



AHLATCI KUYUMCULUK SAN.VE TİC. A.Ş.  
GOLD SUPPLY CHAIN  
RISK MANAGEMENT PLAN

Prepared	Controlling	Approver	Approval date
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**GOLD SUPPLY CHAIN RISK MANAGEMENT PLAN**

**1. GENERAL:**

Ahlatci Kuyumculuk San.ve Tic.A.Ş. (Company) with all its units , *money laundering-money laundering laundering ), financing of terrorism ( terrorism ) financing ) and other related crimes* , to support all national and international efforts, to comply with all national and international laws and other legal regulations and legislation.

The Company develops and implements internal policies, programs and procedures to comply with the legal regulations on the prevention of money laundering, financing of terrorism and other related criminal activities, both in Turkey and in other countries where it does business and accepts refining goods. . In this framework, it conducts trainings and mutual understanding

agreements both for the company and its customers, examines its customers on-site when necessary and updates its risk analyzes accordingly.

## 2. DEFINITIONS:

In this plan;

**Ministry:** Ministry of Treasury and Finance,

**BIST, Stock Exchange:** Borsa Istanbul Joint Stock Company,

**Company:** Ahlatcı Kuyumculuk San. ve Tic.A.Ş.

**Holding:** Ahlatcı Holding Anonim Şirketi which has 100% share of the company,

**OECD:** Organization for Economic Development and Cooperation

**LBMA:** London Bullion Market Association,

**DMCC:** Dubai Miscellaneous Commodities Center

**Laws:** Law on Prevention of Laundering Proceeds of Crime No. 5549, dated 11 October 2006, and Law No. 6415 on Prevention of Financing of Terrorism, dated 07 February 2013,

**Regulation:** Regulation on the Program of Compliance with Obligations Regarding the Prevention of Laundering Proceeds of Crime and Financing of Terrorism , dated 21 May 2007 ,

**Directive:** **Borsa İstanbul Precious Metals and Precious Stones Market Operations**

**Directorate** Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries with the code 31.YÖN.04 and dated 05 March 2021 ,

**Standard:** **World Gold** Council Uncontested Gold Standard dated 01 November 2012 ,

**BIST Compliance Guide:** Borsa Istanbul Precious Metals Responsible Supply Chain Compliance Guide dated March 05, 2021,

**OECD Compliance Guide:** Borsa Istanbul Turkish Third Edition, 2018 , OECD Compliance Guidelines for Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas,

**LBMA Guidelines: 8th Edition** LBMA Responsible Gold Guidelines dated December 11, 2018 ,

**DMCC Guidelines:** 2020 Date and 2nd Edition DMCC Gold and Precious Metals Supply Chain Risk Based Due Diligence Rules,

**EBC Guidelines:** 2021 Date and 1<sup>st</sup> version of Emirates Bullion Market Committee Rules for Risk based Due Diligence in The Gold Supply Chain

**Policy:** Company Internal Control and Supply Chain Compliance Policy,

**Training Program:** The program created for the training activities that the company will carry out within itself and with its customers in order to comply with the relevant Laws, Regulations, Directives, Standards and BIST Compliance Guide, OECD Guide, LBMA Guide, DMCC Guide regulations,

**Compliance:** As an integral part of the company's commercial decision-making and risk management systems, it enables the company to identify, prevent, reduce and account for the actual and potential negative effects arising from its activities and supply systems . proactive and reactive process that ensures the execution of

**Compliance Officer:** The Directive; Internal Control and Supply Chain Compliance Officer who meets the conditions specified in Article 11, who is appointed as specified in Article 12, and who has the duties, authorities and responsibilities specified in Article 13,

**Compliance Committee:** The governing body defined in Article 3 of the Policy,

**Compliance Directive:** The document created by the company in line with the policy, regulating the working principles of the compliance unit,

**Recognition of the Party You Do Business Rule (İYTT):** It is the business process that identifies and validates the identity of business relationships and aims to identify facts in order to clearly understand the nature and history of the relationship.

