

**BORSA**  
**İSTANBUL**

## About the Report

2016 Sustainability Report of Borsa İstanbul A.S. (Borsa İstanbul) covering the period 1 January - 31 December 2016 contains information prepared in accordance with transparent, clear and internationally accepted reporting criteria about the sustainability performance of Borsa İstanbul, and in general, value created for the economy of Turkey.

The report was prepared in accordance with the core requirements of G4 Sustainability Reporting Manual of the Global Reporting Initiative (GRI).

The Report was confirmed for demonstrating that Materiality Disclosures were provided in the right section within the scope of GRI Materiality Disclosure Service provided by GRI.

For the purpose of preparing the report, G4 Financial Services Sector Brief, Sustainability Accounting Standards Board's (SASB) Security and Commodity Exchanges Research Brief, Security & Commodity Exchanges Sustainability Accounting Standard and Sustainable Stock Exchanges (SSE) Initiative's guideline entitled "Sustainable Development Goals: What do they mean for stock exchanges?" were taken as reference.

Unless otherwise specified, information provided in the report is owned by Borsa İstanbul and does not cover Borsa İstanbul's affiliates.

ESG (environmental, social and governance) performance data related with the financial year ended on 31 December 2016, and GRI index are also addressed in the relevant parts of the report in accordance with sustainability approach of Borsa İstanbul and material issues determined as a result of stakeholder analysis.

Borsa İstanbul made comparisons with the years 2014 and 2015 and provided the relevant data in the report in order to show tendencies as and when deemed necessary. Borsa İstanbul addressed the practices that will be introduced in the near future and opinions about the future in the report.

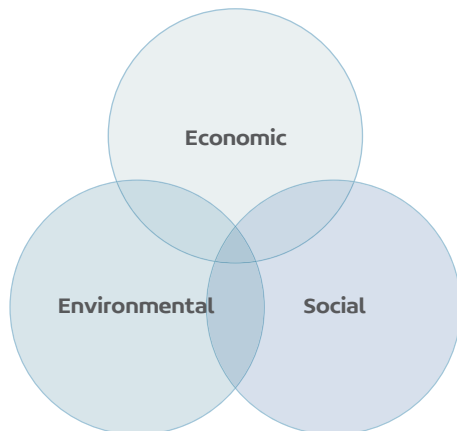
Borsa İstanbul plans to prepare an Integrated Report <IR> in 2017.



Please send us an e-mail for your questions, opinions and recommendations about Borsa İstanbul's 2016 Sustainability Report to [sustainability@borsaistanbul.com](mailto:sustainability@borsaistanbul.com)

### Sürdürülebilirlik, GRI ve G4 Kılavuzu

As a business strategy, sustainability supports companies in their efforts to check environmental, economic and social risks; save while using resources and improve financially.



#### About GRI

Founded in Boston in 1997 and having its registered office in Amsterdam, GRI (Global Reporting Initiative) serves to a mission of improving the globally accepted sustainability reporting principles within the scope of global and multilateral stakeholder process. GRI offers the infrastructure and services required for understanding sustainability universe accurately with all aspects and reporting in accordance with the standards.

#### GRI G4 is a tool

GRI G4 is a tool that contributes organizations and companies in their efforts to become more transparent, take better decisions and reinforce the trust relationship with the stakeholders.



Please scan the QR-code for having access to GRI's website.

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### Sustainability at Borsa İstanbul

Please scan the QR-code to visit sustainability section at  
corporate website of Borsa İstanbul.

## Corporate Profile

### Modern representative of a deep-rooted tradition dating back to 1873: Borsa İstanbul

The roots of Borsa İstanbul dates back to 1873, when Dersaadet Securities Exchange was launched.

Assuming key roles at all phases of the development journey of Turkish capital markets, Borsa İstanbul initiated efforts to complete the horizontal integration following the enactment of the Capital Market Law in 2012 and extended its organization with mergers with Turkish Derivatives Exchange and İstanbul Gold Exchange.

For the purpose of completing the vertical integration process, share ratios of Merkezi Kayıt Kuruluşu (Merkezi Kayıt İstanbul) and Takas ve Saklama Bankası A.Ş. (Takas İstanbul) were increased. Takas İstanbul and Merkezi Kayıt İstanbul moved to new service buildings in Borsa İstanbul campus in the end of 2016 and objective of increasing the synergy brought by integration was pursued. Thus, Borsa İstanbul Exchange Group became the single contact point offering also post-trade services in Turkey. This new structure allowed getting one step closer to achieving the goal of becoming “financial supermarket” where investors can access all capital market instruments with a single investor and custody account over a single platform and providing opportunity to have effective access to rapidly growing Turkish capital markets.

**Synergy Borsa  
İstanbul Takas  
İstanbul Merkezi  
Kayıt İstanbul**

Long-term value creation with providing inclusive and sustainable finance opportunities

**Borsa İstanbul  
Exchange Group  
financial  
supermarket**





Fully  
integrated  
**business model**

Borsa İstanbul Exchange Group that allows effective access to the rapidly growing capital market, offers a fully integrated business model involving trade, exchange, custody and registry services for equities, derivatives, debt instruments, precious stones and minerals as well as Islamic finance products.

By the end of 2016, shares of 405 companies with total market value of USD 174 billion were traded in Borsa İstanbul; total transaction volume of TRY 13.018 billion was achieved.

