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1. EXECUTIVE SUMMARY

This report has been updated in line with the findings of the RMI audit with respect to scope, CAHRA methodology, red-flag practices, and country-based risk assessment results. The deficiencies identified during the audit have been addressed; the scope has been clearly defined, the sources and thresholds of the CAHRA methodology have been specified, the assessment results for all countries have been presented.

2. INTRODUCTION

Established in 1978, Esan currently operates as one of Türkiye's leading producers of industrial minerals and metallic ores. In addition to industrial raw materials such as feldspar, quartz, clay, and bentonite, the company produces lead, zinc, and copper concentrates at its Balya facility.

In order to ensure that its operations and supply chains comply with international human rights, environmental, and ethical standards, Esan has adopted the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the requirements of the Responsible Minerals Initiative (RMI).

Accordingly, the company integrates responsible sourcing principles into its operations and commits to avoiding any actions that may contribute to the financing of conflict. Esan applied for membership to the RMI in 2024 and has entered the RMI audit process in order to demonstrate compliance with the relevant requirements. This report has been prepared to present Esan's due diligence performance within its metallic minerals and industrial raw materials supply chains and constitutes the first step of the annual reporting of OECD-aligned processes.

2.1. Scope of the Report

This report covers all minerals produced, processed, or sourced by ESAN during the period between 1 January 2024 and 31 December 2024.

Facilities within the scope:

- Balya Lead/Zinc/Copper Concentrate Plant
- Muğla (Yeniköy Feldspar Beneficiation Plant) Feldspar & Quartz Processing Facilities

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Minerals within the scope:

- Lead, Zinc, and Copper concentrates
- Feldspar and Quartz

3. METHODOLOGY

This report is the first report prepared to describe the due diligence performance of Esan Balya and the Industrial Minerals supply chain with respect to conflict minerals and will continue to be published annually. The minerals extracted from Esan's operating regions of Balıkesir and Muğla are not located in Conflict-Affected and High-Risk Areas (CAHRAs). Esan complies with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas in order to establish a responsible supply chain from mine to final product. In addition, the following criteria are applied:

- Conflict Risk: Heidelberg Conflict Barometer Level 4 or 5, in accordance with the Supply Chain CAHRA Determination Procedure
- Governance Risk: Any World Bank Worldwide Governance Indicator (Control of Corruption, Rule of Law, Political Stability) below the 25th percentile
- Human Rights Risk: Systematic or widespread human rights violations reported by Amnesty International
- Sanctions Risk: Active country-level sanctions under EU or OFAC frameworks

In accordance with the OECD Due Diligence Guidance and Section 1502 of the Dodd-Frank Act, the Democratic Republic of the Congo (DRC) and its nine neighboring countries are automatically classified as CAHRAs regardless of other indicators.

Red-flag triggers:

- Unclear declaration of origin
- Armed group influence along the logistics route
- Informal payments to security forces
- Illegal tax/fee practices

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Each country has been screened against the above criteria, red-flag triggers have been assessed, and the results have been approved by the Risk Committee. All decision records are documented within the report.

Esan integrates the following steps into its management system to implement risk-based due diligence for mineral supply chains located in conflict-affected and high-risk areas.

Step 1. Establishment of strong company management systems

Esan has established an OECD-aligned management system by integrating responsible sourcing principles into its corporate policies and procedures.

Within this scope:

- The Responsible Sourcing Policy has been prepared and is being published to be shared with stakeholders following the website revision.
- Evaluation mechanisms have been established for suppliers, including compliance with OECD Annex II risks, transparency, origin verification, and human rights criteria.
- The implementation, review, and reporting of the due diligence process are managed by the Supply Chain Department and conducted under the supervision of the CEO.
- All due diligence records, supplier documentation, and CAHRA assessments are retained in the company archive system for up to five years.

To increase awareness of responsible sourcing processes, an e-learning program has been prepared for employees and critical suppliers and is planned to be implemented during 2026.

Step 2. Identification and assessment of risks in the supply chain

All of Esan's metallic minerals are sourced from its Balya facility, while industrial raw materials are sourced from its own sites in the Muğla Yeniköy region. Therefore, Esan's primary raw material sources are not located within CAHRA regions.

For externally sourced products (e.g., feldspar – Türkiye/Spain):

- Origin verification

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- Country risk assessment
- Application of red-flag checklists
- CAHRA assessment
- Systematic risk screening based on supplier declarations and documentation

Identified risks are updated annually in integration with Corporate Risk Management processes.

Step 3. Design and implementation of a strategy to respond to identified risks

The raw materials used within the process flow consist of ores extracted from Esan's own mines. Accordingly, risk assessments include both underground and surface mining sites.