**Customer Acceptance Policy:** The policy created by the Company within the framework of the İYTT rules specified in the Laws, Regulations, Directives and Guides,

**Supplier:** Person or organization involved in the supply chain for the supply of precious metals and items containing precious metals.

**Supply Chain:** It is the system that covers all activities, organizations, actors, technologies, information, resources and services involved in the process of transporting the precious metal from its source to the end consumers. Any reference to the supply chain, supplier or suppliers in this Guide includes customers, suppliers, agents, intermediaries and other relevant persons and organizations involved in the supply of precious metals to the obligatory member or refinery.

**Supply Chain Risk Management Plan:** The document that provides detailed information on the management of risks that may be encountered in the supply chain created by the company and defines the methods,

**Compliance Program:** The cycle that expresses the stages of Customer Acceptance, Know Your Customer, Due Diligence, Internal Control, Risk Management, Training Program, Reporting and Notifications, Assurance Audit,

**Status Evaluation:** Activities carried out for the purpose of recognizing the natural or legal persons or institutions that do business in accordance with the Customer Acceptance Policy,

**Assurance Engagement: Audits** to be performed at the Company by independent audit firms authorized by LBMA, DMCC and performed in accordance with Assurance Audit Standard 3000 Independent Audit of Historical Financial Information or Other Assurance Audits Except for the Limited Independent Audit, published by the Public Oversight, Accounting and Auditing Standards Authority ,

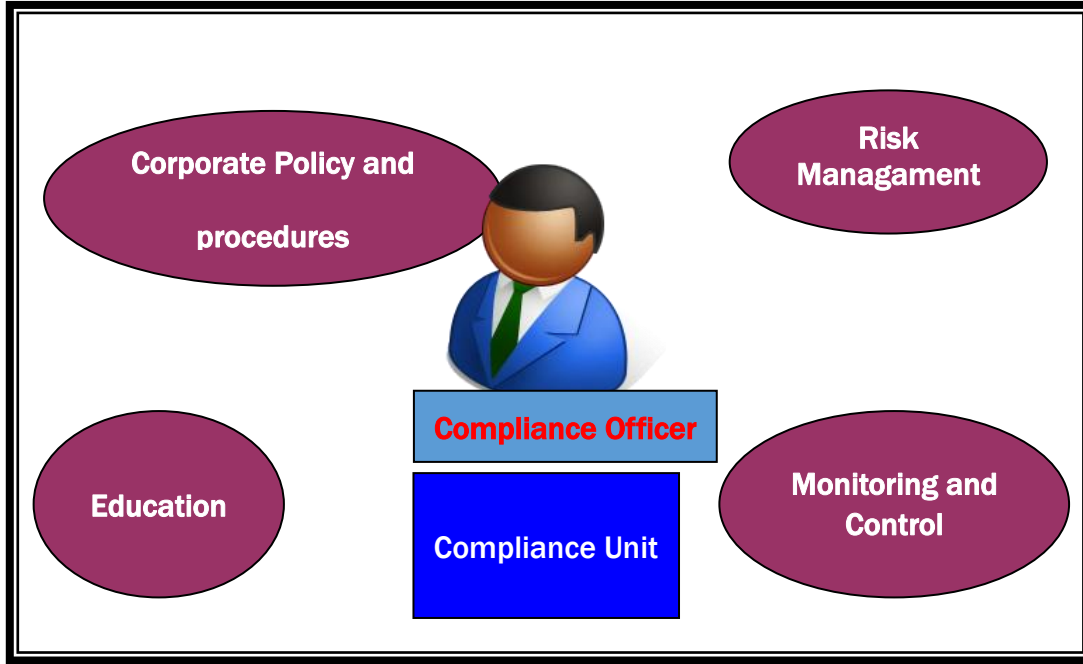
It expresses.

