

**AHLATCI METAL RAFİNERİ A.Ş.
INDEPENDENT REASONABLE
ASSURANCE REPORT
(ISAE 3000 ENGAGEMENTS)
ON THE REFINER'S COMPLIANCE
REPORT FOR THE PERIOD
1 JULY 2020 – 31 DECEMBER 2021**

**To the Board of Directors
Ahlatcı Metal Rafineri A.Ş.**

Independent Reasonable Assurance Report to Ahlatcı Metal Rafineri A.Ş. (ISAE 3000 engagements)

We were engaged by the Management of Ahlatcı Metal Rafineri A.Ş. (AMR, the Company or the Refiner) to provide a reasonable assurance on its Refiner's Compliance Report for the period 1 July 2020 – 31 December 2021.

The assurance scope consists of the Refiner's Compliance Report (the Report).

Responsibilities

The management of the Company is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the **Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain (EBC Rules for RBDG / Version 1 / 2021)** and its **Annex 2 - EBC Review Protocol**. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

Our responsibility is to carry out a reasonable assurance engagement in order to express an opinion as to whether the Refiner's Compliance Report, in all material respects, describes fairly the activities undertaken during the period to demonstrate compliance, and that management's overall conclusion contained therein is in accordance with the requirements of the Guidance. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and **Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain (EBC Rules for RBDG / Version 1 / 2021)** and its **Annex 2 - EBC Review Protocol**.

Our work has been undertaken so that we report to Ahlatcı Metal Rafineri A.Ş. on those matters that we have agreed to state to them in this report. Our tests are related to Ahlatcı Metal Rafineri A.Ş. as a whole rather than performed to meet the needs of any particular customer.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Ahlatcı Metal Rafineri A.Ş. for our work, for this report or for the opinions we have formed.

Subject matter

This report covers the Ahlatcı Metal Rafineri A.Ş. general level of compliance in accordance with the **EBC Rules for RBDG** for market participants in the gold and precious metals industry and its **Annex 2 - EBC Review Protocol** as described in Refiner's Compliance Report, dated 7 October 2022.

Scope based on Reasonable assurance:

The review procedures undertaken by us will cover to the following:

- i. We have observed that Ahlatcı Metal Rafineri A.Ş. (AMR) has established a robust sustainable Supply Chain Management System. AMR's Gold and Precious Metals Supply Chain Policy includes a scope, distributed responsibilities and has customer acceptance policy. They have also trained their staff regularly about the supply chain policy. AMR has assigned a dedicated compliance officer who has deep information regarding with supply chain policies. AMR Compliance Officer conducts all monitoring and applications of statutes related to adaptation. At the same time, AMR Compliance Officer is also the Chief Compliance Trainer. A Company Compliance Committee has been formed to operate under the supervision of the Chairman of the Board. Its operational aspect indicated in the Compliance Directive of AMR.

Every unit and all employed personnel engaged in gold and gold containing metal business within Ahlatcı Metal Rafineri A.Ş. are responsible for meeting the requirements of corporate Gold Supply Chain Policy, informing on any problems or shortcomings within the shortest period, and carrying out appropriate corrective actions.

- ii. Ahlatcı Metal Rafineri A.Ş. is able to identify and assess the risks in the supply chain. AMR uses a strong management system in order to identify and assess the risks associated with gold and precious metals which they produce, distribute, transport, export and/or purchase.

Conducting a risk assessment on each party included in the supply chain from the mines (mined gold and precious metals) to the company including suppliers, exporters and transporters (mined/recycled gold and precious metals) using a risk-based approach.

Within the entire process, everything that will contribute to:

- Armed conflict,
- Widening of violence,
- Violation of human rights,
- Money laundering,
- Finance of terrorism
- Artisanal mining

are considered high-risk, high-risk client or high-risk transactions.

With this objective, Ahlatcı Metal Rafineri A.Ş. put into effect the Gold Supply Chain Policy, maintain its currency and through sharing, achieve a common collective consciousness among all company personnel, clients, business partners and other concerned third parties. All units of the Company involved in gold business have implemented a Gold Supply Chain Risk Management Plan and conduct client relationships within the principles of Client Acceptance Policy.

- iii. AMR has been taking the following steps to mitigate the following risks identified.

Serious Violations Relating to the Extraction, Transportation and Commerce of Valuable Minerals:

While conducting business or acquiring minerals in areas affected by conflicts or in high-risk areas, none of the issues below were tolerated or exploited for benefit by Ahlatcı Metal Rafineri A.Ş. inhumane behaviour or conduct such as torture, oppression

- a. Forced labour or non-voluntary work under threat
- b. Child labour use not permitted by laws
- c. Other human rights violations such as sexual violence
- d. Crimes such as ethnic cleansing, genocide or crimes against humanity, war crimes and serious violations of human rights.

