



## **RESPONSIBLE SUPPLY CHAIN POLICY**

Nadir Metal Refinery Inc. (“**Nadir**” or the “**Company**”) is aware of the risks associated with all adverse impacts from the extraction, trade, transportation, and export of precious metals from conflict-affected high-risk areas. Being aware of our responsibility in the scope of sourcing precious metals from conflict-affected and high-risk areas, we undertake to adopt and spread the following policy as a common reference for the risk awareness of all stakeholders, together with responsible supply practices.

We undertake to refrain from any act that contributes to the financing of the conflict and to abide by the relevant sanctions of United Nations, European Union, United Kingdom Treasury, American Treasury and FATF recommendations and decisions, to the extent that it is applicable to the domestic law that enforces those decisions.

In addition, we are committed to taking our national and international responsibilities into consideration while carrying out our activities, particularly regarding the environment and sustainability matters, with the awareness of our social responsibilities by activating our strong management system.

### **SCOPE**

Responsible Supply Chain Policy (“**Policy**”) on due diligence regarding Precious Metals supply chains has been prepared under the requirements of the London Bullion Market Association (“**LBMA**”) and is consistent with the Model Policy set out in Annex II of the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and in “Precious Metals Responsible Supply Chain Compliance Guidance” issued by Borsa Istanbul.

This Policy consists of the following sections:

- i. Organization,
- ii. Criteria for the high-risk precious metals supply chain,
- iii. Review of the supply chain,
- iv. Risk management
- v. Monitoring the transactions,
- vi. Responsibilities,
- vii. Keeping records,
- viii. Education, and
- ix. Conclusion.

### **I. ORGANISATION**

Nadir Metal Refinery collects, evaluates and stores the relevant information and documents within the scope of implementation of due diligence process for Mined and Recycled Precious Metals or resources of other precious metals supplied, to ensure that we have not participated in the abuse of human rights or money laundering nor finance conflicts and terrorism in any point in its supply chain.

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In this context, Nadir Metal;

- Puts in place a sufficient organizational structure to establish an effective management system, in terms of delivering the critical information within the scope of the compliance program to internal and external stakeholders in the precious metal supply. Gives authority and responsibility to the compliance officer and other managers within the organizational structure under the legislation and the requirements that it complies with;
- Allocates the necessary resources to support the operations, monitoring, and control to ensure that these processes are carried out within the scope of Risk Assessment Guidance;
- Provides internal accountability to ensure that the adequate research, internal control, and monitoring activities are operated within the scope of the Compliance Program;
- Establishes sufficient systems and processes to ensure that internal and external communication is held effectively
- Establishes a “Risk Management Committee” to support the risk management activities within the supply chain;

Establishes a communication system that enables any employees or external stakeholders to express their concerns regarding the precious metals supply chain or any risks. In this respect, in any case, Nadir Metal Refinery employees or its external stakeholders have an opinion or suspicion regarding a violation of this Policy, they shall be encouraged to report the issue via the e-mail address of [etik@nadirmetal.com.tr](mailto:etik@nadirmetal.com.tr).

## **II. CRITERIA ABOUT HIGH-RISK PRECIOUS METAL SUPPLY CHAIN**

Following criteria shall be implemented to determine the presence of a high-risk supply chain:

- Provision of Mined or Recycled Precious Metals from or passing through or transporting from conflict-affected and high-risk areas for human rights violations;
- In case that Mined or Recycled Precious Metal is alleged to originate from a country with limited known reserves, and potential resources, or with a limited production level of expected precious metal;
- The Mined or Recycled Precious Metal comes from a country that has been or is reasonably suspected to be transiting through conflict-affected and high-risk areas for human rights abuses;
- Provision of Mined or Recycled Precious Metal from regions declared as “World Heritage Sites” by UNESCO;
- In case that the Mined or Recycled Precious Metal is derived from small-scale, labor-intensive mining;
- In case the Mined Precious Metal or Recycled Precious Metal predominantly produced by using chemicals such as mercury which has negative impacts on the environment and human health;

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- In case the supplying counter-party the Precious Metal or other known upstream companies are located in a country representing a high risk for money-laundering, crime, or corruption;
- In case the supplying counter-party of the Precious Metal or other known upstream companies or their beneficial owners are politically exposed person;
- In case the supplying counter-party or other known upstream companies of the Precious Metals or their beneficial owners are engaged in a high-risk business such as arms trade, gambling, casino business, antiques, artwork, diamond trade; are leaders and members of sects.