### 3. **MAIN PRINCIPLES:**

The company implements ethical business principles in accordance with the legal requirements of national and international certifications to which it is subject, and conducts all commercial relations with its customers to *prevent money laundering (anti-money laundering) . laundering ) and financing of terrorism ( terrorism )* ) makes an effective risk analysis and management effort in order not to become a company involved in money laundering or the financing of terrorism and other related crimes, and to eliminate the risk of damage to its commercial reputation, by carrying out measures and methods that will prevent it .

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The Company carries out internal and external audits through the Compliance Unit and the Compliance Committee in order to raise awareness of all its personnel in this direction and to refresh the information with the trainings provided and to monitor and control the practices.



accepts the principle that precious metals come from legitimate and ethical sources, do not constitute any criminal element, are not associated with armed conflict or human rights violations, in the activities in which it participates, cooperates and develops in the supply of precious metals for gold refining .

The principles of the Customer Acceptance Policy, which are put into practice in order to protect the company and its employees from being the target of national and international legal rules, money laundering and terrorist financing violations, are based on the following main parameters:

- source/country of origin of the metal,
- The risk of doing business with that customer,
- The risk of the product or the service provided,
- The value of business transactions and the duration of the relationship with the customer.

profile is updated at least once a year . Some customers may be in a continuous commercial relationship with a certain frequency. The risk profiles of repeat customers in this way are updated by us through internal audits to be carried out at different periods. These audits take the form of more extensive administrative procedures and regular company visits.

The company has adopted the principle of doing business only with legitimate and law-abiding customers. Situation Evaluation for Customers ( Due Diligence ) evaluates the risk by applying the process and decides whether to cooperate. In this context, it makes a risk rating about each supplier by conducting customer-based research, including the origin of the precious metal, whether it is in a terrorist zone, the risk level of the region where it is located, extracted or processed, the relations of the suppliers with the stock exchanges, if any, and whether their shipments are safe .

The company considers that the precious metals imported to Turkey by its customers are in no way associated with a government, political party, military institutions, criminal networks, illegal armed groups or private security forces. Both during the operation of the mine and during the transportation phase, including the shipping company and the owner of the mine , the precious metal should not be subjected to cruelty, torture, etc. in any way. It accepts the principle that it is not involved in activities within the scope of inhuman practices, misuse of child labor, war crimes, crimes against humanity and genocide.

Risk categories:

- Country/region risk,
- customer risk,
- It is defined as product/service risk.

Variables that will affect risk:

- customers and their transactions,
- The size of the transaction amount or the frequency of the transaction,
- Compliance legislation to which the customer is subject,
- The duration and normality of the relationship,
- Knowing the applications of the country/region where the transaction is made,
- It is classified as non-transparent, intermediary transactions.

Control of high risk:

- Increasing awareness of high-risk customers and transactions,
- Paying special attention (Customer recognition system –KYC procedures ),
- Obtaining the approval of the higher authority (Compliance Committee) for the transactions,
- It is done in the form of monitoring of processes .

#### **4. RISK MANAGEMENT:**

Company money laundering-money laundering laundering ), financing of terrorism ( terrorism ) financing ) and risk -based within the framework of the principles of combating other related crimes . "Customer recognition methods procedures – Know your Customer (KYC) procedures - Customer Due Diligence " aims to manage the supply chain process and risks effectively and accurately.

The Company Compliance Committee also acts as the Risk Management Committee. The composition and duties of the Compliance Committee are specified in the relevant directive.

Risk Management Plan workflow is in Annex-A.

a. Identification of Risks in the Gold Supply Chain:

Company OECD's Situation Assessment of Conflict-Affected and High-Risk Areas ( Due The Gold Supply Chain Responsibility Policy (Gold Supply ), which has been prepared to meet the requirements of institutions such as the London Bullion Market Association (LBMA) and Dubai Multi Commodity Center (DMCC), to which it is a member and certified, in line with the Diligence ) Guidelines. chain responsiveness Policy ) has adopted an effective in-house management system and risk control methods in this direction.

