



# NADİR METAL RAFİNERİ

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Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirket

DMCC's Review Protocol on Responsible Sourcing of  
Gold

Compliance Report Year

2019

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

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 1.1 /2017 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 1.1 /2017 for the Year 2019.

| Refiner's details                              |                                                                                                                                                                                                                                              |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refiner's name:                                | Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi                                                                                                                                                                                        |
| Location:                                      | İstanbul Vizyonpark Genel Merkez Plaza<br>Yenibosna Merkez Mahallesi Kuyumcular Sokak<br>No: 4 İç Kapı No: 1101, Bahçelievler /İstanbul<br>Türkiye                                                                                           |
| Reporting year-end:                            | December 31, 2019                                                                                                                                                                                                                            |
| Date of report:                                | February 25, 2020                                                                                                                                                                                                                            |
| Senior Management responsible for this report: | Abdullah Tütüncü, Chairman<br><br>Head Office:<br><br>İstanbul Vizyonpark Genel Merkez Plaza<br>Yenibosna Merkez Mahallesi Kuyumcular Sokak<br>No: 4 İç Kapı No: 1101<br><br>Bahçelievler /İstanbul Türkiye<br><br>Tel No: +90 212 886 67 29 |

### 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

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 DMCC Practical Guidance since 2012. In this regards our policy has been updated accordingly due to fulfill the newly requirements, needs, environmental and sustainability responsibilities.

Nadir Metal has continued to publish its yearly Sustainability Report in the field of refining in 2019. Beside its commitment to Anti-corruption and Anti Money Laundering and Combating the Financing of Terrorism; environmental, social and occupational security, are key for Nadir Metal's sustainable point of view as well. In particular, while we support the principles of sustainability in the supply chain, we are aware that the environmental impact is important along with the economic and social effects in our activities. In this context, Nadir Metal has all the legally required permissions and licenses such as ISO 14001: 2015 Environmental Certificate, Environmental Impact Assessment Positive Report, ISO 45001:2018 Occupational Health and Safety, Emission Certificate.

A strong internal management system has been established within the scope of our company policies regarding The Examination of Supply Chain of Gold & Silver, Implementation Principles on Prevention of Laundering of Crime Proceeds and Financing of Terrorism and Anti Bribery, Anti Corruption 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, due diligence & KYC toolkit, risk assessment, relevant forms take place and are updated accordingly with our Company Policy Regarding the Examination of Supply Chains of Gold and Silver. 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 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 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 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 gold bearing material 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 (beneficial ownership, authorized representatives, origin of goods, banking details, company documentation, jurisdiction, licenses, identity/passport copies... etc) and supporting documents (country reports, internet search...etc) are stored within the archive program. A robust traceability system database that begins from goods acceptance with a reference number structured of client/supplier ID with reference to the gold supplying counterparty due diligence file and lot for each transaction, including 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.

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 gold supply chain. A dedicated email address of [etik@nadirmetal.com.tr](mailto: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.

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. 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 practices of Responsible Sourcing of Precious Metals.

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 2019. We make reference to our Responsible Supply Chain Policy, DMCC Practical 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 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 8<sup>th</sup> ASEAN Gem & Jewellery Association Conference in Istanbul. Nadir Metal has participated to the training of Borsa Istanbul organized with OECD and shared its compliance, due diligence practices with local precious metal market participants.

## **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 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 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 1.1/ 2017. Along with this Manuel the company's due diligence and risk assessment processes have been documented in details and are continuously being reviewed and updated due to the requirements and implementations. Nadir Metal has internal management systems in place, which are used or supported by relevant employees and is ongoing basis monitored by the compliance officer and any suspicious situation is reported to the senior management and Risk Committee for further evaluation or decision. Every gold business related client/supplier has a profile and allocated risk assessment (Low, Medium, High) which is updated according to the frequency of the business relationship but at least periodically every 6 months within the CRM system, supported by the archive program where all the documents of the counterparties are kept and monitored. The traceability system 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, form and product type.

In 2019, Nadir Metal has conducted enhanced due diligence for its potential and current suppliers/clients where necessary. For the Year 2019 we have not sourced any gold bearing material





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.

### **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 devised and adopted an appreciate risk management procedure of possible or identified risks. All client/suppliers and their transactions are regularly assessed according their profiles, capacities, financials 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 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 a strong possibility or existence of fact 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.

Corresponding procedures are in place and detailed with in our Risk Assessment Manuel, applied if necessary to inform related counterparties.

### **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

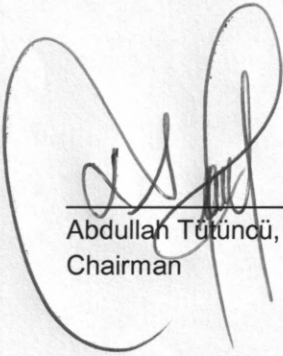
### Comments and Demonstration of Compliance:

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 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](http://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 1.1/ 2017 as explained above for the reporting year ended December 31, 2019.

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



Abdullah Tütüncü,  
Chairman