In Relation to Management of Serious Violations Concerning the Extraction, Transportation and Commerce of Precious Minerals:

When serious violations concerning the above identified, transactions and commercial relationship was either suspended or terminated immediately.

Scope based on Reasonable assurance: (Continued)

iii. AMR has been taking the following steps to mitigate the following risks identified. (Continued)

Direct or Indirect Support of Non-Governmental Armed Groups:

None of the below subjects were tolerated by Ahlatcı Metal Rafineri A.Ş. concerning direct or indirect support of non-governmental armed groups or those in collusion during the extraction, transportation, trade, import or export stages of the mineral:

- a. Illegal control of ore areas or transportation routes within the supply chain
- b. Illegal taxation, money extortion or racketeering in entry to mining areas or transportation routes
- c. Illegal taxation or extortion of money from intermediary organizations, export companies or from persons engaged in international trade.

Concerning Risk Management of Direct or Indirect Support of Non-Governmental Armed Groups:

When suspicion involving direct or indirect support of non-governmental armed groups or those in collusion was encountered during the mineral extraction, transportation, trade, import and export stages, transactions and commercial relationship was either suspended or terminated immediately.

Concerning Public or Private Security Forces:

Ahlatcı Metal Rafineri A.Ş. has not had any illegal taxation and money extortion relationship concerning mining areas, transportation routes, places where mineral trade is conducted, or elements closely related with supply chain which are under illegal control of public or private security forces.

Ahlatcı Metal Rafineri A.Ş. was aware of the role of public or private security forces charged with the safety of mining areas and vicinity, transportation routes, personnel employed at such places, materials, equipment and trade conducted.

AMR and others in supply chain have entered into agreements only with public and private security forces that provide services in the context of safety and human rights within the framework of international principles and standards.

In payments made to public security forces, Ahlatcı Metal Rafineri A.Ş. has supported transparency and responsibility providing efforts and implementations of local authorities, international organizations and civil society organizations.

Ahlatcı Metal Rafineri A.Ş. has supported efforts and applications of local authorities, international organizations and civil society organizations in revealing potential negative effects of public or private security forces in mining areas, small scale mining operations or production facilities.

Concerning Risk Management of Public or Private Security Forces:

In consideration of its position within the supply chain, Ahlatcı Metal Rafineri A.Ş. has adopted the principle of implementing a risk management plan concerning management of risks related to support of client or company, public or private security forces.

Concerning Misdeclaration of Precious Mineral Source by Way of Bribery or Deception:

Ahlatcı Metal Rafineri A.Ş. hereby declares that it did not engage in any bribery for situations of false or incorrect information declaration, etc. or any proposals which may be construed as such, demands, claims, or promises in activities concerning payments made to the State in matters such as mineral's origin, taxation, fees and licensing.

Concerning Tax Paid to the State, License and Fees:

Ahlatcı Metal Rafineri A.Ş. warrants that all taxes, licenses and payments related to mines in areas affected by conflicts or high-risk areas are in the framework of applicable laws and implementations.

Concerning Risk Management Relating to Wrong Declaration of Valuable Mine's Origin by Way of Bribery or Deception, Money Laundering and Taxes, License and Fees Paid to the State:

Ahlatcı Metal Rafineri A.Ş. guarantees in accordance with its position in the supply chain process that it was in contact and conducted the required relationships with central or local government authorities, international organizations, civilian authorities and affected 3rd parties for the purpose of discovery and reduction or elimination of above indicated risks. Details of risk management concerning the supply chain processes, action types and the workflow diagrams are present in the corporate Risk Management Plan.

Scope based on Reasonable assurance: (Continued)

- iv. Ahlatcı Metal Rafineri A.Ş. supports all preventative measures, efforts and applications to obstruct anti-money laundering and Combating Financing of Terrorism during the entire process covering mineral extraction, transportation, trade stages, including applications at points of passage to mining areas, export and taxation.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Ahlatcı Metal Rafineri A.Ş.'s Gold Supply Chain Policy available on AMR's website <https://www.ahlatcimetal.com.tr/responsibility-and-compliance>

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

Conclusion

In our opinion, in all material respects, the accompanying Refiner's Compliance Report dated 7 October 2022 for the period from 1 July 2020 to 31 December 2021 and prepared by the directors of Ahlatcı Metal Rafineri A.Ş., describes fairly the level of general compliance and management's overall conclusion contained therein is in accordance with the requirements of the **Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain (EBC Rules for RBDG / Version 1 / 2021)** and its **Annex 2 - EBC Review Protocol**.

