



LBMA GOLD & SILVER  
COMPLIANCE REPORT

Year 2023

**NADIR METAL RAFINERİ**

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

## NADIR METAL RAFINERİ SAN. VE TİC. A.Ş.

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The London Bullion Market Association's ("LBMA") Responsible Gold Guidance ("RGG") and Responsible Silver Guidance ("RSG") have been established for Good Delivery Refiners to adopt high standards of due diligence 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, social and governance responsibilities.

Nadir Metal Rafineri ("Nadir Metal"), the foundations of which were laid in 1967, has been operating in the precious metals sector for more than 55 years. The main fields of activity of our company are refining, recycling, laboratory services, production of gold and silver bars bearing the "Nadir Metal" and "Nadir Gold" brands and trading of precious metals. Nadir Metal is on the LBMA Good Delivery List since 2011 for gold, and 2012 for silver. Furthermore, member of the Singapore Bullion Market Association (SBMA), Shanghai International Gold Exchange (SGEI), "Approved Brand" at COMEX and an accredited refinery for gold and silver at Borsa Istanbul.

Nadir Metal recognizes the risks which may be associated with extracting, handling, transporting, producing, and trading precious metals, especially from conflict-affected and high-risk areas. Nadir Metal commits to refraining from any action which contributes to conflict and terrorist financing activities, money laundering, corruption, and abuses of human rights and to comply with relevant sanctions. Furthermore, we commit to meeting national and international responsibilities related to sustainability; headings in environment, social, and governance .

This report summarizes how Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi ("Nadir Metal") has complied with the requirements of the OECD's Due Diligence Guidance for Responsible Supply Chains, **LBMA Responsible Gold Guidance Version 9, LBMA Responsible Silver Guidance Version 1** for the Year 2023.

Refiner's details	
Refiner's name:	Nadir Metal Rafineri San. ve Tic A.Ş.
Location:	Akçaburgaz Mahallesi 3114. Sok. No:6 Esenyurt / İstanbul -Turkey Phone number: +90 212 886 6729
Scope of Assurance	Gold & Silver
Reporting year-end:	December 31, 2023
Date of report:	15th February, 2024
Senior Management responsible for this report:	Chairman, Abdullah Tütüncü



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### TABLE 1: 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:

#### 1.1 Has the Refiner adopted a supply chain policy regarding due diligence for the supply chain of gold and silver?

##### Comments and Demonstration of Compliance:

Nadir Metal is aware of the risks in precious metals supply chains outlined in Annex II of the OECD Due Diligence Guidance and adverse ESG factors. Especially, Nadir Metal recognizes its responsibilities for the risks associated with all adverse impacts arising from the extraction, trade, transport, and export of precious metals from Conflict Affected and High-Risk Areas (CAHRA). Nadir Metal conducts its business by ensuring that precious metals have not directly or indirectly contributed to human rights abuses, terrorist financing activities, conflict, irrecoverable environmental retrogression, corruption, and money laundering.

Ever since the board of directors resolution in 2012, our Precious Metals Responsible Supply Chain Company Policy, (hereinafter "Company Policy") is fully in force in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas according to the model set out in Annex II and The London Bullion Market Association's Responsible Sourcing Guidances for gold and silver. This sets out, in particular, Nadir Metal's responsibility to establish strong company management systems to perform risk-based due diligence over its precious metals suppliers, sub-suppliers, and customers (hereinafter, "counterparty" or "counterparties"), precious metal supply chain and monitoring of transactions to manage possible risks.

In this context, Nadir Metal confirms that its Company Policy complies with LBMA Responsible Gold Guidance V9, Responsible Silver Guidance V1 that the Policy includes all threat financing risks per Step 1.1 of the Responsible Gold/Silver Guidances (RGG/RSG), including OECD Annex II risks and environmental, social, and governance (ESG) factors considered in its gold/silver primary supply chains. Furthermore, the Company Policy includes detailed and meaningful know-your-counterparty, supply chain due diligence and transaction monitoring processes, criteria for high-risk supply chains, record maintenance, and an employee training program. It has a company-wide validation for precious metals supply chains.