A Supply Chain Tracking System has been established in which the supply chain information of each refined lot is collected and stored, the information is recorded and stored, the information and practices related to the subject are refreshed with the personnel trainings provided, a Compliance Officer is determined for each unit and all the Situation Assessments are carried out for the customers. ( Due Diligence ) processes are based on initiating appropriate and effective methods.

Situation assessment ( Due Within the scope of Diligence ), the practice of obtaining documents and official documents from customers by means of the customer information form, and following the necessary examinations, the customer risk assessment and, as a result, the customer risk classification and deciding whether to start a commercial relationship has been developed.

Risk assessment in the supply chain begins with the identification of the source of the gold supply. Different risk assessments are made for different sources.

In order to be able to make an effective risk assessment, starting from the first point of departure from which the gold is procured, the company requires a detailed identity scan of the customer and documentation of its business and commercial relations. At this stage, the customer's money laundering laundering , fraud , or support of terrorism ( terrorism ) It investigates whether there are any illegal tendencies and efforts such as financing ), business and financial data are checked and details are reached, mining license for gold coming from both mines and small-scale enterprises, mining capacity, data on mining applications, documents determining the origin of the mine, gold import/ develops customer risk analysis with additional documents such as export licenses. It also conducts on-site visits and researches confirming the information by taking additional measures for its customers in the high risk category.

The company definitely asks the customers who contact by proxy to declare an officially approved, notarized power of attorney, and when any fraud or deception attempt is detected, it reports the situation to the relevant authorities.

In order to follow up the risks that may occur during the transportation of precious metals, their weights are checked by means of documents such as transportation and insurance documents, and the transportation phase of the goods is also followed.

Customers to start a commercial relationship; Cases such as refraining from submitting the necessary documents, supplying gold from countries or centers with suspicious status by OECD and other relevant institutions, not being able to document the source of the mine, trying to transfer large amounts of money , and not wanting to make their transactions registered and documented through the bank are considered in the category of suspicious transactions.

Each new customer in the supply chain is considered as high risk and followed up, and it is decided whether to continue the business relationship by making regular customer visits every year.

b. Customer's risk:

The company works only with customers who do business professionally, minimizing the risk of doing business with non-bona fide people.

Except for known private investors related to gold investment products (investment bars, nuggets, etc.), services are not provided to individuals who privately trade precious metals/metals.

Does not work with customers who employ child labor contrary to local laws.

information, documents, references, adjustment results, etc. given by accepting sample goods from the customer who decided to start a commercial relationship . activities and transactions are tracked on the basis of any inconsistency, and the Compliance Officer is contacted immediately in case of any inconsistency. By performing World - Check ( [www.world-check.com](http://www.world-check.com) ) application, the identity of the customer is verified, in addition to administrative procedures, on-site visits and inspections are made when necessary (*existence of mining, refining or production facilities, the capacity and market information provided by the customer, the accuracy of the customer's vehicle*). *on-site confirmation of information , including situations )* are investigated and confirmed whether the findings are correct. As a result of all these, it is decided whether the trade with that country or customer will continue. As a result of the on-site inspection, if the documents and information submitted to us and the matters determined in the on-site inspection match, this customer is placed in the status of a regular customer and it is decided to purchase goods on a regular basis. The records kept about this customer are made permanent.

c. Risk profile :

A risk profile is defined for each customer and updated regularly.

For this purpose, a reference number (customer ID) is given to each customer and transactions are initiated and a customer file containing the forms and documents required to be declared is kept. In the ERP system used, a current card is opened and introduced to the system with its ID number, and all commercial transactions of that customer and precious metals undergoing refining are monitored by lot and serial numbering system.

If there is an abnormal increase in the amount of the precious metal routinely purchased from such recurring customers, additional due diligence on the source of the precious metal and the plausibility of the customer disclosure. diligence ) is made and the decision is made.

