

ICBC TURKEY BANK A.Ş.
FOR THE PERIOD 1 JANUARY 2022 - 31 DECEMBER 2022
RESPONSIBLE SUPPLY CHAIN
INDEPENDENT ASSURANCE REPORT
16.06.2023

To the Board of Directors of ICBC Turkey Bank A.Ş.,

We have undertaken the reasonable assurance audit of the Supply Chain Compliance Report (Compliance Report) of ICBC Turkey Bank A.Ş. (the Bank) management for the period 1 January 2022 - 31 December 2022.

Basis Audit Subject Matter

This report is prepared by the Bank management in accordance with the "Borsa İstanbul A.Ş. Responsible Supply Chain Compliance Directive", "Borsa İstanbul A.Ş. Precious Metals Responsible Supply Chain Compliance Guide", "Borsa İstanbul A.Ş. Responsible Supply Chain Assurance Audit Directive" and "Directive on Internal Control System and Compliance Principles of Borsa İstanbul A.Ş. Precious Metals Intermediary Institutions and Refineries" (collectively referred to as "Directive") approved by Borsa İstanbul A.Ş. ("BIST") on 5 March 2021. Directive on the Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries" (collectively referred to as the "Directive") (hereinafter referred to as the "Directive") is related to the reasonable assurance to be given by us regarding the Compliance Report prepared for the period 1 January 2022 - 31 December 2022 in order to fulfil the obligation to prepare the Compliance Report that must be prepared by banks.

Structural Restrictions

This report is based on the evidence obtained as part of our reasonable assurance audit of the Compliance Report for the period 1 January 2022 - 31 December 2022, within the scope described in the Auditor's Responsibilities section. Projecting an assessment of the operating effectiveness of the controls set out in the Compliance Report to future periods may result in a risk that those controls will be inadequate or fail. However, such controls may not prevent or detect all errors or omissions in operating or reporting transactions. There is a possibility that controls may become inadequate or compliance with policies and procedures may decline due to changing conditions.

Special Purpose

This report has been prepared in accordance with the provisions of the Directive referred to above. Therefore, this report may not be suitable for other purposes.

Declaration of Independence, Quality Control and Competence

We comply with the independence and other ethical provisions of the Code of Ethics for Independent Auditors (Internal Code of Ethics) published by the Public Oversight Accounting and Auditing Standards Authority (POA), which is based on the fundamental principles of honesty, objectivity, professional competence and care, confidentiality and professional behaviour.

We apply the provisions of Quality Control Standard 1 and accordingly maintain a comprehensive quality control system, including written policies and procedures for compliance with ethical provisions, professional standards and applicable legislation.

Our independent assurance report was conducted by a team specialised in responsible gold policies and gold supply chain system reporting.

Responsibilities of the Bank's Management and Senior Management

The Bank management is responsible for the preparation of the Compliance Report in accordance with the Directive and for applying the "Five Step Approach" set out in the Directive.

In addition, the Bank management is responsible for ensuring that the documents submitted to the auditor in relation to the Compliance Report are complete and accurate. Management is also responsible for maintaining internal control that reasonably assures that such documentation is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of the Bank's Compliance Report.

The Compliance Report prepared by the Bank is attached as an annex to this report (Annex 1).

Auditor's Responsibilities

Responsible supply chain assurance audit studies; The Independent Assurance Report (Report) was prepared in accordance with the provisions of the Assurance Audit Standard 3000 Other Assurance Audits Other Than Independent Audit or Limited Independent Audit of Historical Financial Information published by the Public Oversight, Accounting and Auditing Standards Authority and the provisions of the Responsible Supply Chain Legislation of Borsa Istanbul (Precious Metals Responsible Supply Chain Compliance Guide, Responsible Supply Chain Compliance Directive, Responsible Supply Chain Assurance Audit Directive, Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries).