In risk assessments, natural disasters, logistics processes, inventory management, and similar operational risks are prioritized. Hoshin Kanri and TPM practices are implemented to manage these processes and reduce associated risks.

In line with OECD Annex II risk categories, Esan:

- Requests improvement plans and conducts monitoring in low-risk situations,
- Requests additional verification in medium-risk situations,
- Immediately terminates business relationships in cases of serious violations (forced labor, child labor, support to armed groups, etc.).

As Esan's mineral supply chain is based on its own sites, there are no suppliers located in CAHRA regions.

Step 4. Independent third-party audits of smelter/refiner practices

Following correspondence with the RMI, Esan has entered the external audit process and is being audited by the RMI during the first half of 2025.

In addition, Esan obtained ISO 9001, ISO 45001, ISO 14001, and ISO 50001 management system certifications through audits conducted by TSE in 2025.

Within the scope of the restructuring of the Integrated Management System, the strengthening of supply chain management and internal processes is planned to be completed by the end of 2026.

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Step 5. Annual reporting on supply chain due diligence activities

This report is Esan's first annual report prepared within the scope of conflict minerals due diligence.

Each year:

- CAHRA assessments
- Supplier risk classifications
- Red-flag screenings
- Findings and corrective actions will be updated and disclosed to the public and stakeholders.

Since metallic minerals sourced from Esan's own production sites are located outside CAHRA regions, no non-compliance related to conflict minerals was identified during the 2024–2025 period.

4. COUNTRY-BASED ASSESSMENT

Country	Assessment	Sources	Red-Flag Result
Türkiye	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None
Spain	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None
China	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None
India	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None

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Japan	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None
Italy	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None
Czech Republic	Low Risk	Heidelberg Conflict Barometer, Worldwide Governance Indicators (WGI), Amnesty International, OFAC/European Union	None

5. SUPPLIER & MINERAL-BASED FINDINGS

5.1. Supplier-Based Assessment

Assessment Year	2025	Assessment Performed By (Dept / Role)	Procurement Assistant						
			Supplier	Country	Conflict Level	Governance Percentile	Human Rights	Sanctions	CAHRA? (Yes/No)
			Guzman Minerals	Spain	2 /Low	69,28/Low	Medium	Not sanctioned	No
			Gguizhou Redstar Developing Imp.	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
			Xinyu South Wollastonite Co. L	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
			Hebei Chida Manuf. and Trade	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
			Ishigaki Company Ltd	Japan	1 /Low	81,28/Low	Low	Not sanctioned	No

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Kamenas Inc.	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
Industrie Bitossi	Italy	0 /Low	67,5/Low	Medium	Not sanctioned	No
Tieling Flotation Reagents	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
Hunan Fu iang Special Ceramic	China	3 /Medium	51,72 /Medium	High	Not sanctioned	No
Incusa	Spain	2 /Low	69,28/Low	Medium	Not sanctioned	No
Draslovka	Czech Republic	0 /Low	75,6/Low	Medium	Not sanctioned	No
	<u>Source / Reference</u>	<u>Heidelberg Conflict Barometer</u>	<u>Worldwide Governance Indicators (WGI)</u>	<u>Amnesty International</u>	<u>OFAC/European Union</u>	

6. GOVERNANCE AND REVIEW

CAHRA assessments are reviewed annually by the Supply Chain and Corporate Risk Departments and approved by senior management. All decisions, sources, and evaluations are documented in the CAHRA Assessment Excel file and archived for audit purposes.

7. ANNEXES

- Annex A: Red-Flag Checklist Samples

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EK A: Red-Flag Checklist Samples

Red Flag Review Form		
Supplier Name:	Guzman Minerals	
Material/Product:	Commerical Product - Zirkon	
Reviewer:	Purchasing Assistant	
Date:	22.12.2025	
Red Flag Criteria	Description / Evidence	Risk Level (Low/Medium/High)
Geographical Risk (CAHRAs)	Heidelberg Conflict Barometer, Worldwide Governance Indicators	Low
Supplier Risk (sanctions list, history of issues)	OFAC-EU	Low
Documentation Risk (inconsistent COO, Invoice, B/L)	Bill of Lading Forms , Invoices	Low
Trade Flow Risk (unusual routes, unrelated transit hubs)	Plausibility Assessment Form	Low
Capacity Risk (declared vs. production data mismatch)	Production Capacity Consistency Check Procedure, Plausibility Assessment Form	Low
Annex II Risk (human rights, forced labor, armed groups, etc.)	Amnesty Internaitonal	Low
Overall Assessment:	The review did not identify a substantiated red flag. The assessed risk is considered low.	
Corrective Action Required? (Yes if any High/Medium)	No corrective action is required	

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