

Anti-Corruption Policy



**MINING
METALLURGY**

I. PURPOSE

The purpose of this policy is to set forth OYAK Mining Metallurgy's anti-corruption policy and practices. This policy is an inseparable part of OYAK Mining Metallurgy Code of Ethics and Business Conduct which constitutes the basis for all our business relationships and operations.

II. SCOPE

The Anti-Corruption Policy covers OYAK Mining Metallurgy Companies together with all third parties acting on behalf of OYAK Mining Metallurgy Companies, the board members and employees. It is essential for all individuals and organizations in this scope to act in compliance with the policy.

III. ANTI-CORRUPTION POLICY

Board members and employees of OYAK Mining Metallurgy Companies and all third parties acting on behalf of OYAK Mining Metallurgy Companies should avoid any act or behaviour that may bring OYAK Mining Metallurgy under suspicion of corruption. Regardless of being in public or private sector, accepting or giving any cash/ non-cash benefit that may be in the scope of corruption is forbidden.

A. Legal Environment

The Organization for Economic Co-operation and Development (OECD), of which Turkey is a member, ratified the 'Convention on Combating Bribery of Foreign Public Officials in International Business Transactions' and emphasized the importance of preventing any kind of corruption that may occur in business transactions. All member countries of the Organization for Economic Co-operation and Development have defined bribery to be offered / given to domestic or foreign public authorities as crime. Similar agreements emphasizing the sensitivity of this issue have also been put into practice in other international platforms like the United Nations and the Council of Europe. The Republic of Turkey has accepted to be a party to these agreements and has been implementing regulations introduced within mentioned agreements.

B. Definitions

i. What Is Corruption?

Corruption is defined as the misuse of entrusted power arising from occupational position for the purpose of deriving tangible or intangible benefit either directly or indirectly. An offence of corruption may end up not only with offenders being sentenced, but also with the authorities and companies that they represent facing legal or criminal sanctions for having violated their oversight responsibilities while the offence was being committed. Bribery is one of the examples of the most frequently committed types of corruption.

Bribery is the act of deriving illicit gain for performing or not performing a task contrary to the requirements of the duty; directly or indirectly receiving a payment or benefit to affect decisions and practices. Bribery can occur in different ways such as: making payments in form of cash or non-cash, making

donations, giving gifts exceeding a symbolic value, making offers to provide personal benefit, etc. Bribery is defined as a crime in the Turkish Criminal Law and the sanctions to be implemented in a case of bribery of employees of publicly traded joint stock companies are defined in the Turkish Criminal Law.

Conflict of interest; occurs when an individual or a corporation is in a position to exploit his or their own professional or official capacity in some way for personal or corporate benefit as explained in OYAK Mining Metallurgy Code of Ethics and Business Conduct. It is not necessary that an improper action is realized in order to talk about existence of conflict of interest. Therefore, each case of conflict of interest should not always be considered as corruption. However, individuals or organizations may become vulnerable to corruption cases by being subject to a conflict of interest. Parties of this policy documentation should take measures to manage the conflict of interest, if any, to avoid potential corruption risk.

ii. What Is a Facilitation Payment?

Facilitation payments are cash or non-cash benefits provided to public authorities in order to expedite or secure the results of rightful operations and transactions (getting legal permit and license, visa application etc.) which are processed in public institutions. It is unacceptable for any individual or organization who is in the scope of this policy to be a part of such payments under no circumstances. OYAK Mining Metallurgy Companies cannot be held responsible for any disruptions or delays in their business processes that may occur as a result of not making facilitation payments.

iii. Who Is a Public Authority?

A public authority is a permanently or temporarily assigned or elected person who participates in the process of conducting public activity. Members and candidates of political parties as well as people involved in civil society organizations are also considered in the scope of this definition.

C. Procurement and Sales Processes

Procurement Processes: Procurement transactions at OYAK Mining Metallurgy Companies are conducted within transparent business processes and with consideration of objective criteria.

It is essential to work with suppliers who provide added value by directly taking supply responsibility, issue their own invoices, and assume financial and legal responsibility during the procurement process of goods and services. In accordance with the decision of the Board of Directors, working with intermediary¹ firms or individuals is only possible in situations when the supplier sets this as a requirement and the procurement committee approves. In mandatory and exceptional circumstances, it is essential to get the main supplier involved while communicating or conducting meetings with intermediary firm or individual. During the procurement process a second person from the OYAK Mining Metallurgy must be involved in all meetings with suppliers conducted by the procurement department employees. Details of all other practices within the procurement process are defined in the Procurement Procedure.

¹ Company/individual who gives offers on behalf of one or more manufacturers or merchants, does not write invoice itself, does not take responsibility (access to goods, finance, inventory, quality assurance etc.) of supplying and is not bound by the confidentiality clause since it is not a part in the business agreement.

Sales and Marketing Processes: Product sales and marketing processes at OYAK Mining Metallurgy Companies are centrally performed.

OYAK Mining Metallurgy Companies works directly with its clients. Communications with the clients are held either directly with the client's corporate authorized person or through the intermediary firms or individuals who have official representation authority.

D. Third Parties Acting On Behalf of OYAK Mining Metallurgy

Compliance with legal regulations, OYAK Mining Metallurgy Code of Ethics and Business Conduct as well as the Anti-Corruption Policy is sought sensitively for third parties (suppliers, customers, business partners, subcontractors, agents etc.) acting on behalf of OYAK Mining Metallurgy Companies. In this respect, third parties who act on behalf of OYAK Mining Metallurgy Companies cannot receive or give any benefit for the purpose of influencing a business decision improperly in any circumstances.