Our Company Policy is annually reviewed, and/or updated when circumstances require by the Compliance Officer under the Legal&Compliance Department and approved by the Board of Directors with a board resolution. Even though our Company Policy is incorporated with various company policy commitments, it is not a stand-alone document, various company documents include sufficient details on the gold/silver supply chains, such as AML/CFT Policy, Anti-Bribery, and Anti-Corruption Policy, Human Rights Policy, Whistleblowing Policy etc. In 2023 no changes has been revised and Company Policy V7 is in place, publicly available on our website for our stakeholders, both in Turkish and English:

<https://www.nadirmetal.com.tr/wp-content/uploads/2022/10/NMR-STZ-Policy-EN-v7.pdf>

Nadir Metal has all the legally required permissions and certificates; ISO 17025, ISO 9001: 2015 Quality Management, ISO 14001: 2015 Environmental Management, and ISO 45001:2018 Occupational Health and Safety, including Environmental Impact Assessment Positive Report, Environmental Permit And Licence related to hazardous and non-hazardous wastes, Zero Waste Certificate.



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In 2023, the biennial ISO 9001: 2015 Quality Management, ISO 14001: 2015 Environmental Management, and ISO 45001:2018 Occupational Health and Safety Management Systems audits were completed, and our relevant certificates have been updated. Additionally, necessary efforts were initiated for the transition to an integrated management system. In this context, we have started to review our internal regulations; policies, procedures etc. In 2023 our Company Ethical Principles were detailed, Human Resources, Environmental and Occupational Health and Safety Policies were updated to encompass our commitments in regards of Responsible Sourcing as well as Sustainability. Internal trainings have been conducted to update about the changes and company commitments in 2023.

Nadir Metal's Sustainability Report is published, which summarizes our sustainability efforts and commitments, covers its progress in environmental, social and economic areas on an annual basis and the steps that taken in these areas.

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

#### **Comments and Demonstration of Compliance:**

Nadir Metal has set up an internal management structure to provide effective oversight of the implementation and continuous improvement of the supply chain due diligence program, to process and develop it according to the needs and requirements of its Company Policy in its organisational structure. By Nadir Metal's organisational structure, the tasks, responsibilities, and authorities of the relevant employees who are responsible for the implementation of policies and procedures of due diligence, monitoring, controlling, risk management, communication, and internal audit have been defined clearly.

The Board of Directors ("Board") of Nadir Metal have full authority and is responsible for the accountability of the responsible sourcing program. The Board of Directors has the required competence, knowledge, and experience in this context for the oversight of responsible sourcing activities and to carry out risk management effectively. The necessary trainings and reports have been provided to the Board and the CEO regarding Responsible Sourcing by the Legal & Compliance Department and Compliance Risk Committee (hereinafter "Committee") and the Compliance Officer during the year 2023.

In 2012 a Compliance Risk Committee ("Committee") had been established to support supply chain risk management activities in the scope of supply chain due diligence with a board resolution. This Committee was responsible for evaluating risks and if necessary risk mitigation strategies, for high-risk level business relationships and/or transactions determined by the Compliance Officer. The ultimate decision about a future or existing business relationship was taken by the Committee, which was supported by external lawyers, since 2014. The composition of the members and duties of the Committee have been changed by the Board of Directors for the efficiency in evaluating the results of controlling activities and risk management in the Responsible Supply Chain in 2023. The committee members consist of the Chief Executive Officer, Compliance Officer, and Legal Council and Production Manager. This members evaluate the risks determined within the scope of the strong possibilities or existence of facts mentioned under 'Criteria's About High-Risk Precious Metals Supply Chains' within the Company Policy and if necessary gather risk mitigation plans to be submitted to and approved by the Board of Directors. For the future of the business relationship in high-risk supply chains, the ultimate decision is with the Board of Directors.



