



QNB FİNANSBANK A.Ş.

**Precious Metals
Responsible Supply Chain Compliance Report
January 01, 2023 - December 31, 2023**

Borsa İstanbul prepared “Precious Metals Responsible Supply Chain Compliance Guide” based on the OECD’s “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”. It was aimed that the members of the Precious Metals Market fight against systematic and widespread human rights violations, do not contribute to regional conflicts, financing of terrorism and money laundering and compliance is ensured with the high standards established in this context.

This report summarizes the activities of QNB Finansbank A.Ş. regarding the compliance with Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guide.

Precious Metals Broker Institution	QNB Finansbank A.Ş.
Address	Esentepe Mah. Büyükdere Cad.Büyükdere Cad. Kristal Kule Binası No:215 Şişli/İstanbul
Reporting Period	January 01-December 31, 2023
Report Date	26.02.2024
Supply Chain Internal Control and Compliance Officer	Özge Emre
Supply Chain Internal Control and Compliance Deputy Officer	Hakan Tosun
Responsible Senior Management	Audit Committee

Step 1: Establishment of Strong Company Management Systems

Compliance Statement:

First Step: We are in full compliance with Establishment of Strong Company Management Systems.

QNB Finansbank A.Ş. adopted the corporate policy in line with the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas". Within the scope of this policy, it determined potential high risks in the supply chain and established and implemented strong company management systems in order to eliminate or minimize such risks.

Precious Metals Responsible Supply Chain Compliance Policy was adopted. This policy will be annually reviewed and updated within the framework of the amendments and needs that may occur in legal regulations.

Is internal management structure established to support detailed examination regarding responsible supply chain?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. is responsible for implementing know your customer/know your supplier principles in precious metals responsible supply chain, conducting investigations and supervision with a risk-based approach, archiving and storing information and documents, supplying precious metals, performing controls regarding precious metals trade and providing necessary internal training. In all compliance policies and instructions; enhanced investigations, know your customer principles, know your supplier principles, necessary information and documents, parameters taken into consideration in risk assessment and details of compliance procedures are included in Precious Metals Responsible Supply Chain Compliance Policy and Instructions on Precious Metals Responsible Supply Chain Compliance. In addition, QNB Finansbank A.Ş. encourages its suppliers/customers to comply with the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and Borsa İstanbul's "Precious Metals Responsible Supply Chain Compliance Guide"

QNB Finansbank A.Ş. determined a Supply Chain Internal Control and Compliance Officer to implement all mentioned regulations, enhance, implement and follow up the relevant controls and strategies that will respond to the risks identified as a result of risk assessment. Roles and responsibilities of the Compliance Officer were determined based on the applicable legislation. The Compliance Officer directly reports to the Audit Committee in 2023.

Risk-based approach for the customers in the high-risk category and criteria for monitoring and control activities were determined in Precious Metals Responsible Supply Chain Policy. The measures taken to minimize the risk are covered by Instructions on Precious Metals Responsible Supply Chain Compliance. The Bank can terminate the business relationship with customers and suppliers that bear suspicion in terms of being included in lists of conflict-affected and high-risk areas as a result of system controls. The Bank's Anti-Money Laundering and Combating the Financing of Terrorism Committee decides whether the business relationship is to be terminated and determines how the customers are to be notified about this issue.

Is a strong internal system established on precious metals supply chain to cover control, transparency and detailed examination including traceability and identification of other supply chain actors?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. defines all its suppliers and customers in the supply chain and records the necessary information and documents. As per Instructions on Precious Metals Responsible Supply Chain Compliance, in order to accept precious metals, criteria should be controlled regarding whether the customer/supplier fills out the customer evaluation form, the box in the form containing the statement that "Necessary Evaluations Were Made Within the Framework of the Procedure on Know Your Customer and Anti-Money Laundering and Opening the Customer Account Was Approved" is selected, "Know Your Supplier" questionnaire is obtained for refineries in gold acceptance transactions through gold collection days as per Instructions on Precious Metals Responsible Supply Chain Compliance and "Know the Business Party" principle and the relevant questionnaire is signed by the refinery officer.

Transaction inventory lists of the report date range were requested from the Treasury Operations Unit (business unit). It was observed in the transaction inventory list that during the period, physical precious metals delivery and physical precious metals acceptance from customer (gold collection) were carried out by the Bank; however, no physical precious metals import transaction was performed.

For physical acceptance and delivery transactions;

Inventory records are kept where information about the form, type and physical description of precious metals and materials containing precious metals, information given by the supplier about the weight and carat of precious metals and materials containing precious metals are included, determinations are made regarding the precious metals input and output weight and carat and transaction references and volumes are written.

Is a communication mechanism established in the company to encourage broad employee participation and reporting of identified risks to the management?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. created a special e-mail address OZLKiyetliMadenSorumluTedarikZinciriUyum@qnbfinansbank.com as "Precious Metals Responsible Supply Chain Early Warning Line" in order for all its shareholders (employees or customers/suppliers, etc.) in the precious metals supply chain to share unexpected risks, questions and any suspicious information and detections. The Compliance Officer and the Deputy follow up the messages submitted to this address and report them to Anti-Money Laundering and Combating the Financing of Terrorism Committee when necessary.