RSM Turkey Arkan Ergin Uluslararası Bağımsız Denetim A.Ş.
Member, RSM International



Eray YANBOL
Engagement Partner

İstanbul
14 October 2022

Enclosure:
- Refiner's Compliance Report



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AHLATCI METAL RAFİNERİ A.Ş. (AMR)'S EBC COMPLIANCE REPORT

The Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021 - EBC Rules for RBDG has been established for EBC Accredited member 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 high standards of anti-money laundering and to combat terrorist financing practice.

This report summarizes how Ahlatcı Metal Rafineri A.Ş. (AMR) has complied with the requirements of the EBC Rules for RBDG.

TABLE 1: REFINERY INFORMATION

REFINERY NAME : Ahlatcı Metal Rafineri A.Ş.

LOCATION : Pınarcay OSB Mh. OSB 1 Cd. No: 60/2 Çorum, Turkey

REPORTING PERIOD : 1 July 2020 – 31 December 2021

REPORT DATE : 7 October 2022

COMPLIANCE OFFICER RESPONSIBLE FOR THIS REPORT: Zümrüt DEMİRCİ

REFINERY'S ASSESSMENT:

The tables and statements which are listed below are Ahlatcı Metal Refinery A.Ş.'s statement of compliance and explanations regarding its operations and applications in accordance with the Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain Version 1/2021 - EBC Rules for RBDG requirements.

TABLE 2: THE SUMMARY OF PERFORMED ACTIVITIES INDICATING COMPLIANCE TO EBC RULES

RULE 1. SUPPLY CHAIN MANAGEMENT SYSTEMS

Compliance statement:

We declare to comply with the first rule (Establishing robust company supply chain management systems).

Is there a company policy on gold supply chain assessment of the situation?

Compliance indicators and comments:

Ahlatcı Metal Rafineri A.Ş., within 1 July 2020 – 31 December 2021 reporting period, has continued to initiate previously developed Gold Supply Chain Company Policy in compliance with the model as set forth in Annex 2 of OECD Due Diligence Guidance, and commenced the initiation of such Guidance. In accordance with the principles of such policy, the control and monitoring of all supply chain through implementation of risk-based due diligence, assessment of risks and process for accepting the metals with gold content in compliance with the customer acceptance criteria have been performed.



AHLATCI METAL RAFİNERİ A.Ş. (AMR)'S EBC COMPLIANCE REPORT (Continued)

TABLE 2: THE SUMMARY OF PERFORMED ACTIVITIES INDICATING COMPLIANCE TO EBC RULES (Continued)

RULE 1. SUPPLY CHAIN MANAGEMENT SYSTEMS (Continued)

Has an appropriate management structure been established in order to support the Gold Supply Chain Due Diligence?

Compliance indicators and comments:

An internal management structure in compliance with Gold Supply Chain Company Policy has been developed, a Compliance Officer has been assigned and appointed to this effect and a Compliance Department was also established, and a Compliance Committee was formed so as to establish an internal auditing, and it was ensured to have convened periodically, and a direct reporting facility was provided for the management after having established incompliance notification system, and activity and implementation chain compatible with the operation of the Compliance system was followed by providing suitable trainings.

Has a strong in-house internal system been devised to cover the due diligence in respect of transparency, control and traceability of the supply chain processes, and of describing all the actors in the supply chain?

Compliance indicators and comments:

A systematic structure was established for the purpose of following up the process in conformity with the system of reference/ID/lot order from customer and material acceptance to production and sales stage.

Do efforts exist in relation to compliance of vendors and customers to the company policies and procedures under Supply Chain Due Diligence Assessment?

Compliance indicators and comments:

The related documents, certificates and forms prepared in accordance with the directives of OECD under due diligence are shared with the customers, and their statements are obtained by executing compliance agreements with them, and determinations and evaluations are made in regard to supply chain processes and the compliance thereof through both customer interviews and on-the-spot visits.

Has an in-house communication system been established with the participation of all company employees including workers in respect of describing of risks in all processes of gold supply chain and of notifying the incompliances to the management?

Compliance indicators and comments:

Compliance transition points are formed for the purpose of notifying the incompliances detected during the gold supply chain process, and in-house communication system has been established for putting into practice an early risk diagnosis and preventive/corrective activity implementation by instituting a fast communication system (mevzuatuyum@ahlatci.com.tr) which will enable direct access to managers and compliance department on the existing internet network.





