

ICBC TURKEY BANK A.Ş.

RESPONSIBLE SUPPLY CHAIN

INDEPENDENT ASSURANCE REPORT FOR

THE PERIOD BETWEEN THE DATES OF

1 JULY-31 DECEMBER 2021

27.06.2022



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

We have undertaken the reasonable assurance audit regarding the Supply Chain Compliance Report (the “Compliance Report”) prepared by the management of ICBC Turkey Bank A.Ş. (the “Bank”) regarding the period between the dates of 1 July-31 December 2021.

Basis Audit Subject Matter

This report relates to the reasonable assurance that shall be given by us regarding the Compliance Report prepared by the Bank’s management regarding the period between the dates of 1 July-31 December 2021 for the purpose of fulfilling the obligation regarding preparation of the Compliance Report, required to be prepared by banks within the scope of the “Borsa İstanbul A.Ş. Responsible Supply Chain Compliance Directive”, “Borsa İstanbul A.Ş. Precious Metals Responsible Supply Chain Compliance Guidelines”, “Borsa İstanbul A.Ş. Responsible Supply Chain Assurance Audit Directive” and Borsa İstanbul A.Ş. Directive on Internal Control System of Precious Metals Intermediary Institutions and Refineries, and on Compliance Principles” (jointly referred as the “Directive”), approved by Borsa İstanbul A.Ş. (“BİST”) on the date of 5 March 2021.

Structural Restrictions

This report is based on the evidences obtained within the scope of the reasonable assurance study, conducted in relation to the Compliance Report regarding the period between 1 July-31 December 2021 within the framework of the scope defined in the section entitled *Responsibilities of the Auditor*. Projection, to future periods, of an evaluation regarding operation efficiency of the controls defined in the Compliance Report, may cause the risk of controls to be inadequate or unsuccessful. However, related controls may not prevent or identify all errors or deficiencies which shall occur in operating or reporting processes. There is possibility that, due to changing conditions, controls may become inadequate or compliance with the policies and procedures may decrease.

Special Purpose

This report is prepared within the framework of the provisions of the Directives, referred to above. Therefore, this report may not be convenient for other purposes.

Independence, Quality Control and Competence Statement

We comply with the provisions on independence and other ethical values defined in the Code of Conduct for Independent Auditors (Including Independence Standards) (Code of Conduct), based on the fundamental principles which consist of integrity, impartiality, professional competence and care, secrecy and professional conduct, published by the Public Oversight, Accounting and Audit Standards Authority (“KGK”).

We comply with the Quality Control Standard 1 and in this conduct, we maintain a comprehensive quality control system comprised of written policies and procedures on compliance with ethical provisions, professional standards and applicable provisions of the legislation.

The process for our independent assurance report has been conducted by a team specialised in reporting on responsible gold policies and gold supply chain system.



Responsibilities of the Bank's Management and the Persons Responsible for Senior Management

The Bank's management shall be responsible for preparation of the Compliance Report, in compliance with the Directive, and for implementation of the "Five Steps Approach defined in the Directive.

Additionally, the Bank's management is responsible for ensuring that the documents presented to the auditor in relation to the Compliance Report, are complete and correct. The Bank's management shall also be responsible for maintaining an internal control system that shall assure that said documents do not contain any significant error arising from mistake or deception.

Persons who are responsible for senior management, shall be responsible for oversight of the process regarding preparation of the Bank's Compliance Report.

Compliance report, composed by the Bank, is shared in the annex of this report. **(ANNEX-1)**

Responsibilities of the Auditor

Responsible supply chain assurance audit studies have been made within the framework of the provisions of the Assurance Audit Standard 3000 Assurance Audits Other Than Independent Audit or Limited Independent Audit of Historical Financial Information, published by the Public Oversight, Accounting and Audit Standards Authority, and the Responsible Supply Chain Legislation of our Stock Exchange (Precious Metals Responsible Supply Chain Compliance Guidelines, Responsible Supply Chain Compliance Directive, Responsible Supply Chain Assurance Audit Directive, Directive on Internal Control System of Precious Metals Intermediary Institutions and Refineries, and on Compliance Principles), and the Independent Assurance Report (the Report) has been prepared accordingly.

This report is prepared for the purpose of providing reasonable assurance concerning the audit result for the parties which may include Borsa İstanbul, the Ministry of Treasury and Finance, the Ministry of Trade and other public authorities/organisations, regarding compliance of the precious metals procured by the Bank within the framework of the Precious Metals Supply Chain Policy and the requirements defined in the Responsible Supply Chain Legislation of our Stock Exchange; completeness and correctness of the documents presented by the Bank regarding trade of precious metals, and which constitute basis for findings, determinations and comments set forth in the independent assurance report, and all declarations made to our Stock Exchange within the scope of the Responsible Supply Chain Legislation (Borsa İstanbul Responsible Supply Chain Statistical Information Form, Training Statistics etc.).