This report has been prepared to provide reasonable assurance to the parties, which may include Borsa Istanbul, the Ministry of Treasury and Finance, the Ministry of Commerce and other public institutions/organisations, that the precious metals procured by the Bank within the framework of the Precious Metals Supply Chain Policy are in compliance with the Bank's policies and the requirements of Borsa Istanbul Responsible Supply Chain Legislation, and that the documents submitted by the Bank regarding the trade of precious metals and forming the basis for the findings, determinations and comments included in the independent assurance report and its annexes, and all notifications made to Borsa Istanbul within the scope of the Responsible Supply Chain Legislation (Borsa Istanbul Responsible Supply Chain Statistical Information Form, Training Statistics, etc.) are complete and accurate. The audit report is prepared to provide reasonable assurance to the parties, which may include Borsa Istanbul, the Ministry of Treasury and Finance, the Ministry of Trade and other public institutions/organisations, regarding the completeness and accuracy of the audit result.

An assurance engagement for reporting on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the design and operating effectiveness

of controls in accordance with the disclosures in the Directive. The procedures selected depend on the auditor's judgement, including the assessment of the risks that the underlying audit matter is not fairly presented and that the controls are not appropriately designed or operating effectively. Our procedures also include testing the operating effectiveness of such controls as we consider necessary to provide reasonable assurance that the objectives set out in the Underlying Audit Matter section are met. This type of assurance engagement also includes assessing the appropriateness of the overall presentation of the underlying audit matter for those objectives.

Audit Methodology

In line with the Responsible Supply Chain Assurance Audit Directive put into effect by Borsa Istanbul, Internal Audit work has been defined within the framework of the materiality principle. Accordingly, our audit work was carried out using Deloitte Internal Audit Methodology.

During our audit work, in accordance with the Responsible Supply Chain Assurance Audit Directive put into effect by Borsa Istanbul and internationally accepted auditing standards, in addition to interviews with process owners, at least one of the following methods and analysis techniques and, where deemed necessary, more than one of them were used.

- a) Audit: Examination of records or documents obtained from inside or outside the Bank, in printed or electronic media or in another storage medium, or physical examination of assets
- b) Observation: Examination of controls that require observation-based determination during the implementation phase due to their characteristics
- c) Questioning: Where deemed necessary, verification of the opinions and documents received by third parties
- d) Reapplication: The independent application by the auditor of procedures or controls that have been implemented as part of the Bank's internal control
- e) Recalculation: Recalculating or re-performing existing controls and comparing the results
- f) Analytical Procedure: Evaluation of data on the basis of rational relationships within and between them

Audit activities were performed in accordance with the test plans. The control activities of each control target were determined and the effectiveness of the controls was assessed using the test techniques mentioned above. The samples selected during the tests were determined according to the table below, depending on the frequency of application of the controls. The number of samples in this table indicates the minimum number of samples that should be examined in accordance with the audit approach.

| Control Type | Control Frequency | Low Significance Sample | | High Significance Sample | |
|--------------|---------------------------|-------------------------|------|--------------------------|------|
| | | High Controls | Risk | High Controls | Risk |
| Manual | More than once a day | 15 | 10 | 35 | 25 |
| Manual | Daily | 10 | 7 | 20 | 15 |
| Manual | Weekly | 5 | 5 | 8 | 5 |
| Manual | Monthly | 2 | 2 | 3 | 2 |
| Manual | Once in every four months | 2 | 2 | 2 | 2 |
| Manual | Annual | 1 | 1 | 1 | 1 |
| Systemic | | 1 | | | |

Table 01: Sample Table

Audit Activities

The following procedures were performed in relation to the scope of the audit described in the Basis for Audit Matter section of this report:

- ICBC Turkey Bank A.Ş. management was asked questions related to the Bank's compliance system regarding the Bank's existing gold supply chain processes, risk management procedures and the content of the responsible gold supply chain compliance report and answers were obtained.
- Interviews were conducted with Bank employees responsible for the preparation of the report.
- Meetings were held with the Bank's Compliance Officer to assess the risks that the Bank can foresee and necessary information was provided
- The acquisition files of the customers/suppliers who were active in the relevant period and the transactions carried out during the period were checked by sampling method.
- The compliance officer was asked questions about the customers/suppliers selected as a sample about the know-your-customer/supplier system and the transactions carried out.
- Information was obtained about the functioning of the Bank's gold supply chain processes and necessary controls were made regarding the relevant processes.
- The Bank's training policy on compliance issues was questioned and it was checked whether reporting was made to the relevant channels (Ministry of Treasury and BIST) on time.