Bringing investors and ideas together, aiming to become a leading integrated platform, Borsa İstanbul aims to:

- create a platform that promises stability and reliability for investors;
- develop an international business structure including Islamic finance products;
- support economic growth increasingly by leading the digital transformation and innovation

**Borsa İstanbul Group generates permanent values for Turkish economy and implements growth plans by focusing on the future.**

Efficient  
platform  
promising  
**stability and  
reliability** for  
investors

With Our Power to  
Create Integrated Value





## Our Vision

To be the leading integrated marketplace bringing together investors and ideas.

## Our Mission

To create an efficient marketplace that provides stability and confidence for investors, to promote an international business structure including Islamic finance products, to lead digital transformation and innovation, and to support economic growth.

## Our Principles

- Accuracy
- Reliability
- Equality
- Transparency
- Social Responsibility
- Environmental Sustainability

# Part 1

Message from the Chairman of the Board and the Executive Committee

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Borsa İstanbul at a Glance

## Message from Chairman of the Board and the Executive Committee

### Dear Stakeholders,

Our country's economy continues to grow steadily in a conjuncture where we witness a variety of rapid changes in global and national market dynamics. Blazing the trail of new success stories particularly in the economic growth front, Turkey underpins its position among the most powerful countries with high short, medium and long-term growth potential and strong and properly structured macroeconomic basis.

Borsa İstanbul, one of the main actors of Turkish economy, fulfils its role as a key integrator and continues to produce permanent value for the economy.

Borsa İstanbul offers thousands of economic actors from SMEs to large-scale enterprises the opportunity to access low-cost financing resources and benefit from diversified capital market instruments within the scope of integrated service platform.

Acting as the driving force and focal point of Turkish capital markets, our activities contribute directly to the performance of publicly-held companies, intermediaries, investors and other business partners that benefit from services of Borsa İstanbul; and our indirect contributions to the economy appear in social welfare ranging from exports to employment.

### Changing risk concept and evolution in financial markets - main questions that should be answered and managed

We are surrounded by a complex global finance market where the concept of risk is rapidly changing and deepening, interconnectivity between participants is reaching advanced dimensions. Today, participants in this large and widespread playing field are now examining social and environmental mega risks as well as economic parameters, and they make decisions in consideration of these facts. Climate change, poverty, education level, access to water resources and similar other wide range of issues can be shown as "new risks".

This new scope of risk also affects corporate investors. Investment funds and other actors that manage billions of dollars' worth assets at global scale make their decisions and shape global capital flows based on parameters, metrics that have been revised entirely and/or changed recently as well as global reporting standards such as GRI and IIRC.



### Permanent Value

As one of the main actors of our country's economic life, Borsa İstanbul successfully fulfils its role as a key integrator and continues to produce permanent value for Turkish economy.



## Borsa İstanbul carries its sustainability journey to the future within the scope of Sustainability Strategy Roadmap approved on July 2016 by the Board of Directors.

We consider responding to stunning changes in the financial markets, “new risks” and their reflections in the financial and economic cycle with a proactive approach in the upcoming period, as fundamental matters and motivation sources that should be managed by taking actions.

### **The steps we take in our sustainability journey will contribute to the correct internalization of the great change.**

Borsa İstanbul carries its sustainability journey to the future within the scope of Sustainability Strategy Roadmap approved on July 2016 by the Board of Directors.

Our roadmap targets the “2020 Sustainability Leadership” of Borsa İstanbul. This strategic document providing insights about the “New Risks” require us to increase our power in international markets and lead this transition with a strong stance by reinforcing the financial markets in Turkey.

As an integrated platform, our new corporate structure based on our service approach and 6 priorities in the field of sustainability (Strategy, Stakeholder Relations Effective and Transparent Markets, Corporate Governance, Business Continuity and Management of Technological Risks, Innovation and Environment) will play a role in increasing Borsa İstanbul's regional and global presence rapidly and incrementally while responding to new risks.

Sustainability Strategy and Road Map we planned and implemented within the scope of a well-defined strategy will increase the value we add to Turkish economy as well as stakeholders in environmental and social circles. Fundamental objective of sustainability activities carried out by Borsa İstanbul is to expand the influence we create with our stakeholders; strengthen our presence as the only exchange of Turkish capital markets and guarantee our long-term presence.

### **Long-term value with sustainable scale, and inclusive and sustainable financing**

The funding becomes meaningful when it is provided based on the right terms, at the right cost, with the right corporate identity and control. For this purpose, Borsa İstanbul offers wide range of funding opportunities with the financing alternatives, and as financial supermarket of Turkey, provides guidance to big companies, SMEs and start-ups towards using the capital market with different products and methods, thanks to its sustainable scale approach.

We continue facilitating access to capital with amendments in listing requirements such as varying allocation rates and exemptions on profit and equity requirements, taking into account sustainable scale perspective, which will deliver long-term success. We are taking important steps in meeting the long-term financing needs of companies with the new models we develop. Funding long-term projects with short term deposit, i.e. maturity mismatch, will be resolved and Turkey will attain a strong position.

### **Our aim is to become one of the leading finance centres in our region and the world.**

Aiming to become one of the leading finance centres in the region and the world, Borsa İstanbul establishes collaborations that will increase its presence in the international arena, increase the brand value and make it a centre of attraction for global investors and companies.

Borsa İstanbul is in strategic cooperation with Nasdaq, European Bank for Reconstruction and Development and Islamic Development Bank and took important steps since 2013.