An assurance audit intended for making reporting on design and operation efficiency of the controls, includes application of procedures intended to obtain evidence regarding design and operation efficient of the explanations and controls defined in the Directive. Selected procedures are based on the auditor's professional judgement, including evaluation of the risks of failure to present the basis audit subject accurately and failure to design the controls appropriately or to implement them efficiently. Our procedures include also testing operation efficiency of said controls which we deem necessary to provide reasonable assurance that the objectives defined in the section entitled *Basis Audit Subject Matter*, are achieved. Such type of assurance audit; includes also evaluation of compliance of general presentation of the basis audit subject matter, with specified purposes.



Audit Methodology

Internal Audit study is defined within the framework of the Independent assurance studies, in line with the Responsible Supply Chain Assurance Audit Directive, put into effect by Borsa İstanbul, within the framework of the significance principle. In this context, our audit studies have been performed by employing Deloitte Internal Audit Methodology.

During our audit studies, in accordance with the Responsible Supply Chain Assurance Audit Directive, put into effect by Borsa İstanbul, and internally accepted audit standards, in addition to the interviews made with the parties in charge of related processes, at least one of, and in cases deemed necessary, more than one of the methods and analysis techniques defined below, have been used.

- a) Examination: Examination of records or documents in printed form or kept in electronic environment or in any other storage environment, obtained from internal sources in the Bank or from external sources, or physical examination of assets
- b) Observation: Examination of controls which require making detection based on observation in the implementation phase, as per the features thereof
- c) Investigation: At the points deemed necessary, verification, by third party sources, of obtained opinions and documents
- d) Re-implementation: Conducting, independently by an auditor, the procedures or controls applied as part of the Bank's internal control
- e) Re-calculation: Re-calculating or re-implementing current controls and comparing the results thereof
- f) Analytical Procedure: Evaluating the data based on rational connections internally or between them

Audit studies have been performed according to the test plans. Control activities of each control target, have been set and by using the test techniques defined above, efficiency of the controls has been evaluated.

Samples selected during the tests, are specified in following table, according to implementation frequency of the controls. Numbers of samples in this table, show the minimum numbers of samples required to be examined, in line with the audit approach.

Control Type	Control Frequency	Low Significance Sample Numbers		High Significance Sample Numbers	
		High Risk Controls	Low Risk Controls	High Risk Controls	Low Risk Controls
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			



Audit Activities

With regards to the scope of audit, defined in the section entitled “*Basis Audit Subject Matter*” of this report, we have conducted, mainly, the following procedures:

- Questions have been asked to the management of ICBC Turkey Bank A.Ş. regarding current gold supply chain processes, risk management procedures and content of responsible gold supply chain compliance report, and answers have been taken.
- Interviews have been made with the personnel, responsible for preparation of the report.
- In order to assess the risks which can be projected by the Bank, meetings have been made with the Bank’s compliance officer and necessary information has been obtained.
- Questions have been asked to the Internal Control and Compliance Officer, relating to the know your customer system and executed transactions, regarding the customers selected by way of sampling.
- Information has been obtained regarding the Bank’s gold supply chain processes, and necessary controls have been conducted regarding related processes.
- The Bank’s training policy on compliance issues, has been questioned, and it has been controlled whether reporting has been made, on time, to related authorities (the Ministry of Treasury and BIST).

By ICBC Turkey Bank A.Ş., for the purpose of establishing a robust control and management systems in compliance with the regulations in the legislation regarding Borsa İstanbul precious metals responsible supply chain compliance program, with regards to;

- Customer acceptance, identification and recognition process
- Risk management process
- Human rights regulations
- Regulations of the Financial Crimes Investigation Board (MASAK)
- FATF recommendations and OECD regulations
- Legal reporting activities,

the “Supply Chain Compliance Policy” has been put into force, based on approval of the Board of Directors.

Current Term 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. Responsible Supply Chain Assurance Audit, is made for the first time in the current period, therefore, there is no past period finding regarding the Bank.



Adverse Result

Based on the study we have made and the evidences obtained, according to our opinion, with regards to all significant aspects thereof,

(a) the Compliance Report, prepared by ICBC Turkey Bank A.Ş. regarding the period between the dates of 1 July - 31 December 2021, is presented accurately in accordance with the provisions of the Directive.

(b) Controls designed by ICBC Turkey Bank A.Ş., in relation to the objectives defined in the Directive, have been designed conveniently during the period between the dates of 1 July - 31 December 2021.

(c) Controls tested by us, have been implemented efficiently during the period between the dates of 1 July - 31 December 2021.

İstanbul, 27.06.2022

(seal and signature)

Müjde Aslan
Responsible Partner Chief Auditor
DRT Bağımsız Denetim ve Sebest
Muhasebeci Mali Müşavirlik A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



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