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Equipped with the necessary skills and competence the Compliance Officer is responsible for providing independent oversight, supervising and reviewing the overall procedures, and implementations of the supply chain due diligence processes, determining its current status and level of compliance and supporting the day-to-day execution. The Compliance Officer's duties and responsibilities have been stated with a board resolution. She/he has a direct line to the Chief Executive Officer ("CEO") and Board of Directors and is supported by internal/external legal counsels under the Legal & Compliance Unit to fulfill her/his duties.

The Compliance Officer submits monthly-prepared reports, which consist of information on due diligence of new suppliers/customers, controlling and risk assessments, employee and if any, external trainings directly to the CEO and the Board of Directors. To build up and strengthen capacity, training activities are conducted for employees under the supervision of the Compliance Officer and Human Resources Department. The Compliance Officer is responsible for the yearly planning and supervising internal and external trainings regarding responsible supply chain matters with the approval of the CEO and Board of Directors.

In year 2023, employees at Legal&Compliance Department participated in external trainings in regards of responsible sourcing such as AML/CFT regulation, risk assesment, obligations at precious metal market, compliance with legislation, sustainability. Furthermore relevant employees attend internal trainings on responsible supply chain related matters. Participants and their numbers may differ depending on the topics according to their tasks and responsibilities. 100% participation of all responsible employees have attended the annual trainings in 2023.

- 23 employees on Responsible sourcing: OECD's Due Diligence Guidance for Responsible Supply Chains and LBMA's RGG V.9 & RSG V.1 Guidances
- 23 employees on the obligations under AML/CFT Legislation
- 16 employees on case studies regarding the supply chain due dilligence
- 111 employees on our company policies and if any, updates
- 28 employees on Risk Criteria for Responsible Sourcing
- 191 employees on Enviromental and Zero Waste
- 181 employees on Occupational Health and Safety
- 145 employees on Information Security Risk Management ISO 27001

Nadir Metal, ensures that payments for purchases of precious metals are made through official banking channels. Due to Turkish regulations if a company is not exempted any cash payments above 7.000-TL (roughly \$235) must go through banking channels and Nadir Metal Rafineri is not an exempted company. Any cash payments up to 7.000-TL to Nadir Metal may only be made where such payment is approved by the CEO and payment information is reliable and verifiable. According to regulation, records of necessary information and documentation are stored for 8 years.



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### **1.3. Has the Refiner established a traceability system over gold/silver supply chains, including chain of custody mapping and identification of supply chain actors?**

#### **Comments and Demonstration of Compliance:**

Nadir Metal has established a strong internal system including due diligence, control and transparency by adopting a risk-based approach to identify all counterparties in the supply chain. A Risk Assessment Manual which name has changed to Internal Controlling and Risk Assessment Directive ("Directive") with a board resolution, is in a place where all relevant compliance, controlling, and risk management procedures with workflows, responsible persons/units; required due diligence information & KYC toolkits, relevant forms, declarations, risk assessment processes have been detailed. The Directive has been updated according to the national regulatory and operational changes in 2023.

The traceability system, which fulfills the LBMA RGG V.9 and RSG V.1 requirements, provides screening, monitoring, controlling, and maintaining records of transactions for each lot of refined mined & recycled gold. In this context, Nadir Metal has a traceability program where it conducts appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship.

The Compliance Officer and the Compliance Unit under the Legal& Compliance Department is responsible for the controlling activities and risk assesment which have to be conducted during the KYC and due diligence procedures for different type of supply chain counterparties according to the Directive. Specific and relevant information and documents must be received from counterparties and verified. The Compliance Officer reviews KYC documentation, screens sanctions (World Check Program) and conducts on-desk research. Counterparty profiling has to be completed at the CRM system. After the risk assessment process and acceptance of the supplier, the country list of origin, the type and form of precious metals are entered into the traceability program by the Compliance Officer. Information are collected and recorded in the traceability program before any acceptance of the goods. All necessary information and documents in the scope of "Due diligence & KYC procedures" are stored at archive program. In 2023, eight of potential counterparties deficiencies in KYC forms and documentation could not been completed, identification of the supply chains could not verified and no business relationships have been initiated.

