings. Furthermore Nadir Metal supports its gold supplying counterparts in building their 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. 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 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 within the Company's Policy '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.

Nadir Metal is identifying and recording all it's suppliers and clients within the supply chain. Records of suppliers' profiles, visit reports and risk assessments are kept through the CRM system. All due diligence (jurisdiction, beneficial ownership, authorized representatives, banking details, company documentation, licenses, identity/passport copies... etc) and supporting documents (country reports, internet search...etc) are stored within the archive program. A tracking system that begins from goods acceptance with a structure of client/supplier ID and lot is in place to have transactional base monitoring and risk assessment. According to our Risk Assessment Guidance specific and relevant documents must be



received, client profiling must be completed before any precious metal is accepted and processed.

A dedicated email address of etik@nadirmetal.com.tr has been established by Nadir Metal to allow anyone to express any kind of concern, unexpected risks. The compliance officer is responsible for monitoring, assessing and informing the senior management about the incoming information.

Nadir Metal is holding regular 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 and company's working principals of client acceptance, risk assessments for new and current clients/suppliers mentioned within the company's Risk Assessment Guidance, required documentation, on-site visits and call reports. Internal and external trainings have been provided just like every year in 2017. Furthermore Nadir Metal is carrying out works to raise awareness of local precious metal market players to support and help them to manage challenges 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. Additionally, to its yearly internal trainings Nadir Metal has hosted a training to support certain local gold counterparties in building their due diligence capabilities which comply with the guidance of OECD and Borsa Istanbul.

In 2017, Nadir Metal published its first sustainability report in the field of refining in Turkey. Its commitment to environmental, social and occupational security, Anti-corruption and Anti Money Laundering and Combating the Financing of Terrorism, stakeholder engagement is key for Nadir Metal's sustainable point of view.

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:

Comments and Demonstration of Compliance:

Nadir Metal has gathered its risk defining and assessment processes within the supply chain in its Company Policy, Risk Assessment Guidance and precautions are put into practice in

accordance with the DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1/ 2016. Along with this guidance the company's due diligence and risk assessment processes have been documented in details. Our Risk Assessment Guide, is constantly being reviewed and updated due to the requirements of implementations. 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. Furthermore the tracking systems takes control of client/supplier's transactions beginning from goods acceptance and allows to conduct transactional based risk assessment. Those tools and processes enables Nadir Metal to identify, asses and monitor the risks in its gold supply chain beginning with the origin of the gold and product type.

In 2017, Nadir Metal has conducted enhanced due diligence for its suppliers where necessary. For the years 2017 we have not sourced from artisanal mining supply chains. We source from recycled and mined gold supply chains. Mined gold is sourced from well-established, licensed and regulated mid to large sized mines in Turkey.

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.

Comments and Demonstration of Compliance:

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

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 compliance department and if necessary further counterparties is/are responsible for monitoring this plan. Once the deadline comes on, if 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.



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

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 and DMCC Practical 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

Management Conclusion

In conclusion, Nadir Metal implemented effective Management systems, procedures, processes and practices to conform to the requirements of the DMCC Practical Guidance for Market Participants in the Gold and Precious Metals Industry, DMCC Review Protocol on Responsible Sourcing of Precious Metals, and DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain Version 1/ 2016 as explained above for the reporting year ended December 31, 2017.

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.


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