**Aiming to become one of the few financial centres of the region and the world, Borsa İstanbul will increase its international efficiency, increase its brand value and establish collaborations to make itself a centre of attraction for global investors and companies.**

## Message from Chairman of the Board and the Executive Committee

In addition, Borsa İstanbul displays intensive efforts to deepen the capital market in Turkey and carry Turkish economy to higher levels as deserved.

Our transition to BISTECH technology for which we covered a long distance that will be completed in 2018, different products we put into markets and numerous new practices and technological features support firm steps taken by Borsa İstanbul on the path to become a regional and global finance market.

### Integration will reinforce our power to generate sustainable value

Following the enactment of Capital Markets Law in 2012, steps have been taken to further advance the vertical integration between the capital market institutions, and important projects have been completed. 2016 will be remembered as a year during which integration between capital market institutions in Turkey was taken to a higher level.

As we were preparing our report, Takas İstanbul and Merkezi Kayıt İstanbul moved to Borsa İstanbul Campus.

Our ultimate goal is to carry our capital markets to the international standards that **will drive the growth of Turkey** and increase the welfare our citizens.



## Borsa İstanbul will continue to play a leading role in the development and diversification of capital market instruments, taking into account global risks and opportunities for a sustainable financial system.

We consider bringing these three institutions under the umbrella of Borsa İstanbul Exchange Group as an important step for completing the organizational and physical integration that is the final phase of the vertical integration. Upon completion of this step, we will have opportunity to provide quick and efficient services to all stakeholders and further improve the total value we generate.

As Borsa İstanbul and other capital market institutions, our ultimate goal is to carry our capital markets to the international standards that will drive the growth of Turkey and increase the welfare of our citizens.

### **We are focused on writing new success stories with our mission to become a key actor.**

Throughout our organization, our sustainability approach, which we are in the process of internalizing, is to strengthen our dialogue with our stakeholders and improve our collaborations. In this context, we will continue to take a more active role in the international organizations we support, especially the Sustainable Stock Exchanges Initiative (SSE), and we will also intensify our efforts at national level.

Sustainability is about laying the foundations of Borsa İstanbul's approach to adding value to Turkish economy by supporting an effective, fair and competitive environment resistant to risks. For this simple reason, we see sustainability as an integral part of our strategy, and we are making effort to integrate it into our decision-making mechanisms and business models.

Borsa İstanbul will continue to play a leading role in the development and diversification of capital market instruments, taking into account global risks and opportunities for a sustainable financial system.

Borsa İstanbul will focus on its activities in different areas of sustainability and will write new success stories with its stakeholders.

### **It is the responsibility of all of us to inherit a livable world to the next generations.**

Everyone has important tasks and responsibilities for sustainable development and the future. Borsa İstanbul is ready to undertake more duties on this journey, which will affect the welfare level and living conditions of each of us.

Achieving this with our integrated corporate, institutionalized business processes, renewed IT infrastructure, qualified human resources and strong international collaborations is the most important goal of Borsa İstanbul.

In the name of Board of Directors, I would like to express my gratitude to our stakeholders for the trust they placed, value they added and support they provided to Borsa İstanbul brand.

Before ending my message, I encourage our stakeholders to share their comments and opinions about our sustainability performance via our e-mail address at [sustainability@borsaistanbul.com](mailto:sustainability@borsaistanbul.com).

Best Regards,

**Himmet Karadağ**

Chairman of the Board and the Executive Committee



## Borsa İstanbul at a Glance

# Strong Performance Permanent Value

### Key Indicators - As of 31 December 2016

The Number of  
Companies Listed in  
Borsa İstanbul

**405**  
COMPANIES

Market Value of  
Listed Companies

**614**  
BILLION TL

Number of Exchange  
Traded Funds

**9**  
FUNDS

Total  
Traded Volume

**13,018**  
BILLION TL

Ratio of Foreign  
Investors'  
Shareholdings in  
Publicly-Held Shares

**63.4**  
%

Number of Members  
Trading in Markets

**207**

Support Provided to  
Project for Physical  
Contribution to  
National Education  
(EFİKAP) to Date