The traceability program contains a reference number given to the counterparty and is structured as counterparty's IDs and lot details for each transaction, including information of date, bill of conveyance or invoice, weight/ type/ the origin of precious metal, results of analyses, date of arrival and delivery, airwaybills, etc. The compliance unit carries out controlling activities over the system and database to ensure data integrity. In 2023, the reporting section has been updated at the traceability program to gather categories of the supplied materials in line with the version 9 of the LBMA RGG.

Compliance Officer applies necessary actions in the traceability system against the incidents that may occur throughout the supply chain in accordance with the procedures in the Directive. In case of any incidents occur during the business relationship relating to counterparties' identification, origin and traceability of precious metals, the Compliance Officer should be informed by the relevant department/person. The traceability system is upgraded according to national/international regulations' requirements or detections of the internal auditor or any necessities. In 2023 there were no incidents relating to the counterparties identification, origin and traceability of precious metals.





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

**Comments and Demonstration of Compliance:**

Nadir Metal cares to build long-term relationships based on trust and mutual recognition with counterparties. We have strengthened engagement with gold/silver-supplying counterparties, and where possible assist them in building their due diligence capabilities to comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs, LBMA's Responsible Sourcing Programs, AML/CFT regulations.

Nadir Metal states that it acts in line with ethical principles to all counterparties in its activities and publishes its principles on its website. Nadir Metal communicates its Responsible Supply Chain Principles, which includes company commitments and policies, obligations and responsibilities with the required KYC forms and expects counterparties to confirm of understanding and acknowledgment with a signed declaration. On a general and a minimum basis, Nadir Metal expects to commit to Nadir Metal's Company Policy, or have their own company policy, which should be consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRA), according to the model set out in Annex II. Furthermore, references to OECD, LBMA, Borsa Istanbul Responsible Sourcing Program are made within agreements, contractual clauses with precious metals counterparties.

Nadir Metal always encourages its counterparties to improve their responsible supply chain practices as much as possible. Hence if necessary, gold/silver-supplying counterparties are visited on-site and/or remotely, from time to time for capacity building, as well as for risk management. We strive to raise awareness on OECD, LBMA, Borsa Istanbul's Responsible Supply Chain Programs, zero tolerance principles, and ESG factors through training, meetings to communicate with stakeholders and specially to raise awareness of local precious metals market players and dealers.

Nadir Metal is holding yearly external training activities. The training activities have been conducted for Nadir Metal's affiliates and dealers in the scope of company policies', supply chain due diligence matters and AML/CFT regulation in 2023. Additionally, within the scope of new business relationships to be established, information on the due diligence process has been shared with counterparties to promote responsible mining and sourcing practices throughout the supply chain.

Nadir Metal takes into consideration the management of business integrity impacts and ethical conduct and supports the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI). Nadir Metal has not entered into any business relationship with a State-Owned Enterprise operating in EITI country in 2023.

**1.5. Has the Refiner established a company-wide confidential grievance mechanism?**

**Comments and Demonstration of Compliance:**

Nadir Metal considers its stakeholder's (employees, counterparties, or any third party) grievances to carry itself further. Nadir Metal has in place a company-wide confidential grievance mechanism, in the scope of ISO 9001: Quality Management, which is a formal complaint process that is made available to stakeholders that are being negatively affected by certain business activities and operations. Additionally, the company-wide confidential grievance mechanism allows stakeholders to voice concerns that violate legislation, the company's ethical principles, policies, and procedures over the precious metals supply chain, or any newly identified risks. Furthermore, stakeholders can express suspicious or potentially illegal or unethical behavior without any retaliation or threat of victimization or harm.



