

ONSA RAFİNERİ A.Ş.

**01.01.2023-31.12.2023 PRECIOUS METALS RESPONSIBLE
SUPPLY CHAIN MANAGEMENT REPORT**

To the management of Onsa Rafineri:

Onsa Rafineri Management Report

a) Refinery Name

On 03.02.2023, a contract was signed with Onsa Rafineri (*hereinafter referred to as "Onsa" or the "Company"*) for the provision of Precious Metals Responsible Supply Chain Assurance Audit services for the year 2023 (limited to the period 1 January 2023 – 31 December 2023).

Hereby, based on the independent assurance audit; within the scope of the responsible supply chain compliance regulations and program detailed by Borsa Istanbul A.Ş. within the scope of the "*Assurance Auditing Standard 3000: Standard for Assurance Audits Other Than Independent Audits or Limited Independent Audits of Historical Financial Information*" published by the Public Oversight, Accounting and Auditing Standards Authority and the foreign exchange legislation; the evaluation of the Company's compliance report and also the preparation of a management report by us.

Duygu ERGÜN and Hasan Hüseyin DENİZ were appointed as compliance officers.

ONSA Rafineri A.Ş. was established in 1992 and started to operate as a manufacturer and seller in the jewellery sector. The foundation of the refinery was laid in 2005 with the pilot scale facility established with the support of TTGV and production was started to meet its own needs. Since 2006, it has started to serve the sector in addition to its own needs. Operating in the sector for 32 years, Onsa Rafineri A.Ş. has been operating as a refinery in the precious metals sector for more than 18 years. The main activities of Onsa Rafineri A.Ş. are refining, recycling of wastes containing precious metals, gold and silver trade, and the production and trade of "Onsa" branded gold jewellery items.

b) Assurance reporting period

Our Company has been assigned to prepare the Compliance Report ('Report') and the related management report prepared in accordance with the "five steps" approach mentioned in Onsa's Borsa Istanbul Responsible Supply Chain Compliance Directive, which covers the reporting period between 1 January – 31 December 2023.

The principles of the five-step approach are set out below:

- a) Establish strong corporate governance systems,
- b) Identification and assessment of risks in the supply chain,
- c) Design and implement a strategy to respond to the identified risks,
- d) Independent third party auditing of the compliance activities of refineries
- e) Annual reporting of supply chain compliance activities



c) Professional qualifications of the assurance team

We believe that our team has the core competencies of ethical behavior, fair presentation, due professional care, independence and integrity.

The assurance team consists of the following auditors.

<u>Titles</u>	<u>Name Surname</u>	<u>Total Experience (Years)</u>
Managing Partner	Abdulkadir SAYICI	26
Auditor	Abdulkaki AVCI	7
Assistant Auditor	Ali Burak ŞAHİN	5

Each assurance team member is open to developing their knowledge, skills and competencies. They are selected from among auditors with specialized knowledge and competence in audit skills and techniques. They have experience in reporting and auditing practices and standards for Assurance Auditing Standard (AAS) 3000.

The managing partner and his team have been providing GDS 3000 assurance audit services for precious metals in Turkey since 2012.

d) Verification of the auditor's independence

As PKF Istanbul -Aday Bağımsız Denetim A.Ş. audit firm, we are financially self-sufficient and completely independent from Onsa Rafineri Rafineri. In the last two years prior to the date of signing the contract for the preparation of the assurance audit report for Onsa within the framework of Borsa Istanbul Precious Metals Responsible Supply Chain Compliance Guidelines, we have not served as the chairman and member of the board of directors, general manager, deputy general manager, employee with signing authority, internal control and supply chain compliance officer and positions with significant decision, authority and responsibility.

We comply with the Code of Ethics for Accountants issued by the International Ethics Standards Board for Accountants and apply International Standard on Quality Control 1, Quality Control and Other Assurance and Related Services Contracts for Firms Engaged in Audits and Reviews of Historical Financial Information.

Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures for compliance with ethical requirements and professional standards (including independence and other requirements based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct), as well as applicable legal and regulatory requirements.

