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Subject : Announcement on Responsible Supply Chain Activities of Banks

To Whom It May Concern

In the Announcement dated 07.10.2021 and numbered 2021/72 published by Borsa İstanbul, it was accepted that the banks fulfilled their obligations regarding compliance, internal control and audit units as per the obligations arising from other similar legislation, and the Internal Control System and Compliance System of Borsa İstanbul Precious Metals Intermediary Institutions and Refineries Directive (Directive). It has been stated that banks are exempted from the internal control and supply chain compliance officer appointment process. In addition, banks are expected to comply with the regulations regarding the responsible precious metals supply chain process as a whole and to fulfill the obligations related to these regulations, and therefore, in order to ensure uninterrupted communication, especially in the notifications to be made to the Borsa. It has been requested with the same Announcement to be notified to the Borsa together with communication of the internal control and supply chain compliance officer or the authorized persons who will make the notification instead.

In this context, it was beneficial to explain the approach of Borsa on the subject and to eliminate the hesitations due to the questions from our members with bank status.

As it is known, the first step of the five-step approach, the "Establishment of Strong Company Management Systems", is important to establish an organizational structure that will enable the execution of studies in accordance with the responsible supply chain policy and to define responsibilities within this structure. This does not mean that a special unit is established for the banks, or that only a unit or a staff member is held responsible. In this framework, an appointment with the title of "internal control and supply chain compliance officer" was not expected for banks, instead, authorized personnel to be contacted regardless of whether they actually fulfill or not fulfill the duties specified in the Directive or use their powers in the internal organization.

The conditions in Article 11 of the Directive, titled "Requirements for those to be appointed as internal control and supply chain compliance officer", are not required for persons specified to be notified by banks. Also Article 12 titled "Assignment of an internal control and supply chain compliance officer" has no application area.

On the other hand, the issues listed in Article 13 of the Directive titled "Duties, powers and responsibilities of internal control and supply chain compliance officer" must be fulfilled by banks. However, due to the special situation of banks, the liability of a specific person is not sought within the scope of the aforementioned article, and it is important whether the obligations in Article 13 of the Directive and other relevant directives are fulfilled by the relevant bank.

The obligation foreseen for the authorized personnel to be contacted consists of providing communication with the Borsa. This includes delivering the announcements or Borsa İstanbul directions to the relevant persons and making the notifications in full and on time. There is no other obligation stipulated by the Borsa for the authorized personnel to be contacted. Therefore, the authorized personnel to be contacted are not considered as "internal control and supply chain compliance officer" specified in the Directive, and references to internal control and supply chain compliance officer should not be perceived as references to authorized personnel to be contacted by banks, but should be considered as the bank's corporate responsibility.

The authorized personnel to be contacted may undertake other duties in the internal organization with the administrative discretion of the bank, within the scope of responsible supply chain compliance studies, in addition to the specified liability.

Notifications to be made to our Exchange or the Ministry of Treasury and Finance are not required to be made personally by the authorized personnel to be contacted. However, the authorized personnel to be contacted are responsible for making the notifications fully and on time, unless other assignments are made other than the authorized personnel to be contacted by the banks for notifications. The Bank may assign its authorized personnel or other personnel to be contacted for notifications or more than one personnel if necessary for different notification types. Our Exchange makes the necessary definitions for the notified personnel (maximum five people) to access the Borsa İstanbul KASA application. However, in any case, it should not be taken to mean that the activity subject to the notification should be carried out personally by the personnel assigned with the notification.

With regard to the fulfillment of all obligations in the Directive, including notifications, banks will be able to appoint any person or unit they wish, depending on their organizational structure, either as a whole or in the form of task sharing, ultimately to fulfill all the obligations of the bank under the responsible supply chain arrangements. For example, while the training unit of the bank is assigned for training activities, another unit may be assigned for another obligation. However, in order to fulfill the obligations stipulated in accordance with the responsible supply chain regulations and to transmit the information and documents to the Borsa and the Ministry of Treasury and Finance in a complete and timely manner, an organizational structure and management system, including the sharing of responsibility within the bank, including the senior management, and the reporting and approval processes, are established. should be established and the specified issues should be recorded in writing.

Kindly submitted to your information.

Yours Sincerely,

Korkmaz ERGUN
CEO
Board Member