All transactions between the company and its customers are monitored and followed by the Compliance Officer, and the functionality of the Customer Acceptance Policy is checked. The results of these observations are reported to the board of directors every 3 months. As a result of this reporting, the risk profile of each customer is re-evaluated and revised if necessary. With the



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independent external audits carried out every year, the Compliance Process of the company is audited and reported for the previous year.

d. Guarantee that it is not related to illegal activities:

Customers must ensure that they are not associated with illegal means such as money laundering and tax fraud. With all precious metals under their control, the source of the money must be verified. The client must also demonstrate compliance with local laws governing the use of child labor.

Even the slightest doubt in the above-mentioned matters requires that the relationship with that customer be terminated immediately or not started at all.

e. The risk of the service provided:

Each batch of goods received is strictly examined by the Company. All transactions are subject to goods purchase and compliance procedures . First-time clients must go through a full acceptance process. A separate compliance program is implemented for existing customers.

Customers who are decided to accept goods on a regular basis are subject to an on-site internal audit by the Company. In terms of administrative procedures in these on-site audits , clients are required to provide evidence of at least the following:

1. Detailed description of business and activity areas,
2. References from other companies in the industry to be questioned and confirmed by the Compliance Officer,
3. Detailed evidence of the origin of the goods,
4. Evidence and documentation of non-use of child labor.

f. Source of the Mine/Gold:

The list of countries exporting gold is prepared by the Compliance Unit and kept up to date. In this context, a country inquiry is also made at ( [www.countrywatch.com](http://www.countrywatch.com) ). As a result of the evaluation, gold from these countries/golds originating from that country are either not accepted directly or are accepted or rejected after being checked by the Compliance Officer . The country list is kept up-to-date and countries are classified as A, B and C categories, taking into account parameters such as current or potential embargoes, bribery, Financial Action Task Force (FATF) rankings, and political stability. Required due diligence diligence ) and a decision is made on whether to accept the precious metal from the high-risk countries in the C category. Trade with category B countries is subject to the approval of the Compliance Officer as a result of the control. Before starting the commercial relationship, the Compliance Officer 's approval for that country in category B is obtained and all transactions are kept under strict observation from the stage of the purchase of goods. Commercial transactions with category A countries are carried out within normal procedures .

The high amount and value of the transactions also means that the risk is high, and the follow-up and verification of the transactions in the process is of such high importance.



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According to the information obtained as a result of the country inquiry ( [www.countrywatch.com](http://www.countrywatch.com) ), the goods coming from that customer or country are accepted or rejected. The origin of the mineral must be verified in every transaction.

In doubtful cases, the Compliance Officer should be consulted.

Risk Categories	Describing	Situation Assessment to be Implemented
low risk A  Low risk (Low risk profile customer)	Gold that originates from clean and safe areas and whose shipping routes are safe. <i>Customers with good documents and records</i> <i>Risk-Free-Safe zones/countries</i>	Basic level. ( basic due diligence )
medium Risk B  Medium Risk (Medium risk profile customer)	Gold coming from conflict-affected and high-risk areas and whose shipping routes pass through risk areas Large amounts of undocumented, unregistered business transactions <i>Customers who make reasonable and good faith efforts</i> <i>Low risk-Partly safe zones/countries</i>	advanced ( enhanced due diligence )
High Risk C  High risk (High risk profile customer)	Gold coming from conflict-affected and high-risk areas and whose shipping routes pass through risk areas Large amounts of undocumented, unregistered business transactions <i>Customers who are suspected of making reasonable and good faith efforts</i> <i>High Risk-Unsafe areas/countries</i>	advanced ( enhanced due diligence )

Country/Customer and Product Based Risk Classification

Investment gold or special gold : The accuracy of the explanations and documents of the customers who want to provide one-time goods to the Company is well researched and confirmed. Small amount of investment goods such as ornaments, liras, bars are accepted directly from the purchasing counter if the customer's explanations about the origin of the goods are reasonable and are proportional to their first statements (savings, inheritance property, etc.).

Unrefined scrap gold: The source of the gold in the hands of the customers who want to give one-off goods to the Company is determined and evaluated during the interview with the customer. Statements about the source of gold (inheritance, savings, etc.) are also received from customers. If necessary, the setting and analysis results of the goods to be purchased are also checked and it is determined whether the goods are within the scope of jewellery according to the ratio of silver and copper in it.