### **III. SUPPLY CHAIN DUE DILIGENCE**

Nadir Metal has established strong due diligence, controlling, monitoring processes along with its traceability system throughout the precious metals supply chain to detect any risks specified under the headings of High-Risk Criteria Responsibilities.

In this context, before initiating a commercial relationship with a supplier/customer, the Company requires all necessary due diligence information and documents, including but not limited to the relevant legislation, guidance, and Company Policy on Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

Since the due diligence process within the scope of the compliance procedures starts with “know your customer”, all necessary information and documents are requested, including but not limited to “Know Your Customer” forms, beneficial owners, and persons authorized to act on behalf of the customer. This requested information and/or documents are clearly detailed within the Risk Assessment Guidance according to the customer/supplier profile with a risk-based approach.

Moreover, a declaration where suppliers/ customers state that their assets, funds and precious metals deposited at Banks or kept in their custody are not obtained illegally and that they do not directly and/or indirectly fall within the scope of the implementation resolutions of the United Nations Security Council; and that they have not breached and do not breach the said resolutions and any provisions of the relevant legislations on money laundering of any jurisdiction in the world and that such funds are not related in any way with the sanctions imposed by the resolutions of the Security Council of the United Nations, the European Union and the Treasury of the United Kingdom, OFAC sanctions imposed by Treasury of the United States of America and any other related sanctions that precious metals market subject to directly or indirectly.

### **IV. RISK MANAGEMENT**

Identification of risks, that may endanger the existence, development, and continuation of the company and its supply chain, early detection and evaluation of identified risks, implementation of necessary measures, and definition of parameters and processes related to risk management are detailed in the Company’s Risk Assessment Guidance.

Nadir Metal has established an effective internal control system. Within the scope of risk management, the provision of follow-up and control activities, whether the transactions are carried out by the relevant legislation and company policies and procedures of assessment with

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a risk-based approach, risks and disruptions detected during controlling activities are included. In case there is a serious suspicion, finding, or detection that the issues under the headings of High-Risk Criteria and Responsibilities specified in this Policy are abused or violated, the relationship will be immediately suspended or terminated. As a result of an assessment, Nadir Metal may constitute a risk mitigation plan in case the Company deems it necessary. If no significant measurable improvement in risk prevention or mitigation is achieved within the six months after the creation of this plan, the commercial relationship will be suspended or terminated for at least three months. With the suspension, a revised risk management plan shall be prepared that sets out the performance purposes for the gradual progress that needs to be made before the commercial relationship can be resumed.

Risk management activities include reporting to the Board of Directors; the risks, deficiencies, errors, and abuses revealed within the framework of responsible supply chain policy and procedures and other relevant legislation and guidance, and the measures to prevent their reoccurrence. These activities related to risk assessment, controlling, monitoring are carried out by the compliance officer under the supervision and responsibility of the Board of Directors, and the results of controlling activities are reported to the Senior Management and Borsa Istanbul every 3 months.

### **V. RESPONSIBILITIES**

1. While sourcing from conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:

- i) Any forms of torture, cruel, inhuman, and degrading treatment;
- ii) Any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii) The worst forms of child labor;
- iv) Other gross human rights violations and abuses such as widespread sexual violence;
- v) War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide and in any case of human rights violation defined in the International Bill of Human Rights that includes the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the International Covenant on Civil and Political Rights (1966) as our Country is a party to these Treaties.

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

2. We commit not to engage in any direct or indirect business with any sanctioned countries/ regions/entities/persons imposed by the resolutions of the Security Council of the United Nations, European Union sanctions, without excepting the restricted list of the Nadir Metal, the sanctions imposed by Treasury of the United Kingdom, OFAC sanctions imposed by Treasury of the United States of America and any other related sanctions that precious metals market is subject to directly or indirectly and countries that are subject to call for action published by the FATF.