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The Whistleblowing Policy is publicly available at Nadir Metal's website:

[https://www.nadirmetal.com.tr/wp-content/uploads/2024/03/NMR\\_Whistleblowing\\_Policy\\_ENG-v3.pdf](https://www.nadirmetal.com.tr/wp-content/uploads/2024/03/NMR_Whistleblowing_Policy_ENG-v3.pdf)

Any interested party can express anonymously or not, both individual or collective bases about their concerns or indicate issues related to Nadir Metal's supply chain and associated risks via;

- A dedicated functional mailbox, available at [etik@nadirmetal.com.tr](mailto:etik@nadirmetal.com.tr) / [compliance@nadirmetal.com.tr](mailto:compliance@nadirmetal.com.tr).
- A dedicated address available at İstanbul Vizyonpark Genel Merkez Plaza Yenibosna Merkez Mahallesi Kuyumcular Sokak No:4 İç Kapı No:110 Bahçelievler - İstanbul / Türkiye
- A dedicated address phone number is available at +90 212 886 7330.

Furthermore, Nadir Metal has a procedure which determines how to manage the whistleblowing and grievances that will come within these scopes. All information received in connection with concerns will be treated discreetly, strictly confidential, and as soon as possible. Nearby an email address and a hot phone line dedicated to whistleblowers and complainants. Legal&Compliance Department is responsible for monitoring and assessing all incoming supply chain and risk-related communications and keeping the CEO and the Board of Directors informed about every case. No whistleblowing or grievance notifications have been received in the year 2023.

### Step 2: Risk Identification and Assessment

#### 2.1 Does the Refiner have a due diligence process to identify risks in the supply chain?

The comprehensive due diligence processes related to the identification and early detection of the risks (in the observation of main headings "counterparty", "location", and "type of material") in the precious metals supply chain, which may endanger the existence, continuity, and development of Nadir Metal and its supply chain, assessment of identified risks and risk management strategies are detailed in written within its Company Policies and Internal Controlling and Risk Assessment Directive.

Nadir Metal has built an effective internal control system for its risk assessment. This allows the Company to carry out follow-up and controlling activities and to review whether transactions are performed according to applicable legislation, guidelines, corporate policies, and procedures, and counterparty risk profiles through a risk-based approach. In terms of risk assessment and monitoring activities, the Compliance Officer may cooperate with the relevant department/personnel, and the related information is provided according to necessity and urgency.

The due diligence process is carried out by the Compliance Officer with a risk-based approach. With the know your customer process, information and documents are obtained from the counterparties by relevant personnel; the identity of the counterparty/beneficial owner, the nature of the potential business, and the origin and form of the precious metal, and conveyed to the Compliance Officer for determination as well as for assessment, including human rights, ESG factors and relevant criteria according to High Risk Criteria under the Company Policy. In minimum, a database has been established and a risk profile has been allocated for every counterparty considering the duration of business relationship, sector, domiciled country of counterparty, origin of goods and type.

Sources of such an integrated assessment include but are not limited to Sanctions lists (US, UK, EU, UN, and relevant sanctions lists), Dodd-Frank s. 1502, EU CAHRA list, Heidelberg Barometer, Fragile States Index or equivalent, UN Human Rights Office of the High Commissioner or equivalent, Reports by the Financial Action Task Force (FATF), credible market intelligence on high-risk gold/silver centers/transit hubs and on countries where there is a high risk of money laundering. As service provider World-Check is used for screening.

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If there are high-risk criteria or any situation that could occur a high risk, the Compliance Officer conducts enhanced due diligence and provide information via a written report to the Committee. In regards of enhanced due diligence continuous monitoring and on-site visits, before any transactions occur or at least within six months of business relationship are mandatory.

The Committee evaluates risks and if possible conducts risk mitigation plans and submits it to the Board of Directors. All high risk business relationships and continuity of the businesses are subject to the approval by the Board of Directors.

### **2.2 How does Refiner classify identified risks in light of the standards of its due diligence system?**

Nadir Metal's supply chain due diligence system considers the measures required by the LBMA and Borsa Istanbul's Responsible Sourcing Program and OECD Annex 2 risks before entering into a business relationship with any precious metals counterparty. Nadir Metal's all company policies, procedures, and particularly the Directive, include risk identifications based on counterparty, location, type of material, and subcategories of mined gold/silver, recycled gold/silver.