**1.5**  
BILLION TL

Number of Students  
Reached

**800,000**  
STUDENTS

Number of  
Companies in BIST  
Sustainability Index

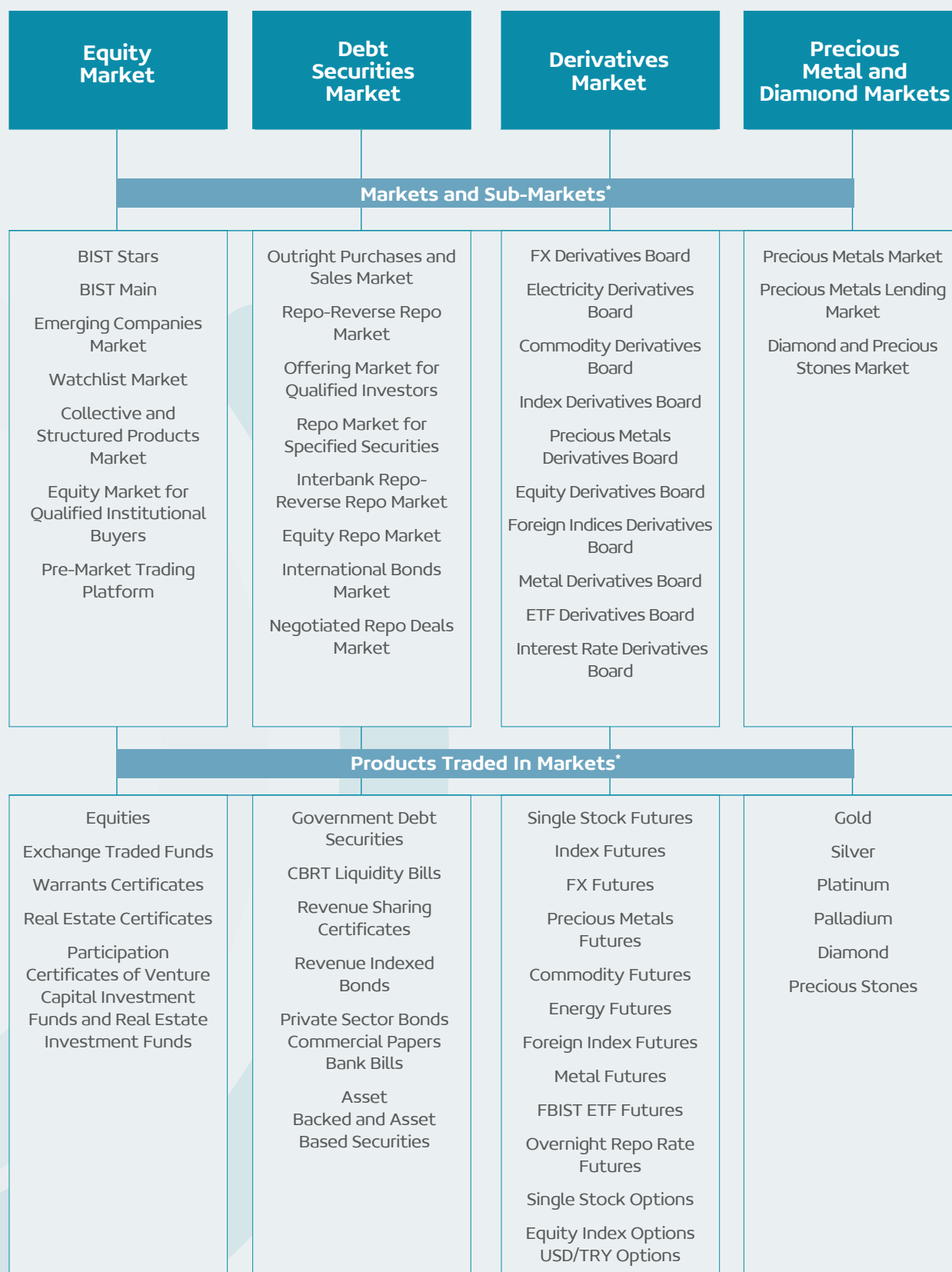
**43**  
COMPANIES

Number of  
Companies in  
BIST Corporate  
Governance Index

**50**  
COMPANIES

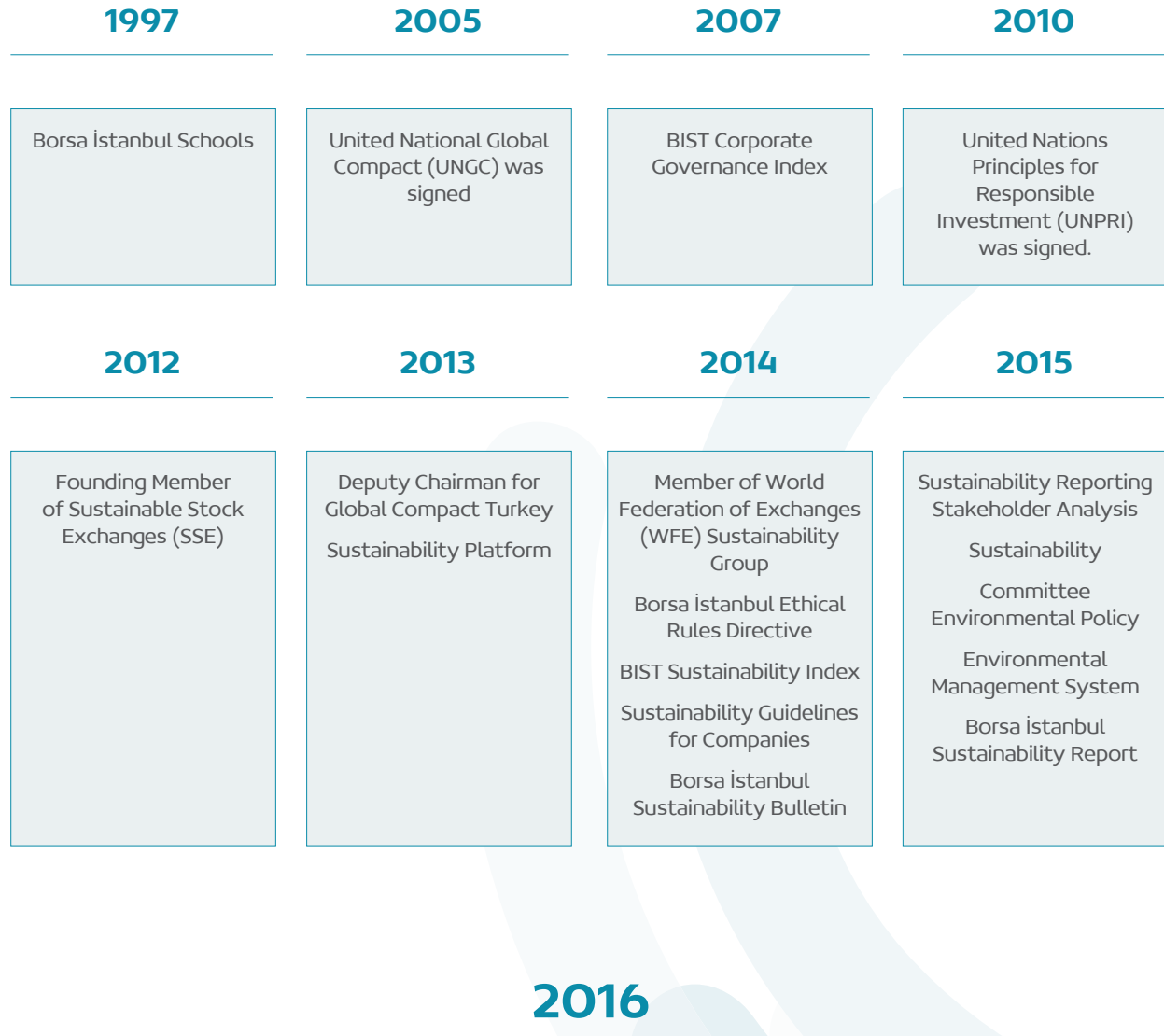
Ratio of the Employees  
Working for Borsa  
İstanbul for 10 Years  
and Longer to the Total  
Number of Employees