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3. We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling, or export of gold and silver. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling, or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

i) Illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or

ii) Illegally tax or extort money or minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded; and/or

iii) Illegally tax or extort intermediaries, export companies, or international traders.

4. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph three (3).

5. We agree to eliminate, in accordance with paragraph 11, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes, and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.

6. We recognize that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

7. As Nadir Metal, we endeavor to prevent damage to humans and/or the environment. In this scope, we carry out our activities with the awareness of our environmental and human health protection and social responsibilities, including but not limited to taking care of no mercury should be used in the extraction of gold and silver, and/or should not be extracted from regions that are "World Heritage Sites" declared by the UNESCO.

8. Where we or any company in our supply chain contract public or private security forces, we commit to or will require that such security forces will be engaged by the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.

9. We will support efforts, and take steps, to engage with central or local authorities, international organizations, and civil society organizations to contribute to workable solutions on how transparency, proportionality, and accountability in payments made to public security forces for the provision of security could be improved.

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10. We will support efforts, and take steps, to engage with local authorities, international organizations, and civil society organizations to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

11. By the specific position of the company in the supply chain, we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan. Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

12. We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals by fraudulent misrepresentation, to misrepresent taxes, fees, and royalties paid to governments for mineral extraction, trade, handling, transport, and export.

13. We will support efforts, and take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from or connected to, the extraction, trade, handling, transport, or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

14. We will ensure that all taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas are paid to governments.

15. By the specific position of the company in the supply chain, we commit to engaging with suppliers, central or local governmental authorities, international organizations, civil society, and affected third parties, as appropriate, to improve and track performance to prevent or mitigate risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

16. Nadir Metal Rafineri considers making and receiving payments for gold and silver through official banking channels. Nevertheless, any cash payment that may Nadir Metal Rafineri is a party is only possible if the cash transaction is supported by verifiable information and approved by the Senior Management.

## **VI. MONITORING TRANSACTIONS**

We conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship to ensure that the transactions are consistent with our knowledge of the supply chain and risk profile. Monitoring of transactions is undertaken by applying a risk-based approach.

In this context, the following information is obtained and documented for each received batch:

For Mined Precious Metals:

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- Estimated weights and analysis results (from counterparty). These results can be also obtained by our Company or from independent third-party firms,
- Shipment/transport documents (waybill/air waybill, proforma invoice),
- Export and import form for high-risk transactions.

For Recycled Precious Metals:

- Estimated weight (from counterparty);
- Shipment/transport documents (waybill/air waybill, proforma invoice);
- Export and import form for the high-risk transaction.

We verify that documents are consistent with each other and with our knowledge of the supply chain. The backgrounds of transactions that are not consistent are examined and the findings are reported to the Risk Committee, Senior Management, if necessary, Board of Directors.

### **VII. STORAGE OF RECORDS**

We maintain adequate records of the due diligence and supply chain documentation for at least 8 years.

### **VIII. EDUCATION**

In this scope of Policy, the compliance officer is responsible for planning and arranging training activities. In this context, training subjects are including but are not limited to as followings regarding national/international legislation, guidance;

- The concepts of conflict-affected and high-risk areas and other related definitions,
- The national/international legislation regarding the responsible supply chain, company policies, the process of “Know Your Customer”, risk areas, implementation and case studies,
- The foreign exchange law,
- Combating money laundering and financing of terrorism.

### **IX. CONCLUSION**

It is our principle and obligation to obtain the necessary information and documents from our prospective suppliers/customers before entering into a commercial relationship. We avoid initiating any commercial relations unless the supplier/customer undergoes the “Know Your Customer” process and is approved by the compliance officer.

Nadir Metal dealers obtain the “dealership” title in the conditions of their acceptance, declaration, and undertaking of complying with all laws and regulations related to the sale and marketing of Nadir Metal’s products and the directives issued by Nadir Metal.



Nadir Metal's employees are obliged to act by all applicable laws and regulations, the rules, and with all Company policies, procedures.

We, Nadir Metal Rafineri, closely follow all the progress about the issue stated herein and we apply all updates in national and international legislation and implementation to our operation.

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V (1)	30.06.2012
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