Due diligence process of Nadir Metal is risk oriented that include the identification/criteria such as nationality, ultimate beneficial owners, legal representatives, domicile of counterparty, sanctions, and determination of whether precious metals or counterparties are from a CAHRA, FATF High-Risk and Other Monitored Jurisdictions, ASM, mercury use, Political Exposed Person, intermediate refineries with high risk supply chain..etc. are considered as high-risk, including the threat finance and ESG criteria used for the gold/silver primary supply chain. All transactions of counterparties are monitored and consistency with the available information is evaluated through the business relationship, based on risk criteria defined within the Company Policy and detailed in the Directive.

Risk profile criteria in the supply chains are controlled and evaluated under headings: zero- tolerance, sanctions, counterparty, type of material, location, the type of the activity of the counterparty, PEP, etc. The process is a formal necessity before entering in any business relationship. By a comprehensive assessment, a decision is made whether it is zero tolerance or high-risk supply chain or not. Where zero-tolerance issues are identified, Nadir Metal neither enters a business relationship with a gold/silver-supplying counterparty nor continues an existing relationship. The Compliance Officer informs the Committee, the Board, LBMA, Borsa Istanbul and relevant authorities about the zero tolerance case.

As a result of the risk assessment process, if there is no any suspicion or detection of high-risk criterias in the supply chain, Compliance Officer's review is competent to sign off the procedure without any further approval. She/he informs the CEO on regular basis, while reporting monthly to the Board of Directors. Furthermore all existing suppliers and transactions are checked and risk assesment is conducted every six months.

While there were no zero tolerance-related cases in 2023, there are in total six cases of high risk; two in our silver supply chains and four in our gold supply chains during the year. Two of the cases have been identifying as PEP in our silver supply chain since 2021 and at the remaining four cases in our gold supply chain, the counterparties are located in a high risk country which are not CAHRA. As part of the enhanced due diligence, continuous monitoring of transactions and risk assesment was carried out and reported to the Board of Directors. On desk research and World check screening of company, ultimate beneficial owner and legal representatives were conducted as part of the enhanced due diligence measures under PEP. Furthermore, market intelligence was also provided from the market in which the companies are located and the profile, capacity of the counterparties have been monitored on a transaction basis. In addition to the above measures, on-site visits were made to counterparties. Company policies and business practices of counterparties have been obtained and evaluated.



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### **2.3 Has the Refiner undertaken EDD measures for identified high-risk supply chains?**

Nadir Metal undertakes EDD measures for identified high-risk supply chains. In this context, the Compliance Officer carries out enhanced due diligence for high-risk categories specified in the Directive, which includes all gold/silver originating or transiting through conflict-affected areas, or areas with possible human rights abuses, child labor, and other high-risk factors.

EDD measures are subject to different assessments for high-risk LSM gold/silver supply chains, high-risk ASM gold/silver supply chains, high-risk Recycled gold/silver from Intermediate Refiners, and high-risk Recycled gold/silver from other sources.

The taken measures in the scope of EDD are conducted appropriately by undertaking an on-site visit (or remotely if applicable) or investigation. Where EDD is triggered, the competent employees or independent third-party consultants, who are free of any conflict of interest with the counterparty, carry out an on-site investigation/visit at the location of the gold/silver origin by using the on-site visit templates LBMA Toolkit is carried out. The on-site visit procedure includes at a minimum but is not limited to, appropriate documented KYC information, threat financing risks, ESG factors, the specific supply chain due diligence findings if necessary consulting relevant internal and external stakeholders.

Nadir Metal implements EDD procedures where high-risk Recycled Gold from Intermediate Refinery is detected. The Intermediate Refiner's due diligence processes are conducted on a comply or explain base. According to the due diligence process, it is expected from Intermediate Refiners' conformance with an OECD-aligned responsible sourcing scheme. In this aspect, the assurance should be commissioned by the Intermediate Refiner. Nadir Metal has not worked with an intermediate refinery in a high-risk supply chain during the reporting period.