**38**  
%



\*As of 2017

## Sustainability Efforts - Milestones



**Signed United Nations Women's Empowerment Principles (UNWEP)**

**İstanbul Takas ve Saklama**

**Bankası (Takas İstanbul) ve Merkezi Kayıt Kuruluşu (MKK-Merkezi Kayıt İstanbul) moved to Borsa İstanbul Group Campus**

**Borsa İstanbul Sustainability Report Founding member of Integrated Reporting Turkey Network (ERTA)**







# With Our Well-Defined Approach and Priorities

## Part 2

Sustainability Approach  
Sustainability Priorities





**BORSA  
İSTANBUL**

**BORSA  
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**BORSA  
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## Sustainability Approach

The economic, environmental, social and managerial dimensions of sustainability are in an important interaction with each other. Companies that have a sustainability perspective have a relatively robust and strong economic performance.

Sustainability is about laying the foundations of Borsa İstanbul's approach to adding value to Turkish economy by supporting an effective, fair and competitive environment resistant to risks.

### **Sustainability is an integral part of our corporate strategy.**

For this reason, Borsa İstanbul sees sustainability as an integral part of its corporate strategy, and makes effort to integrate it into decision-making mechanisms and business models.

Borsa İstanbul's goal is to play a leading role in the development and diversification of capital market instruments, taking into account global risks and opportunities for a sustainable financial system.

There are important stakeholders who play a key role in shaping a sustainable investment climate in today's financial systems. These are law-makers, Non-Governmental Organizations, banks and exchange markets that are in interaction with various actors in the market. On the other hand, the role of exchange markets appears to be increasing in the setting of rules and best practices.

In this context, it is among the priorities of Borsa İstanbul to raise the environmental, social and governance awareness and standards among the publicly listed companies in order to make companies more sustainable and to prepare a better future for the next generations.

Borsa İstanbul takes the lead in many initiatives for improving the awareness, accumulated knowledge and experiences on sustainability concept, extending sustainability practices, and plays an active role in national and international networks.

**Borsa İstanbul's goal is to play a leading role in the development and diversification of capital market instruments, taking into account global risks and opportunities for a sustainable financial system.**

### **Foundations of our sustainability approach**

Borsa İstanbul, one of the 5 exchange markets that founded Sustainable Stock Exchanges (SSE, also takes a role in UN Global Compact Turkey Network's Board of Directors.

Borsa İstanbul's sustainability approach is based on the following foundations:

- encourage actors in the market and stakeholders for integrating sustainability approach into their operational cycles; bring them together with experts;
- develop market-based solutions;
- gain insights on sustainability at corporate level and make difference with the level of embracing and set an example with practices carried out in this field

### **We see innovation as a key instrument.**

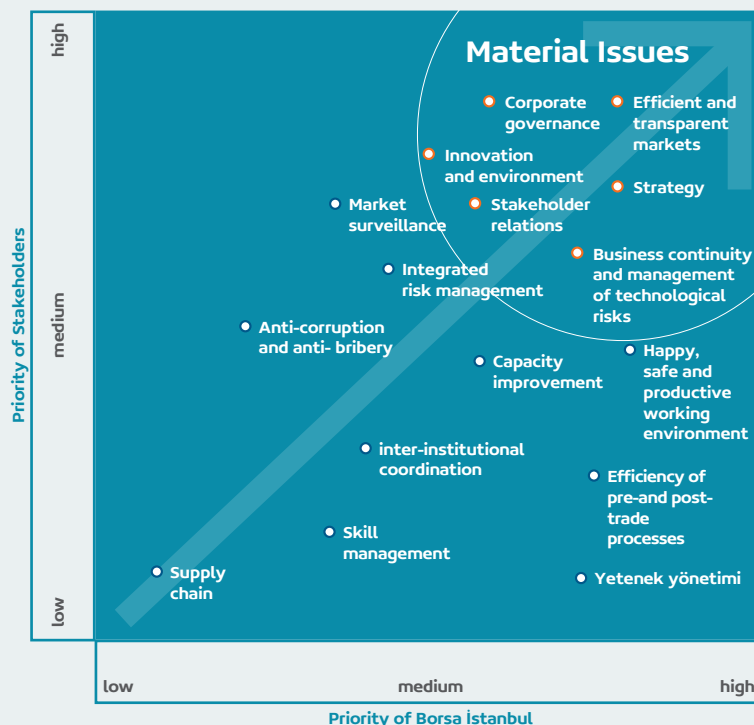
Borsa İstanbul believes that innovation is one of the critical instrument in achieving sustainability. This is why it is important to offer a sustainable product range that can satisfy the needs of market participants.