In order to establish a strong control and management system by ICBC Turkey Bank A.Ş. in accordance with the legislative regulations regarding the Borsa Istanbul precious metals responsible supply chain compliance programme;

- Customer acceptance, identification and recognition process
- Risk management process
- Prevention of conflicts of interest
- Respect and dependence on human rights
- Regulations of the Financial Crimes Investigation Board (MASAK)
- FATF recommendations and OECD regulations
- Legal reporting activities

The " ICBC Turkey Bank A.Ş. Precious Metals Procurement Process Policy" was put into effect with the approval of the Board of Directors.

In this context, risk-based due diligence studies were conducted for the third party with which the Bank will enter into a business relationship, and all supply chain processes of the 5-step approach were operated, controls and transactions were monitored, know your customer/supplier principles were applied, and ultimately a strong Bank management system was established in line with ICBC Turkey Bank A.Ş. Precious Metals Procurement Process Policy. The steps of the 5-step approach are given below.

- Establishment of Strong Company Management Systems
- Identification and Assessment of Risks in the Supply Chain
- Design and Implementation of Response Strategy to Identified Risks
- Auditing by Independent Third Parties of the Practices of Determining the Level of Compliance of the Current Status of the Supply Chain of the Obligors (Independent Assurance Report)
- Annual Reporting of the Studies on Determining the Compliance Level of the Current Status of the Supply Chain

Current and Prior Period Findings

In the Bank's Responsible Supply Chain Assurance audit; in the examinations made in the check points on audited processes and according to the zero tolerance policy, with regards to the current term audit, no control deficiency, significant lack of control or control weakness has been identified. There is no past period finding regarding the Bank.

Summary Findings Table

A summary of the findings identified in the current and previous periods is given in the table below.

| Audit Area | Significance Level of the Finding | Current Period | | Prior Period | | |
|--|-----------------------------------|-----------------------------------|---|------------------------------|--|----------------------------|
| | | Total Number of Detected Findings | Number of Findings Corrected During Audit | Number of Corrected Findings | Number of Partially Corrected Findings | Number of Ongoing Findings |
| Establishment of Strong Company Management Systems | ÖK | - | - | - | - | - |
| | KD | - | - | - | - | - |
| | KZ | - | - | - | - | - |
| Identification and Assessment of Risks in the Supply Chain | ÖK | - | - | - | - | - |
| | KD | - | - | - | - | - |
| | KZ | - | - | - | - | - |
| Design and Implementation of Response Strategy to Identified Risks | ÖK | - | - | - | - | - |
| | KD | - | - | - | - | - |
| | KZ | - | - | - | - | - |
| Auditing of the Current Status of the Supply Chain of the Obligors by Independent Third Parties to Determine the Level of Compliance | ÖK | - | - | - | - | - |
| | KD | - | - | - | - | - |
| | KZ | - | - | - | - | - |
| Annual Reporting of the Studies on Determining the Compliance Level of the Current Status of the Supply Chain | ÖK | - | - | - | - | - |
| | KD | - | - | - | - | - |
| | KZ | - | - | - | - | - |
| Total | | 0 | 0 | 0 | 0 | 0 |

Table 02: Summary Findings Table



Positive Result

Based on the work we have done and the evidence obtained, in our view, in all its important aspects,

- (a) The Compliance Report prepared by ICBC Turkey Bank A.Ş. for the period 1 January 2022 - 31 December 2022 is presented in a fair and accurate manner in accordance with the provisions of the Directive,
- (b) Controls designed by ICBC Turkey Bank A.Ş. for the purposes set out in the Directive during the period from 1 January 2022 to 31 December 2022.
- (c) The controls tested by us operated effectively during the period from 1 January 2022 to 31 December 2022.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Mehmet Erol
Responsible Joint Lead Auditor
İstanbul, 16/06/2023



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