



**TÜRKİYE İŞ BANKASI A.Ş.**

**PRECIOUS METALS  
RESPONSIBLE SUPPLY CHAIN  
COMPLIANCE REPORT**

**Company Name:** Türkiye İş Bankası A.Ş.

**Head Office Address:** İş Kuleleri 34330 Levent Beşiktaş-İstanbul

**Reporting Period:** July 01-December 31, 2021

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**TÜRKİYE İŞ BANKASI A.Ş. RESPONSIBLE SUPPLY CHAIN COMPLIANCE REPORT****A. Summary of Activities Performed During the Period For Compliance****1. Establishment of Strong Company Management Systems**

As Türkiye İş Bankası A.Ş. (İşbank), we are in full compliance with “Establishment of Strong Company Management Systems” step.

A Precious Metals Responsible Supply Chain Compliance Policy (Policy), compliant with the related legislation, has been established and approved by İşbank’s Board of Directors in April 2022 in order to identify and manage risks related to precious metals in conflict-affected and high-risk areas. The policy has been announced to all employees on intranet.

In order to manage risks effectively in İşbank, a three lines structure has been adopted. Necessary measures are meticulously taken by İşbank’s business units on the 1st line to ensure that the process is carried out in an efficient and effective manner. Support and monitoring activities regarding the effective management and control of risk are carried out by Risk Management, Internal Control and Corporate Compliance Divisions on the 2nd line that are reporting to Board of Directors. The effectiveness of the activities carried out in the 1st and 2nd lines is evaluated by Board of Inspectors in the 3rd line and final assurance is provided.

In order to prevent anti-money laundering and financing of terrorism within the scope of national and international regulations, necessary processes have been established to identify the customer/supplier.

Monitoring functions whether the activities within the scope of the Precious Metals Responsible Supply Chain are carried out in accordance with the legal and internal regulations and communication and coordination with Borsa İstanbul A.Ş. (Borsa İstanbul) and related institutions are conducted by Internal Control and Corporate Compliance Divisions.

Necessary recording system has been established for recording and keeping information/documents related to precious metal transactions within legal periods.

Training activities have been established for employees dealing with precious metal activities in order to ensure compliance with obligations in accordance with the relevant legislation, to create a corporate culture and update their knowledge by increasing their awareness of corporate policy and procedures and risk-based approach.

During the reporting period, 2 İşbank employees attended Responsible Supply Chain Training organized by Borsa İstanbul.

Periodic reports and notifications requested by Borsa İstanbul during the period were submitted in due time.

kiymetlimadenihbar@isbank.com.tr e-mail address has been created and announced to Bank’s employees in order to notify the activities that are considered to be against the responsible supply chain compliance program and the relevant legal regulations.

## 2. Identification and Evaluation of Risks in the Supply Chain

As İşbank, we are in full compliance with the step of “identifying and evaluating risks in the supply chain”.

The identification and assessment of risks in the supply chain is handled within the framework of the Bank's corporate risk management. In this process, İşbank's “Precious Metals Responsible Supply Chain Compliance Policy” “Risk Policies Implementation Instruction” and risk measurement and evaluation methodologies formed in accordance with the mentioned policy and instruction approved by the Board of Directors are taken as basis.

The risks that may arise in the supply chain processes are determined by the related business unit under the coordination of the Risk Management Division and are evaluated on a 4-scale (high, medium-high, medium-low, low) model. The activities carried out in this context are outlined below.