Borsa İstanbul aims to expand sustainable business models and integrate sustainability approach into business models within the organization. Establishing a sustainability strategy, identifying long and short-term goals and integrating them with corporate goals are of great importance.

**Borsa İstanbul will continue to play a leading role in the development and diversification of capital market instruments, taking into account global risks and opportunities for a sustainable financial system.**

### Sustainability Priorities

Borsa İstanbul determined priority fields as a result of the detailed stakeholders' analysis performed in 2015 and the relevant priorities were revised in 2016 with the contribution of Borsa İstanbul's units. Priorities approved by Borsa İstanbul's Sustainability Committee;



### Sustainability Strategy Roadmap - 2020 Sustainability Leadership

Sustainability Strategy Roadmap consisting of priorities set by Borsa İstanbul and actions that are planned to be taken until 2020 were approved in July 2016 by Borsa İstanbul's Board of Directors.

Borsa İstanbul aims 2020 Sustainability Leadership. The relevant efforts will consist of steps that will improve the competitive power of Borsa İstanbul in the international markets, strengthen and pave the way to the future of Turkish financial markets.



# Our Strategy, Stakeholders and Effective Business





# Part 3

Strategy  
Stakeholder Relations  
Effective and Transparent Markets Corporate Governance  
Business Continuity and Management of Technological Risks  
Innovation and Environment



BORSA  
İSTANBUL

BORSA  
İSTANBUL






## Strategy

The position of Borsa İstanbul, risks that may be encountered and opportunities are evaluated with an attentive approach in order to achieve the vision to become the leading integrated platform.

Strategic planning is of crucial importance as we expect the pace of recent evolution to increase further in the future. Strategic priorities of Borsa İstanbul is sustainable income flow and structure, operational efficiency and inorganic growth. In this context,

the number of listed companies and traded products and extending the individual investor portfolio; increasing all revenues from all channels particularly including Equity Market, derivatives market, data and technology market and diversification of income flow; deepening of the integration with Takas İstanbul and Merkezi Kayıt İstanbul; conversion into a regional gold deposit centre; making investments into financial technologies and encouraging innovative start-ups are some of the fundamental objectives.

### How Do We Generate Value?

Borsa İstanbul Integrated Business Model				
LISTING				
<div> <b>BORSA</b> İSTANBUL</div>				
Primary equity markets				
Domestic and foreign primary and secondary public offerings, debt securities (private sector debt instruments, sukuk)				
405 companies are listed - market value is USD 174 billion*				
BORSA İSTANBUL PİYASALAR				
Horizontal Integration	Equity Market	Debt Securities Market	Derivatives Market	Precious Metal and Diamond Markets
Vertical Integration	SETTLEMENT		CUSTODY	
				
	<ul style="list-style-type: none"><li>Central Counterparty authorized by CMB</li><li>Borsa İstanbul's shareholding ratio is 62.25%</li></ul>		<ul style="list-style-type: none"><li>Central Custody Institution for registered capital market instruments<ul style="list-style-type: none"><li>Borsa İstanbul's direct shareholding ratio is 30.1% and indirect shareholding ratio is 70.5%**</li><li>Takas İstanbul's shareholding ratio is 64.9%.**</li></ul></li></ul>	
ENDEKS VE VERİ				
Distribution of the data from Borsa İstanbul, Merkezi Kayıt İstanbul and foreign stock exchange markets				
Index calculation				

\* As of 31 December 2016

\*\* Shareholding ratio in Takas İstanbul increased to 63.83% with acquisitions made in 2017 and indirect shareholding ratio in Merkezi Kayıt İstanbul increased to 71.53%.

In addition to acting as the only exchange market in Turkish capital market, Borsa İstanbul contributes to the finance and economy world with affiliates in various sectors.

Borsa İstanbul has developed an integrated business model and service platform is an important and key role in the economy of Turkey. Borsa İstanbul offers an affordable, efficient, well-organized, transparent and reliable platform that enables financial transactions to be realized.

The contributions made by Borsa İstanbul to the economic cycle are important in terms of encouraging macroeconomic growth and achieving sustainable development.

Borsa İstanbul provides contribution to Turkish economy and stakeholders in three fields. .

Financing market participants through national and international capital markets

Supporting the sustainable growth and institutionalization

Efficient management of risks

## Stakeholder Relations

Borsa İstanbul is in the process of developing integration with Takas İstanbul and Merkez Kayıt İstanbul to provide faster and more efficient service to all stakeholders.