Step 2: Identification of Risks in Responsible Supply Chain

Compliance Statement:

Second Step: We are in full compliance with Identification of Risks in Responsible Supply Chain.

Is there a process to determine the risks in supply chain?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. included in Precious Metals Responsible Supply Chain Compliance Policy and Instructions on Precious Metals Responsible Supply Chain Compliance the risk criteria, Know Your Customer/Know Your Supplier principles, risk definition and assessment processes as well as issues such as providing information in agreements to be concluded with suppliers about the subjects expected to be obeyed by them in supply chain and obtaining statement that they will act in accordance with such subjects.

Are risks assessed in the light of the standards of the detailed examination system?

For precious metals transactions, Core system is available in the Bank supported by an archive program in which the relevant customer/supplier, all information and documents are stored and monitored and inventory follow-up is performed. In addition, Know Your Customer principles are implemented and questionnaires regarding the suppliers are asked to be filled out. Such processes enable the identification, assessment and monitoring of risks in precious metals supply.

Is risk assessment reported to the senior management?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. documented in detail the operation of internal risk management systems in Instructions on Precious Metals Responsible Supply Chain Compliance. It is regularly observed by the Compliance Officer and reported to Anti-Money Laundering and Combating the Financing of Terrorism Committee when necessary.

Step 3: Establishment and Implementation of a Strategy That Will Respond to the Identified Risks

Compliance Statement:

Third Step: We are in full compliance with Establishment and Implementation of a Strategy That Will Respond to the Identified Risks.

For risk management of a defined risk, is a strategy developed to minimize the risk while maintaining the trade and minimize or eliminate the risk while suspending the trade?

Compliance Indicator and Comment:

QNB Finansbank A.Ş. included potential or defined risks in Instructions on Precious Metals Responsible Supply Chain Compliance. All customers/suppliers and their transactions are regularly assessed with a risk-based approach and reported to Anti-Money Laundering and Combating the Financing of Terrorism Committee when necessary. As per the Instructions, risk profile was created according to certain criteria such as customer/supplier business relationship, form, origins of the goods. Sanctions lists are taken into account for the assessment of country of origin.

Against the risk of bribery and false statement about the origin of the metals, supply chain transparency systems implemented regarding the compliance of the supplier with responsible supply chain regulations or the nature of document archive and flow information, the nature and the form of supply chain risk assessment and management, the way to verify information produced by transparency systems particularly with document archive and flow and competency training for the supplier company's supply chain compliance engagement and/or participation in other sectoral initiatives are determined through the questionnaire aiming to know the suppliers in case of precious metals to be obtained from conflict-affected and high-risk areas. In the agreements signed with the suppliers, the statement is obtained with the agreements concluded regarding the supplier's compliance with the responsible supply chain regulations.

In cases where a risk-mitigating management strategy is implemented, does this strategy include measurable measures to be taken and implemented, performance monitoring, regular risk re-assessment and regular reporting to the senior management?

Compliance Indicator and Comment:

Yes. The procedures implemented when necessary to inform the senior management are detailed in Instructions on Precious Metals Responsible Supply Chain Compliance. In the event of high-risk cases submitted by the Compliance Officer to Anti-Money Laundering and Combating the Financing of Terrorism Committee, the Committee may reject the supplier or terminate the business relationship or decide to work with the supplier. In case it is decided to work with the supplier, the transactions are monitored. The issue re-evaluated at the end of the 6-month period.

Step 4: Audit of Compliance Engagements by Independent Third Parties

Compliance Statement:

Fourth Step: We are in full compliance with Audit of Compliance Engagements by Independent Third Parties.

Compliance Indicator and Comment:

QNB Finansbank A.Ş. signed an agreement with PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (independent audit company) for 2023 compliance assessment. After the completion of the audit, assurance audit report will be published on the website of QNB Finansbank A.Ş. at the end of 2024 June. www.qnbfinansbank.com

Step 5: Annual Reporting of Compliance Engagements

Compliance Statement:

Fifth Step: We are in full compliance with Annual Reporting of Compliance Engagements.

Compliance Indicator and Comment:

Policies and instructions of QNB Finansbank A.Ş., its systems and working principles for 2023 and activities regarding the compliance of its processes with Borsa İstanbul's "Precious Metals Responsible Supply Chain Compliance Guide" are reported annually. The annual report will be published on the website of QNB Finansbank A.Ş. at the end of 2024 June. www.qnbfinansbank.com

Assessment

Is compliance ensured with the requirements in Borsa İstanbul's "Precious Metals Responsible Supply Chain Compliance Guide" in 2023 reporting period?

Yes.

In conclusion, as stated above, QNB Finansbank A.Ş. conducted effective management systems and processes to comply with the requirements in Borsa İstanbul's "Precious Metals Responsible Supply Chain Compliance Guide" for the reporting year ended on December 31, 2023.

QNB Finansbank A.Ş. undertakes to fulfill its obligations pursuant to the regulations and continuously reviews and updates its internal controls in this context.