As an audit firm, we are completely independent of Onsa Rafineri A.Ş., which we audit. We provide services to Onsa Rafineri A.Ş. only for the preparation of the GDS 3000 assurance report. We do not provide any of the following services to the Company and its subsidiaries for a period of at least 24 months prior to the contract:

- Design, installation or implementation of the refinery's gold supply chain application,
- Accounting,
- Design and implementation of financial information systems,
- Valuation or valuation services, integrity opinions or contribution-in-kind reports,
- Actuarial services,
- Internal audit outsourcing services,
- Management functions or human resources,
- Brokerage-trading, investment advisory or investment banking services,
- Legal and expert witness services unrelated to audit,



- Other consulting services for the refinery.

e) Scope and level of assurance

In addition to the audit of this Management Report and the Company's Compliance Report, pursuant to the authorization granted by the Foreign Exchange Legislation, the Company has also audited the compliance reports published by Borsa Istanbul A.Ş. (BIST);

- 1) Directive on the Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries,
- 2) Responsible Supply Chain Compliance Guidelines,
- 3) Guidelines for Responsible Supply Chain Assurance Audit,

We provide reasonable assurance on the Company's practices and internal control system regarding the responsible supply chain established within the framework of the Responsible Supply Chain Compliance Guide prepared by BIST as an integral complement to these regulations.

In this context, the Compliance Report ('Report') prepared by the Company in accordance with the five-step approach set out in the Borsa Istanbul Responsible Supply Chain Compliance Directive and the practices evidencing it have been audited based on the following five-step approach.

The principles of the five-step approach and the consistency of the answers given with the Compliance Report were tested during the audit.

f) Summary of assurance procedures

As the audit firm, we prepared a detailed audit plan and performed our work to obtain all the evidence, information and explanations deemed necessary, clearly stating the scope, timing and costs of the assurance.

(i) We visited Onsa Rafineri A.Ş.'s facilities for assurance audit

(ii) We received a list of suppliers/customers and conducted research on their capacities.

We had several meetings with the Company's internal control and supply chain compliance officer to assess the risks that the Company could foresee.

Within the scope of the "Borsa Istanbul precious metals responsible supply chain program" and the relevant national and international regulations, guidelines and standards for "prevention of laundering proceeds of crime and financing of terrorism" and "prevention of financing the proliferation of weapons of mass destruction", Onsa's employees who take duties and responsibilities in the management of the compliance process actively conduct "Customer/Supplier Recognition (KYC)" and "Routine Control" within the scope of "Customer/Supplier Due Diligence" before establishing a business relationship with the potential customer/supplier (hereinafter referred to as "counterparty") related to the purchase/sale of precious metals. It has been observed that "Customer/Supplier Recognition (KYC)" and "Routine Control" activities are actively carried out within the scope of "Customer/Supplier Due Diligence" before establishing a business relationship with a potential customer/supplier (hereinafter referred to as "counterparty") and during the business relationship with existing customers/suppliers.



The purpose of Onsa Rafineri Customer Recognition and Identification Policy The most important tools in the fight against laundering proceeds of crime and terrorist financing are an effective suspicious transaction reporting system and a customer recognition process based on documents and information carried out in accordance with the customer acceptance policy. In this context, Onsa Rafineri A.Ş., in accordance with its customer acceptance policy, it is stated that it is aimed to prevent persons and organizations that will not be served by Onsa Rafineri A.Ş. due to the risks they carry in terms of laundering proceeds of crime and terrorist financing from being accepted as customers at Onsa Rafineri A.Ş., and to accept persons and organizations that are considered to be high-risk only after applying higher security measures and approval mechanisms than other customers.

In addition, within the framework of the "ONSA RAFINERİ (AML&CFT) POLICY ON THE LAUNDERING OF CRIMINAL Proceeds and PREVENTION OF TERRORIST FINANCING" adopted by the Board of Directors, this policy explains the issues to be taken into consideration during customer acceptance, the documents and information to be obtained, the approval processes for the acceptance of high-risk customers, the procedures and principles of identification and confirmation. It is added that this policy also aims to ensure that Onsa Rafineri A.Ş. and its employees are aware of their legal and administrative obligations.