- The main risk factors that are exposed to in terms of supply chain activities are defined and exemplified, especially the risks that the precious metal within the scope of precious metal activities may contribute to conflicts or significant human rights violations. Risk elements and definitions are updated in parallel with the changes that may occur in the nature of the processes and activities.
- In order to determine the level of risks, the "Impact-Probability Analysis" method is applied. In this method, the probability of the risks occurring, the level of impact they will create if they do occur, and the adequacy of the existing controls against the risks that may be exposed are evaluated. Gross risk level, adequacy of controls and net risk level are determined separately for each risk. It is essential that the assessment is carried out by the employees carrying out the activity to which the risks are linked.
- As a result of Impact-Probability Analysis, each risk is evaluated according to its level and analysis results are reported. The appropriate risk strategy for the management of existing and potential risks is evaluated for each risk and related process and activity.
- Risk assessments are reviewed by the business units responsible for supply chain activities at least once a year and updated if necessary.

In addition to the aforementioned risk assessment process, the processes within the supply chain were modeled with the participation of the Corporate Architecture Division, Internal Systems Divisions and business units responsible for the activities, and the risk, control and control objectives in the process were determined. These processes are regularly reviewed and updated if necessary.

In İşbank, in compliance with the legal regulations, precious metals which are only traded on precious metal exchanges or whose standards and qualities are determined by the Ministry of Treasury and Finance or Borsa İstanbul, or whose acceptability is confirmed by Borsa İstanbul in terms of the refineries in which they are produced and The Republic Gold Coins and the Republic Jewelry Gold, whose standards and qualities were determined by the regulation no:1738, dated 1.8.1951, are subject to processing.

A current country of origin list is kept by İşbank.

### **3. Designing and Implementation of a Response Strategy to the Identified Risks**

As İşbank, we are in full compliance with the step of “Designing and implementation of a response strategy to the identified risks”.

Controls in physical precious metal processes are carried out by the process owners in accordance with the best effort principle, and the design and operating efficiency of the controls is also evaluated by the Internal Control Division in the second line.

Investigations regarding physical gold transactions; like conformity of the quality of gold (refinery and serial number examination), counting and reconciliation, compliance with limits and limitations, existence, completeness and accuracy of information and documents, etc. were carried out by Internal Control Division in the Head Office and branches in 2021 and no significant problems were encountered.

The appropriate risk management strategy is determined and implemented for the risks above the level determined as “acceptable”, as a result of the Impact-Probability Analysis. In case the risk management strategy is to develop additional controls to reduce the impact and/or probability of occurrence of the risk, the work to be done is put forward concretely by action plan. The units and employees responsible for the implementation of the aforementioned action plan and the period for the implementation of the action plan are determined. These action plans are reported to the Risk Committee and the Board of Directors, and the progress of the actions is monitored.

İşbank has accepted as a principle to terminate precious metal relationship with the related vendors that provides precious metals from any party or that have relations with the parties which are identified to be associated with major abuses, crimes and violations such as inhuman treatment, forced labor, child labor, gross human rights violations, war crimes and genocide, financing of terrorism, bribery and money laundering activities. No such transaction has taken place during the reporting period.

### **4. Independent Third-Party Audit of the Current State of the Supply Chain Compliance Determination Practices**

As İşbank, we are in full compliance with the step of “Independent Third-Party Audit of the Current State of the Supply Chain Compliance Determination Practices”.

In order to evaluate the compliance level of the current situation of the supply chain regarding the activities of 2021, İşbank has signed an agreement with Arsen Independent Audit Services A.Ş. and audits have been started by the relevant company.

### **5. Annual Reporting of Activities for Determining the Level of Compliance of the Current Status of the Supply Chain**

As İşbank, we are in full compliance with the step of “Annual reporting of activities for determining the level of compliance of the current status of the supply chain”.

İşBank's supply chain compliance report and independent assurance report regarding Bank's activities in 2021 will be published on İşBank's corporate website, [www.isbank.com.tr](http://www.isbank.com.tr).



**B. Status of Compliance with the Responsible Supply Chain Compliance Directive Released by Borsa İstanbul A.Ş.**

As İşbank, we fully comply with Borsa İstanbul A.Ş.'s responsible supply chain regulations. İşbank's business processes and organization regarding precious metals are structured in accordance with the five-step approach and are operated regularly.