AHLATCI METAL RAFİNERİ A.Ş. (AMR)'S EBC COMPLIANCE REPORT (Continued)

TABLE 2: THE SUMMARY OF PERFORMED ACTIVITIES INDICATING COMPLIANCE TO EBC RULES (Continued)

RULE 2. SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT

Compliance statement:

We declare to comply with the second step (Identifying and assessing risks in the supply chain).

Is there any process in respect of determining the risks involved in the gold supply chain?

Compliance indicators and comments:

The Risk Management Plan and Customer Acceptance Policy is established with respect to identifying and preventing the risks involved in the gold supply chain process, and to preventing the recurrence of similar risks by implementing corrective actions to this effect.

Is the assessment of risks performed in accordance with the standards of the Due diligence system?

Compliance indicators and comments:

A supply chain due diligence system and precautions are put into practice, starting from the phase of acceptance of the customer and precious metals in accordance with Application guide and procedures for the Market Participants joining in the EBC Gold and Precious Metals Industry.

All procedures which shall ensure the control and inspection of the system including monitoring of all operations in respect of transportation routes and processes through high level risk due diligence in connection with the gold from high-risk zones inflicted by conflicts where human rights are violated further to the institution of risk-based due diligence process starting from the source of gold.

Is risk assessment reported to the management?

Compliance indicators and comments:

A Compliance Committee has been formed with regards to the supply chain compliance process and is ensured to convene once in every three months, and the evaluation of process and risks were made, and the decisions taken and the results of the evaluation were reported to the management in the same period.



AHLATCI METAL RAFİNERİ A.Ş. (AMR)'S EBC COMPLIANCE REPORT (Continued)

TABLE 2: THE SUMMARY OF PERFORMED ACTIVITIES INDICATING COMPLIANCE TO EBC RULES (Continued)

RULE 3. RISK CONTROL PLAN

Compliance statement:

We declare to comply with the third step (Developing and implementing a risk mitigation/control plan)

Has an appropriate risk management strategy been determined such as terminating the employment contract, mitigating the risks involved through suspension of trade or mitigating risks during trading with respect to the course of action and risk management in case of occurrence of risks?

Compliance indicators and comments:

The Corporate Risk Management Plan has been instituted and put into operation, and risky circumstances, the courses of action in the face of any risks and the principles of risk management were determined, and risk covering methods such as terminating the employment contract, mitigating the risks involved through suspension of trade or mitigating risks during trading were set forth.

RULE 4. INDEPENDENT THIRD-PARTY AUDITS

Compliance indicators and comments:

An agreement was signed with an independent audit firm (RSM Turkey Arkan & Ergin) for the reporting period 1 July 2020 – 31 December 2021 for Independent Assurance Report and Comprehensive Management Report. The audit will be conducted within the period and independent audit report will be submitted to the related parties.

RULE 5. ANNUAL REPORTING ON RESPONSIBLE SUPPLY CHAIN DUE DILIGENCE

Compliance statement:

We declare to comply with the fifth step (Reporting annually on responsible supply chain due diligence).

The corporate policies and procedures of supply chain prepared in accordance with EBC policy and procedures have been shared with all parties and customers involved in the process, and efforts were made for their compliance with the process and annual refinery reports were published to share the indicators in respect of compliance with third parties.



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AHLATCI METAL RAFİNERİ A.Ş. (AMR)'S EBC COMPLIANCE REPORT (Continued)

OVERALL RESULTS

TABLE 3: MANAGEMENT CONCLUSION

Is the Refiner in compliance with the requirements of the Emirates Bullion Market Committee (EBC) Rules for Risk Based Due Diligence in the Gold Supply Chain for the reporting period?

Yes.

AMR has demonstrated its commitment to continuous improvement and implemented effective and robust management systems, procedures and practices to confirm to the requirements of EBC Rules for RBDG, as explained above in Table 2, for the period 1 July 2020 - 31 December 2021.

As mentioned earlier in this report, "Responsible sourcing" is a key and very important principle for AMR. As a EBC "Good Delivery Gold Member Refinery", AMR implements its risk-based KYC due diligence process starting from the origin of the gold to ensure that it complies with all related regulations and applicable laws both in Turkish local market and globally considering EBC Rules for RBDG and OECD Due Diligence Guidance for Responsible Supply Chains. AMR is always aware of its exceptional responsibility and also acting as a leading refinery in Turkish Gold market and in the region in terms of responsible sourcing of precious metals.

TABLE 4: OTHER COMMENTS

Please send email for your comments regarding the report to zdemirci@ahlatci.com.tr or mevzuatuyum@ahlatci.com.tr