In this sense, the Customer Diagnostic parameters are as follows:

- a) Identifying the client;
- b) Onsa Rafineri A.Ş. to identify the ultimate beneficiary of legal entities, trusts and similar legal arrangements;
 - take the necessary measures to identify and confirm the identity of the final beneficiary,
 - take risk-based and necessary measures to understand the client's ownership structure and ultimate beneficiary, (Such measures also apply to other persons on whose behalf and/or account the client acts)
- c) To obtain information from the customer about the nature and purpose of the business relationship to be established,
- d) To continuously monitor the business relationship, including the review of the transactions made during the relationship, in order to ensure that the transactions made are compatible with Onsa Rafineri A.Ş.'s knowledge of the client's business, risk profile and fund sources, and to ensure that the documents, data or information owned are kept up to date,
- e) Determining the risk level of the customer within the scope of the necessary monitoring and control activities in order to detect transactions or operations that may be related to laundering proceeds of crime or financing of terrorism before the transaction.

We also carried out the following studies;

- We received detailed information from Onsa Refinery management and operational staff about specific KYC and transaction examples we selected or observed.
- We visited Onsa Rafineri A.Ş. and examined the procedures in the goods acceptance process and observed and tested how these procedures constitute the CRM and archive systems and traceability system, which are important components of Onsa Rafineri's responsible supply chain compliance program. We checked that customer transactions, goods acceptance, analysis results and customs declaration or delivery note and invoice details are monitored through the traceability system.
- We held meetings with Onsa Refinery compliance, production, operations personnel and senior management to assess the sourcing situation in the responsible supply chain and the daily implementation of compliance program elements.



- We reviewed a number of active customer files through sample testing, reviewed the supplier/customer account opening process, and reviewed the reports of the internal control and supply chain compliance officer and the risk committee.
- With the sampling study, we logged into CRM, archive and traceability systems and reviewed KYC documents for ore, standard and non-standard precious metal transactions.
- - We examined the documents and files related to the trainings carried out by Onsa within the scope of the precious metals responsible supply chain program and regulations. We examined whether a board of directors decision was taken on the trainings, the level of verifiability of the trainings, the level of competence of the trainers participating in the trainings, and whether the trainings covered the training contents stipulated by the legislation. "Foreign Exchange Legislation and Implementation, Conflict-Affected and High-Risk Zone Concept and Other Compliance Guide Concepts, Responsible Supply Chain Steps and Case Studies on this Subject, Legislation on Responsible Supply Chain, Risk Areas, Corporate Policy and Procedures, Principles on Customer Recognition, Principles on Notifications to Relevant Institutions and Organizations, Obligation to Preserve and Present, Obligation to Provide Information and Documents, Sanctions to be Imposed in Case of Failure to Comply with Obligations, International Regulations on Combating Laundering Proceeds of Crime and Financing of Terrorism" and that the training on responsible supply chain issues was attended 100% by all responsible employees.
- Within the scope of the precious metal responsible supply chain guide to Borsa Istanbul A.Ş. and foreign exchange legislation, data for three (3) monthly notifications were received and controlled.

g) Significant or natural limitations, restrictions or uncovered areas

Non-financial information is subject to more inherent limitations than financial information, given its inherent limitations, the more qualitative characteristics of the subject matter and the methods used to determine such information. We did not observe any significant or inherent limitations or areas of exclusion.

However, information about non-financial activities is subject to more inherent limitations than financial information because of the characteristics of the subject matter subject to such limited assurance and the requirements that arise from the identification, calculation, sampling and estimation of such information; and significant measurement differences may arise in the subject matter subject to such assurance because standards that would enable the selection of different but acceptable measurement techniques are not identified and disclosed, or explicit reference is not made to standards that can be taken as precedents. This will have a significant impact on "comparability".

