



NADİR METAL RAFİNERİ

Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirket

LBMA Responsible Gold Guidance

Compliance Report Year

2020

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 anti-money laundering and combating terrorist financing practices and addressing environmental and sustainability responsibilities.

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 Version 8 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:	Istanbul Vizyonpark Genel Merkez Plaza Yenibosna Merkez Mahallesi Kuyumcular Sokak No: 4 İç Kapı No: 1101, Bahçelievler /İstanbul Türkiye
Reporting year-end:	December 31, 2020
Date of report:	March 16, 2021
Senior Management responsible for this report:	Abdullah Tutuncu, Chairman, Istanbul Vizyonpark Genel Merkez Plaza Yenibosna Merkez Mahallesi Kuyumcular Sokak No: 4 İç Kapı No: 1101, Bahçelievler /İstanbul Türkiye Phone number: +90 212 886 6729

Summary of Activities Undertaken to Demonstrate Compliance

Step 1: 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 recognizes the risks which may be associated with extracting, handling and trading, precious metals from conflict-affected and high risk areas. We commit to refraining from any action which contributes to the financing of conflict, abuses of human rights and to comply with relevant sanctions, furthermore social responsibilities especially regarding environmental and sustainability issues while carrying out our activities.

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 with a board resolution since 2012. Our company policy is regularly reviewed and if necessary updated.

In 2020 our company policy has been updated to have a better understanding on sanctions lists. We have mentioned sanctions of UK, EU, US, UN by names and our commitment to refraining from any action which contributes to the financing of conflict. For all stakeholders our Responsible Supply Chain Policy V4 is available at our website: <https://www.nadirmetal.com.tr/en/responsible-gold-and-silver/>

We consider the environmental and social effects in our activities, furthermore we support the principles of sustainability in our supply chain. In this context, Nadir Metal has all the legally required permissions and licenses such as ISO 14001: 2015 Environmental Management, Environmental Impact Assessment Positive Report, ISO 45001:2018 Occupational Health and Safety, Emission Certificate. Regarding our supply chain, our due diligence process take into consideration environmental and social policies practices and impact assessments of producers for risk assessments.

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

Comments and Demonstration of Compliance:

Starting from the Year 2012 a strong internal management system has been established within the scope of our Responsible Supply Chain Policy and developed according to the 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.

An internal Risk Assessment Manuel has been prepared where all relevant compliance procedures with workflows, responsible persons; due diligence & KYC toolkit, risk assessment, relevant forms have been detailed and has been updated accordingly with our Company Policy Regarding The Examination Of Supply Chains Of Gold & Silver and compliance procedures. 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 her/his duties with a direct line to the senior management; CEO of the company, where she/he submits her/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 under 'Criteria's About High-Risk Gold/ Silver Supply Chains' within the Company's Policy. 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 and risk assessment must be completed and approved by the compliance officer before any precious metal is accepted and processed. With the approval, the details of the supplier and the country list of origin of the goods is entered at the traceability system by the compliance officer for the goods acceptance procedure. If any sub suppliers are identified, further due diligence procedure for the sub suppliers is conducted as well. Records of suppliers', sub suppliers' and clients' are kept through the CRM system. All the due diligence and supporting documents are stored within the archive program. A robust traceability system database that begins from goods acceptance with a reference number, structured as client/supplier, sub supplier IDs with reference to the gold supplying



counterparty due diligence file and lot details for each transaction, including information of date, bill of conveyance, weight, type, origin ...etc. of precious metal 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. 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 Questionnaires' and in details by a declaration which is required to be signed by our suppliers/clients. Hence special trainings have been provided for dealers and domestic market players to improve their responsible supply chain practices.

In 2019, Nadir Metal Rafineri has participated as speaker to several trainings or conferences to raise awareness of responsible supply chain practices. We have been invited by Istanbul Mineral and Metals Exporters Association to speak at the training for its local members. Information about the international / national legal and regulation frame, compliance procedures, due diligence and Know Your Customer Practices have been given to the local exporting companies in precious metals sector. Furthermore we have been invited to speak with the representative of OECD about Responsible Gold Sourcing, national / international compliance issues in gold trade and their effects on jewelry sector at the 8th ASEAN Gem & Jewellery Association Conference in Istanbul. Nadir Metal has participated the training of Borsa Istanbul organized with OECD and shared its compliance, due diligence practices with local precious metal market participants.



In 2020, due to Covid 19 circumstances Nadir Metal Rafineri has conducted just internal trainings for its employees and some of them has been virtually.

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; applying due diligence with a risk based approach and allocate a risk profile according to the company's risk 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 are constantly being reviewed and updated due to the requirements, needs 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 2020 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. LBMA Toolkit for mined gold best practices has been applied.

Does the Refiner report risk assessment to the designated manager?

Comments and Demonstration of Compliance:

Nadir Metal has developed an internal risk management system, which is documented in details within its Risk Assessment Manuel. The system itself is supported by relevant employees and the Risk Committee, is ongoing basis monitored by the compliance officer and reported monthly 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 taken into consideration like human rights, sanction lists like UN, US, UK Sanction Lists but not limited. 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, detailed with in our Risk Assessment Manuel and applied. Compliance Officer submits monthly reports which include also risk assessments, if any risk mitigation plans, monitoring of results of the risk mitigation plans to 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 limited 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 of the LBMA Responsible Gold



Guidance Version 8 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

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, 2020.

Nadir Metal is committed to ensure its social, sustainable 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

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