The fundamental goal of the Borsa İstanbul is to maintain effective communication with all stakeholders particularly including shareholders, investors, issuers, investment institutions and legislative / regulatory bodies.

### DIALOGUE WITH STAKEHOLDERS

Borsa İstanbul's relations with all real and legal persons are based on equality, transparency, accountability and responsibility principles.

We attach importance to effective and continuous dialogue with stakeholders and we continue efforts to develop channels for communication with stakeholders.

The main stakeholder group of the Borsa İstanbul consists of its employees, members, companies, investors, regulatory bodies and international organizations.

In order to develop relationships with stakeholders based on mutual trust and respect, various communication mechanisms are established including help lines, web sites, e-bulletins, reports and meetings. In addition to these, joint initiatives are carried out with stakeholders in different fields, and we come together in collaboration platforms.

**Borsa İstanbul attaches importance to establishing continuous and efficient dialogue with Stakeholders, maintains its efforts to improve channels for communication with stakeholders.**



### STAKEHOLDER ANALYSIS

A comprehensive stakeholder analysis was performed on November-December 2015 for the purpose of understanding Borsa İstanbul's influence on stakeholders and compiling opinions and feedbacks of stakeholders about sustainability.

The analysis was carried out in accordance with AA100SES Stakeholder Participation standard and as a result, sustainability priorities of Borsa İstanbul were determined.

This analysis was revised in 2016 through calls made with the contribution of Borsa İstanbul units and priorities declared in this report were captured.

## Stakeholder Groups and Communication Channels

Shareholders	<ul style="list-style-type: none"> <li>• Communication with stakeholders are carried out by Strategic Planning and Investor Relations Service</li> <li>• Annual Reports, General Assembly meetings, <a href="http://www.borsaistanbul.com">www.borsaistanbul.com</a> are tools and channels for providing information.</li> </ul>
Companies	<ul style="list-style-type: none"> <li>• Evaluation and finalization of applications submitted by companies for issuing of capital market instruments and being listed in Borsa İstanbul; monitoring of the listed companies and evaluation of market changes are carried out by Listing Directorate.</li> <li>• Borsa İstanbul establishes continuous communication with companies; on the other hand, provides information to companies about public offering and issuance of share certificates and debt instruments in accordance with the legislation and public disclosure responsibility.</li> <li>• Training programs are organized for employees of the listed companies and representatives of listed companies are invited to events organized by Borsa İstanbul.</li> <li>• Information requests of investors about companies listed in Borsa İstanbul and issued capital market products are answered.</li> <li>• Companies were provided with information about the program and applications were collected within the scope of BISTEP program initiated for the purpose of supporting institutionalization efforts of companies.</li> <li>• The Borsa İstanbul Marketing and Sales Directorate visits approximately 200 local and foreign companies annually. About 100 meetings (physical or planned teleconferences) are held annually, using data broadcasting, index and technology services clients.</li> <li>• Meetings are held with BIST-KYD committee on regular basis in connection with BIST- KYD Indexes and meetings are held with companies within the scope of BIST Sustainability Index when deemed necessary.</li> </ul>



## Stakeholder Relations

Stakeholder Groups and Communication Channels	
Members, Intermediary Institutions and Banks	<ul style="list-style-type: none"> <li>• Borsa İstanbul organizes regular meetings with its members every year.</li> <li>• Active communication is established with intermediaries for evaluating and finalizing the request of companies that apply to Borsa İstanbul for the purpose of trading issued capital market instruments in Borsa İstanbul. Consultation is made about problems experienced in connection with listing and public offerings as well as solution offers, and intermediaries are visited for this purpose.</li> <li>• Executives of intermediaries are invited as speakers or participants to various events.</li> <li>• Intermediaries have been invited to become program partner and partnership agreement has been signed with those who accepted the offer, within the scope of BISTEP Program.</li> <li>• Recommendations and complaints made by intermediaries are shared with stock exchange units or relevant organizations during the visits made within the scope of the Key Customer Management, and they are provided with feedback.</li> <li>• 4 intermediary institutions that achieve the highest trading volume in 4 different markets of Borsa İstanbul are awarded every year.</li> <li>• Approximately 10 events are organized, 40 visits are made and /or meetings are held annually in connection with Borsa İstanbul members and intermediary institutions. Borsa İstanbul participates in approximately 4 events, 40 visits and /or meetings,</li> <li>• During monthly Precious Metals and Diamond Markets Advisory Committee meetings, expectations, requests and complaints of members are discussed and necessary steps are taken.</li> </ul>
Borsa İstanbul Employees	<ul style="list-style-type: none"> <li>• Borsa İstanbul organizes regular meetings with its members every year.</li> <li>• Active communication is established with intermediaries for evaluating and finalizing the request of companies that apply to Borsa İstanbul for the purpose of trading issued capital market instruments in Borsa İstanbul. Consultation is made about problems experienced in connection with listing and public offerings as well as solution offers, and intermediaries are visited for this purpose.</li> <li>• Executives of intermediaries are invited as speakers or participants to various events.</li> <li>• Intermediaries have been invited to become program partner and partnership agreement has been signed with those who accepted the offer, within the scope of BISTEP Program.</li> <li>• Recommendations and complaints made by intermediaries are shared with stock exchange units or relevant organizations during the visits made within the scope of the Key Customer Management, and they are provided with feedback.</li> <li>• 4 intermediary institutions that achieve the highest trading volume in 4 different markets of Borsa İstanbul are awarded every year.</li> <li>• Approximately 10 events are organized, 40 visits are made and /or meetings are held annually in connection with Borsa İstanbul members and intermediary institutions. Borsa İstanbul participates in approximately 4 events, 40 visits and /or meetings,</li> <li>• During monthly Precious Metals and Diamond Markets Advisory Committee meetings, expectations, requests and complaints of members are discussed and necessary steps are taken.</li> </ul>