The accuracy of different measurement techniques may also vary. In addition, the methods used to determine such information and the nature of the business and the measurement techniques used and their accuracy may change over time.

h) Assurance observations, findings and recommendations for improvement

Onsa adopted the Borsa Istanbul Responsible Precious Metals Supply Chain Program in December 2021. It has been observed that Onsa has harmonized all relevant policies and written procedures with the foreign exchange legislation and the regulations issued for the legislation and the said responsible supply chain program.

In addition, although the Precious Metals Responsible Supply Chain Company Policy includes Onsa Rafineri A.Ş.'s commitments on prevention of laundering proceeds of crime and financing of terrorism, fight against

bribery and corruption, human rights, etc., Onsa Rafineri A.Ş. also has a Company Policy on Prevention of Laundering Proceeds of Crime and Financing of Terrorism, Company Policy on Anti-Bribery and Anti-Corruption, Whistleblowing and Whistleblowing Policy.

Onsa has a Sustainability Policy and the content of the policy consists of energy management, quality, environment, occupational health and safety, and social responsibility factors.

Customer / supplier profiles are created with the customer relationship management program (CRM). This program contains information on the type of customer (bank, manufacturer jeweler, retail jeweler, merchant, mines, etc.), visit reports, services provided, etc. It was observed that the Company's archive system stores due diligence documents.

After the necessary information and documents were received and the supplier/customer profiling process was completed, it was determined that country reports were prepared within the scope of the supplier/customer's jurisdiction, origin of the goods, etc. by scanning the sanction decisions through "worldcheck". In the risk assessment, it was observed that attention was paid to the suitability of the customer/supplier profile in the risk assessment based on the capacity, origin, type, form and purity of the precious metal within the scope of the business relationship to be established with the supplier/customer.

It has been observed that the traceability system supports the control of the customer/supplier's transactions starting from the acceptance of goods and management through transaction-based monitoring, control, risk assessment. It has been determined that the system provides information such as the date of arrival, dispatch number, weight, type, origin, form, purity, etc. of the precious metals supplied on a lot basis, as well as the product information.

It has been observed that the internal control and supply chain compliance officer conducts a risk assessment process within the scope of due diligence for potential and existing suppliers/customers in Onsa's precious metal supply chain. As a result, it has been observed that if any of the "high risk criteria" specified in the Responsible Supply Chain Company Policy are identified, an "enhanced due diligence" is applied and the situation is reported to the Risk Committee. Accordingly, the Risk Reports prepared for the Risk Committee in 2023 were reviewed and provided

In line with the control activities to be carried out routinely at Onsa Rafineri A.Ş., it has been observed that the internal control and supply chain compliance officer prepares a monthly compliance report consisting of information on due diligence on new and existing suppliers/customers, control activities carried out, counterparty and transaction-based risk assessments, and related reports have been obtained.

i) Specific observations on obligors' Corrective Action Plan and implementation progress

None.

j) Assurance conclusion

In our opinion, the Responsible Precious Metals Supply Chain Compliance Report prepared by Onsa Rafineri for the period between 1 January – 31 December 2023 fairly describes, in all material respects, the activities undertaken during the period to demonstrate compliance within the scope of the five-step principles, as stated in the Independent Assurance Audit Conclusion and Opinion dated 15.03.2024, and as a general conclusion,



complies with the requirements of the Borsa Istanbul Precious Metals Responsible Supply Chain Compliance Program.

k) List of countries of origin for mined and recycled precious metals, including quantities (in Kg) from each source

List of Precious Metals Country of Origin

Silver

Country	Refined (gr)	Standart (gr)	Total
Turkey	7.105.721	260.000	7.365.721
Switzerland	--	26.000.000	26.000.000

Gold

Country	Refined (gr)	Standart (gr)	Non-Standard Gold Bullion (gr)	Total
TRNC	--	--	2.244	2.244
Turkey	4.666.834	11.159.779	--	15.826.613

l) The elements of the supply chain scope that the obliged parties actually cover and monitor in detail are specified in option "g".

m) Other relevant information

None.

Istanbul- Turkey, 20.03.2024

PKF Aday Bağımsız Denetim A.Ş.
(A Member of PKF International)



Abdulkadir SAYICI
Partner