If the evaluation results are consistent with the customer's notifications about the source of the gold, the customer's evaluation phase is terminated and the goods are accepted. If there is an inconsistency between the customer's statements about the source of gold, the relevant customer representative asks the Compliance Officer for help.

In case of doubt:

In case of doubt, the Compliance Officer requests additional documents and information for identification verification, and if there is no problem in the authentication as a result of the control, the procedures are continued.

If, as a result of the control, the suspicion remains and verification cannot be made, the transactions are stopped and the trade with that customer is terminated.

g. Actions and risk management in risk situations:

1. ( disengagement from the risk):

conducts Due Diligence within the supply chain process. Diligence ) result if money laundering laundering , fraud - fraud , human rights violations - human rights abuses , support- contribution to conflict zones to conflict or financing of terrorism - terrorism In the event that it detects illegal tendencies and efforts, it immediately ceases its refining and commercial relations with that customer or source.

2. risk by suspension of trade ( mitigation of the risk while suspending trade ):

Due Diligence within the supply chain process Diligence ) result if money laundering - money laundering , fraud - fraud , human rights violations - human rights abuses , support- contribution to conflict zones to conflict or financing of terrorism - terrorism If the possibility of illegal tendencies and efforts, such as financing , is detected, the refining relationship with that customer or resource is suspended until additional information and documents are obtained, refuting this initial information .

3. continuing to trade ( mitigation of the risk while continuing trade ):

Due Diligence within the supply chain process If the result of the Diligence ) is not fully satisfactory, if the evaluated customer or company is found to be making reasonable and good faith efforts, the refining process of gold from this source is continued, provided that it accepts significant improvement targets in its current strategies within a reasonable time frame.

In the whole process;

armed conflict,

the spread of violence,

violation of human rights,

money laundering,

financing of terrorism,

Anything to contribute is considered a high risk, high risk client or high risk transaction.

h. Internal Control Mechanisms :

The Non-Compliance Notification System has been established as a communication mechanism through which any non-compliance that is foreseen to be considered as a risk within the gold supply chain process will be conveyed to the senior management, and Compliance Access Points have been established for this purpose . Awareness is raised through planned personnel compliance trainings held throughout the year, and the information is refreshed. The implementation of the procurement process stages in the relevant units, the procedures and processes to be carried out, the disruptions and possible risks in the compliance system and supply chain are brought under control and negative developments are reported through the identified unit compliance officers .

The company has also established an internal audit system with its customers who have continuous commercial relations. It ensures the safety and reliability of the trade by checking the customers to whom it accepts goods at regular intervals with administrative practices and on-site field audits at different periods throughout the year.

5. METHOD OF APPLICATION:

The Risk Management Plan enters into force as soon as it is published. Possible changes Compliance Officer ( Compliance Officer ) together with the revision number. Unit leaders/managers are responsible for ensuring that the principles and implementation of this directive are well understood by all unit employees, establishing a functioning style that will fulfill the requirements of the instruction and procedure , and making in-unit practices related to the subject.

<b>Prepared</b>	<b>controlling</b>	<b>approver</b>	<b>Approval date</b>
Bekir HANÇERLİ Compliance Officer	Ahmet Emin AHLATCI Vice Chairman of the Board	Ahmet AHLATCI Chairman of the Board	15/MARCH/2023

ANNEX-A

GOLD SUPPLY CHAIN RISK ANALYSIS WORKFLOW

(GOLD SUPPLY CHAIN RISK ANALYSIS WORKFLOW)

1. DETERMINING THE SOURCE OF GOLD:

Risk analysis begins with identifying the source of gold. Different sources require different risk analysis.

Every aspect of identifying the source of gold depends on the reasonable and good faith efforts of that company, the degree of confidence in the information it provides, and the evaluation of research results (research reports of countries, governments, international organizations, NGOs , organizations such as UN).