Commitment of third parties working with OYAK Mining Metallurgy to comply with the relevant legal regulations, OYAK Mining Metallurgy Companies ethics rules and anti-corruption policies is included in the business contracts and their full compliance with the contract terms is monitored.

In cases where incompliance with the policy principles and legal regulations is detected, these issues are examined at the Ethics Committee and eventually implementation and enforcement of the policy is engaged in line with the decision made.

E. Mergers and Acquisitions

Prior to merging with or acquiring a company; risk of corruption, internal control environment and reputation of the candidate company is carefully examined by OYAK Mining Metallurgy. If necessary, these examinations are carried out by a consultancy firm with expertise in this area. Results of the examinations are evaluated by relevant decision-making bodies.

A mutual agreement is reached with the company for which the merger decision has been taken so that all activities and transactions in Turkey and abroad are carried out in line with the Anti-Corruption Policy and the international laws to which Republic of Turkey is a party.

F. Recruitment Process

During the recruitment process of key positions, beyond the current human resources procedures, the candidate's extensive resume and reference checks are carried out with the knowledge and approval of the candidate.

G. Donation and Sponsorships

OYAK Mining Metallurgy does not support illegal activities, projects which promote any kind of discrimination in the society, organizations with political/religious/ethnic content and events encouraging harmful habits.

All kinds of in-kind and in-cash donation requests, corporate

social responsibility proposals and requests for OYAK Mining Metallurgy are submitted to the Head of Corporate Affairs. Corporate Affairs Department submits these requests to the Chairman of the Board of Directors together with its opinion as to the mentioned requests` compliance with OYAK Mining Metallurgy principles and strategies and on the traceability of the request.

All corporate support and sponsorship requests from OYAK Mining Metallurgy Companies are also submitted to the Corporate Affairs function. After being objectively examined, favourably evaluated requests are submitted to the approval of the Chairman of the Board of Directors. In accordance with the company's principles; no sponsorship relation is adopted with any kind of entity except sectorial association/union/committee which would support the sales of products and improve relationships with customers.

All donation and sponsorships provided by OYAK Mining Metallurgy are recorded and reported to the public.

Details of donation and sponsorship practices are included in OYAK Mining Metallurgy Procedure of Corporate Affairs.

H. Accuracy of Records

OYAK Mining Metallurgy is responsible for completely, accurately, transparently and correctly recording and retaining any kind of account, invoice and document in accordance with the existing regulations. Distortion of any accounting or other business records of a transaction and documents with respect to that transaction cannot be done. Accuracy of records is secured by the internal control environment, risk assessments, control activities, reporting and monitoring practices of OYAK Mining Metallurgy.

OYAK Mining Metallurgy Companies' financial statements are regularly audited by internationally known external audit firms.

I. Trainings

Face to face trainings and e-learnings are developed with the support of Human Resources department and are regularly applied in order to increase OYAK Mining Metallurgy employees' awareness and competency with respect to ethics rules and anti-corruption issues. Risk levels in the processes are taken into consideration while designing and implementing the training program and function-specific training programs are created according to the needs.

J. Risk Assessments, Internal Controls and Audit

Effective internal controls are established within the business processes at OYAK Mining Metallurgy in order to prevent potential corruption risks. In this context;

- Compliance with corporate policies, procedures, guidelines and standards is achieved,
- Full compliance with the Limits of Authority Guidance, where transaction authorizations are defined, is sought within processes of procurement, sales, marketing, financial affairs, human resources and corporate affairs,

- User authorities in SAP ERP system, where accounting and procurement processes conducted, are managed by the GRC system and compliance with the segregation of duties principle is sought,
- Within the scope of enterprise risk management processes, corruption risks are also assessed and continuously monitored. Work within this context is periodically reported to Early Detection of Risk Committee which is composed of independent board members,
- Business objectives are set reasonably and then broken down to individual goals in order to prevent occurrence of a corruption environment,
- Effectiveness of risk management, internal control and governance processes in OYAK Mining Metallurgy Companies are evaluated through audits carried out by the internal audit function. Potential corruption risks within the related processes are also considered during these audits. At least once a year and upon request, the Audit Committee, which is composed of independent board members, is informed about internal control environment, review and investigation activities with respect to corruption risks.

K. Reporting of Violations

In order to develop and sustain the anti-corruption and ethics compliance system at OYAK Mining Metallurgy, communication channels (e-mail, mail and ethics hotline) exist where stakeholders can report potential misconduct or get information from. Access to these communication channels is limited to the Head of Internal Audit, who directly reports to the Chairman of the Board of Directors.

Any observed or suspected potential violation relating to OYAK Mining Metallurgy employees and third parties acting on behalf of OYAK Mining Metallurgy Companies, has to be promptly reported either anonymously or with informer's

identity disclosed through ethics communication channels. The identity of the informer is kept confidential and reported issues are examined in line with the rules of confidentiality.

You can use the communication channels listed below for all your questions and notifications.

E-mail : etik@erdemiretik.com

Phone : 0 850 211 3000

Mail : Istanbul headquarters address which can be found on our company's website, specifically indicating "To the Attention of the Ethics Committee"

L. Resolution of Violations

Ethics Committee is the responsible authority for assessing violations of OYAK Mining Metallurgy Anti-Corruption Policy and implementing disciplinary action when deemed necessary. Ethics Committee consists of the Chairman and the Managing Director, top managers of Group Human Resources and Group Legal Departments. Head of Internal Audit acts as the secretary of the Ethics Committee. Ethics Committee implements processes within the scope of ethical compliance system for the conduct of the Anti-Corruption Policy.

M. Enforcement and Review

This policy has been published upon the approval of Board of Directors and is reviewed once a year in line with current practices.



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