### **Step 3: Risk Management**

#### **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.

**Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade, or (iii) disengagement from the risk?**

#### **Comments and Demonstration of Compliance:**

Nadir Metal adopted an appreciative risk management procedure, detailed and written within its Internal Controlling and Risk Assessment Directive which has been developed to meet RGG V.9 & RSG V.1 requirements for possible or identified risks in line with the OECD Due Diligence Guidance. Nadir Metal's management strategy and risk management include risk parameters and consider the risk level of the country of origin, the counterparty, the product, the complexity of the supply chain, the transit country, general transportation routing, sanction lists (UN, UK, US, EU, etc.), the certain risk parameters of the jurisdiction like human rights, and any other relevant information, documentation, and circumstances. The risk management strategy provides Nadir Metal to manage risk through enhanced due diligence and to mitigate and remediate adverse



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impacts in the precious metal supply chain. Nadir Metal cares about continuously monitoring, reviewing and if necessary updating the adequacy of risk management strategies.

A potential counterparty is evaluated and risks are assessed before onboarding, likewise, after the acceptance. Since the counterparties who initially have not been identified as high-risk earlier may become high-risk afterwards within the review of the risk classification or a particular situation of the counterparty. Hence the counterparties and transactions are subject to regular monitoring and risk assessment. At every risk assessment phase, the Compliance Officer applies the same level of risk assessment outlined in Directive. If there is a strong possibility or existence of facts that have been mentioned as high risk according to the Company Policy's 'High-Risk Criteria for Precious Metals Supply Chains', it is reported to the Risk Committee by Compliance Officer for checking on the appropriateness and creating a risk mitigation plan, and submit to the Board of Directors. The final decision about the future or existing business relationship is taken by the Board of Directors. The Board of Director rejects or terminates or suspends the business relationship or might decide to continue the business relationship by implementing an improvement plan which can be valid for up to 6 months. The improvement plan has to be composed of measurable objectives to mitigate the associated risks. The Compliance Officer is responsible for monitoring the risk mitigation plan. Once the deadline comes on and the high-risk factors continue, the Compliance officer prepares a risk report for the Committee. The given opinion by Committee is submitted to Board of Directors and after assessment, the period might be extended or the business relationship might be suspended until high-risk factors do not exist or the business relationship might be ended directly.

There have been no instances where we disengaged with counterparties and there have been no cases of cooperation with national or local government authorities in 2023.

### **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 has engaged PKF Istanbul as Third-party Assurance Provider to conduct an assurance in accordance of International Standard on Assurance Engagements (ISAE3000). PKF Istanbul is an approved service provider by LBMA and has complete financial or other independence from Nadir Metal.

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

There are neither high and medium-risk non-conformances identified during the current audit cycle, nor the progress on high/medium-risk non-conformances identified in the previous audit cycle remains to be mitigated, nor compliance reasons when partial high/medium-risk non-compliances have been raised.





## **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 with the specific requirements of the LBMA Responsible Gold Guidance Version 9 and Responsible Silver Guidance Version 1 have been set out in our precious metals responsible supply chain policy, compliance report, and independent third party audit report which are publicly available on Nadir Metal's website,

<https://www.nadirmetal.com.tr/en/precious-metals-responsible-supply-chain/>

### **Management Conclusion**

**Is the Refiner in compliance with the requirements of the LBMA Responsible Gold/Silver 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 RGG V9 & RSG V1 as explained above for the reporting year ended December 31, 2023.

Nadir Metal is committed to ensuring its social, environmental and governance responsibilities and regulatory requirements and will continue to review and update its internal controls and risk management strategies 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 us by emailing [etik@nadirmetal.com.tr](mailto:etik@nadirmetal.com.tr) and/or [compliance@nadirmetal.com.tr](mailto:compliance@nadirmetal.com.tr)

İstanbul, February 2024

Abdullah Tütüncü, Chairman