- a. Gold from the mine: By-product gold (gold-containing goods) such as low-value industrial goods such as gold, dust, scrap goods obtained from copper mines are excluded from this analysis. Due diligence ( due to the gold) diligence ) should be done carefully.
- b. Recycled gold : The place where it is collected for recycling is the source place. For example, the first place where scrap gold is sold to the refinery/scrap collector. The points where the scraps are collected and dumped and the recycled gold taken from these places are taken from the situation assessment ( due to diligence ) should be passed.
- c. Investment gold (bars, liras , mint products, products kept in safes such as ingots): These products are generally in the category of products subject to control such as registered, certified/stamped, numbered. A rigorous due diligence of their suppliers to ensure that such products are free from money laundering and conflict zones. diligence ) should be done.

## 2. IDENTIFICATION OF HIGH RISK SITUATIONS (RED FLAG) IN THE SUPPLY CHAIN:

High-risk situations (high-risk-red flag-points during the source and transportation of gold), both from the mine, recycling or existing stock gold, as a result of the evaluation of the above issues regarding the source of gold and the information and documents in the customer information form:

- Gold transferred from conflict-affected, high-risk areas and originating from these areas.
- Gold declared to come from countries whose source is known to have limited gold reserves and stocks.
- Conflict-affected gold that has been transferred from high-risk areas or is of concern to originate from these areas.
- Gold, which is in recycling or scrap status and has been refined from conflict-affected and high-risk areas, or which is of concern to originate from these regions.

In cases where anti-money laundering and anti-bribery laws and customs controls are weak, informal banking transactions and generally cash transfers are widespread, special attention is paid to the risk assessment and the risk level is considered to be higher.

High risk-Red flag suppliers/customers:

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- Suppliers/customers dealing with gold transferred from conflict-affected and high-risk areas and originating from these regions,
- Suppliers/customers assessed to have sourced gold from a high-risk-red-flag region in the last 12 months are considered high-risk.

High-risk-Red flag situations:

- A high risk definition is not made if local gold exporters or international gold traders have reasonable and reasonable documentation and explanations that there are no high risk-red flag situations in their supply chain processes.
- If a high risk-red flag definition is made in the supply chain processes and they cannot exclude one or more of the above high risk-red flag situations, an on-site assessment/audit team is formed to determine the actual situation of the company/customer as stated below.

3. HIGH RISK- RED FLAG ACTUAL STATUS OF THE COMPANY/CUSTOMER IN THE SUPPLY CHAIN:

- a. due to high-risk-red-flag zones and any supplier/customer from a high-risk-red-flag zone To review the diligence processes in detail:
  - Examining the research reports of countries, governments, international organizations, NGOs , UN, etc. on the impact of metal/mine extraction and work on conflict, human rights and environmental violations in the possible source country ,
  - Consulting local and central governments, local non-governmental organizations, UN peacekeepers and local suppliers to find answers to specific questions and requests.
  - whether there are policies, procedures and management systems in place that are in line with the supply chain policy, such as detailed administrative reviews, on-site visits, sampling review of business records, review of anti-money laundering and terrorist financing preventive measures and practices .
- b. Mined gold: ( including small, medium and large enterprises )

Establishing an on-site assessment team (Compliance Officer and customer representative) to gather information on the actual status of those who have been identified as high risk-red flag in supply chain processes.

It is ensured that this team can reach import export documents, partnership records, tax documents and all other records that may be evidence by making physical examinations at the company's location, country and facilities, if necessary, in other countries where the goods are

passed. This team is given relevant information before going to the inspection, including location, transportation and threat information, shipping routes .

- c. Gold mined: (determining whether the gold coming from the mine is from medium or large enterprises, workshops or small enterprises)

Making real determinations about the gold extraction, processing and export of the enterprise/mine in order to determine the real situation in the supply chain of gold coming from medium or large mines:

- Identification of mines from which gold is mined
- Identification of places where gold is processed
- Processing and shipping methods of gold
- shipping routes including border crossing points
- Determination of production capacities
- Verification of customer recognition system information
  - ◆ Determination of owners and partners, if any, and other business relationships
  - ◆ Confirmation of the accuracy of all declared documents and certificates
  - ◆ Checking information such as UN lists, world-check research
  - ◆ Determining whether the company is affiliated with elements such as the government, armed groups, political parties, criminal networks or private security forces
- Mining, import, export licenses
- Official payments to the government, such as taxes, licenses, transportation, imports and exports
- Armed security force served in the mine and transport phase
- How these security personnel are trained
- Security risk assessment
- Mining sites, shipping routes and import/export points are under the control of armed groups

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- Evidence of various human rights violations such as the use of child labor, forced labor, torture
- Information on whether non-state armed groups and armed private security forces are supported.

Making real determinations about the gold extraction, processing and export of the enterprise/mine in order to determine the actual situation in the supply chain of the gold coming from the workshop or small scale mines:

- workshop or small-scale mine and identity information, affiliation with government, political party, armed groups, etc. , and geographical location
- Examination of the source, shipping and trade routes of the mine
- Examining whether the business complies with the definition of workshop or small-scale mine
- Gold processing and shipping methods
- Payments made to the government and official institutions such as taxes, licenses, etc.
- Verification of customer recognition system information
  - ◆ Determination of owners and partners, if any, and other business relationships
  - ◆ Confirmation of the accuracy of all declared documents and certificates
  - ◆ Checking information such as UN lists, world-check research
  - ◆ Determining whether the company is affiliated with elements such as the government, armed groups, political parties, criminal networks or private security forces
- Mining sites, shipping routes and import/export points are under the control of armed groups
- Evidence of various human rights violations such as the use of child labor, forced labor, torture
- Information on whether non-state armed groups and armed private security forces are supported.
- Any other situation in the supply chain of uncertain origin and reliability



- Disputes and conflicts with medium and large-scale mining enterprises, if any
- d. Recycled gold: (Scrap gold removed from conflict-affected or high-risk areas and whose source is tried to be concealed) Taking risk mitigation measures such as on-site inspections, control of additional administrative procedures :
  - Value of the transaction: Recycled/scrap gold in conflict-affected risk areas, even as small as 1 gram, should be subject to rigorous scrutiny and due diligence.
  - Trading location: Since gold is valuable even in very small quantities and can be easily transported, there is no completely risk-free trading location.
  - Type of commodity: Determining whether it is unprocessed recycled gold, gold-containing material or jewelry type material.
  - Unexpected situations: The reasonable/acceptable condition at the source of the goods declared as recycled gold should be taken into account. For example, if the condition of the goods at the source has been declared as 14k, an inquiry should be made within the scope of recycled jewellery.
  - Supplier/vendor: Different vendors offer goods in different risk situations. For example, scrap gold processed in places with a controlled operation in the production and processing stages are at a lower risk level than the goods of suppliers collecting goods from different sources. Procurement process Due diligence Significant discrepancies between diligence ) processes and customers' practices are other indications of high-risk levels.
- e. Recycled gold: Due diligence, detailed administrative procedures , on-site company audits, review of sample records, implementation of strict control measures and information gathering to investigate cases related to money laundering and terrorist financing.
  - Whether there are places of operation where scrap production is made
  - Whether there is prominence of the owner of the proprietary jewelry business or transfer status
  - Conducting on-site company visits to determine the level and status of the work done on scrap and recycled gold, checking the necessary documents and transactions

4. ASSESSMENT OF RISKS IN THE SUPPLY CHAIN : Evaluation of information gathered and learned in order to detect high risk-red flag situations of the company.

- Company's supply chain policy standards
- Situation assessment ( Due diligence ) standards
- Examination of local laws and regulations in the countries where the company resides, mined and transits
- contracting agreements that the company has made in terms of government and business relations
- Examining the OECD guideline in terms of the requirements of international legislation such as human rights violations, money laundering

RISK MANAGEMENT WORKFLOW CHART