Stakeholder Groups and Communication Channels	
<b>Affiliates</b>	<ul style="list-style-type: none"> <li>• Direct communication is established with the subsidiaries through the members of the Board of Directors; participation in the board of directors' meetings and general assembly meetings of subsidiaries is ensured.</li> <li>• Within the framework of integrated service platform and group organization, a synergic business relationship is established with Takas İstanbul and Merkez Kayıt İstanbul.</li> <li>• A lot of activities, training and projects are carried out by working together with affiliates; information is shared among various subjects.</li> </ul>
<b>Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>• Borsa İstanbul maintains communication with CMB.</li> <li>• Central Bank of Republic of Turkey, Ministry of Finance and Undersecretariat of Treasury are the other regulatory bodies communicated by Borsa İstanbul.</li> <li>• Borsa İstanbul's Legal Advise Department actively participates in the process of revising the communiqués and regulations implemented by the CMB.</li> </ul>
<b>International Financial Institutions and Foreign Exchange Markets</b>	<ul style="list-style-type: none"> <li>• Communication is established with strategic partners such as EBRD, Nasdaq and other market organizations on various platforms.</li> <li>• Regular meetings are held with representatives of foreign exchange markets and international organizations to exchange opinions.</li> <li>• Communication is established with representatives of foreign exchange markets and international organizations via <a href="mailto:international@borsaistanbul.com">international@borsaistanbul.com</a> to get their questions, comments and requests.</li> </ul>
<b>Other Institutions</b>	<ul style="list-style-type: none"> <li>• Credit and cheque reports of companies listed in Borsa İstanbul are inquired in accordance with the agreements made with Credit Reference Agency (KKB) and the Risk Center of the Banks Association of Turkey; the relevant authorities are contacted when required.</li> <li>• Meetings are held with law firms engaged in public offerings</li> </ul>
<b>Suppliers and Service Providers</b>	<ul style="list-style-type: none"> <li>• Borsa İstanbul works with many suppliers and service providers in different fields. In this context, regular due diligence studies and evaluations are carried out in order to improve working efficiency and improve service quality; meetings are held and collaborations are established with service providers.</li> </ul>

## Stakeholder Relations

Stakeholder Groups and Communication Channels	
<b>Non-Governmental Organizations (NGOs) and Society</b>	<ul style="list-style-type: none"> <li>• Active participation to activities of organizations such as TSPB, Koteder, TKYD, TUYİD.</li> <li>• Both social and sectoral projects are developed with NGOs for the benefit of society; in some cases financial support is provided to the needy people through non-governmental organizations channels.</li> <li>• NGOs in Borsa İstanbul's database are invited to the events organized.</li> <li>• On average, 6 events a year are organized with NGOs such as industry and trade chambers, professional organizations, sectoral associations, etc.</li> <li>• A long-term collaboration is established with Anadolu Agency in order to announce events organized by Borsa İstanbul in multiple platforms.</li> </ul>
<b>Universities and Students</b>	<ul style="list-style-type: none"> <li>• Training and promotion activities for students of all age groups are carried out in order to promote Borsa İstanbul and capital markets.</li> <li>• In 2016, it has continued to publish Borsa İstanbul Review, an international academic magazine with peer-reviewed finance and economy articles that are published by Elsevier and one of the most reputable publishers in the world. 4 volumes issued with a total of 20 academic articles were published during the year. In order to increase the international recognition and accessibility to the Borsa İstanbul Review; in 2016, successful result was obtained for the application made to Directory of Open Access Journals (DOAJ) for indexing the journal and Borsa İstanbul Review was indexed in Directory of Open Access Journals.</li> <li>• Free data is provided to academicians to support the research environment.</li> <li>• All levels of student groups who want to see Borsa İstanbul and get information about it are invited to Borsa İstanbul campus and presentations are made to introduce the markets.</li> <li>• The schools are visited upon request of educational institutions and when the request is accepted; informative meetings are held.</li> <li>• Capital Markets Awareness Trainings organized by the CMB for universities are supported by Borsa İstanbul.</li> </ul>

## **Borsa İstanbul is committed to informing its stakeholders in accordance with the Information and Ethical Policy based on principles of fairness, impartiality, equality and Ethics.**

### **IMPROVEMENTS ACHIEVED ABOUT STAKEHOLDER RELATIONS IN 2016**

Borsa İstanbul Strategic Planning and Investor Relations Service coordinates affairs with shareholders.

Borsa İstanbul is committed to informing its stakeholders in accordance with the Information and Ethical Policy based on principles of fairness, impartiality, equality and Ethics.

Feedback from stakeholders to Borsa İstanbul is also taken into account during the development of new products and services. During the transition to the latest BISTECH system in Borsa İstanbul, intermediary institutions were informed about the changes made; opinions and suggestions about the mentioned changes were compiled and taken into consideration during the initiative. Investors send their questions, recommendations, complaints and requests about markets, products and indexes to the relevant department in Borsa İstanbul via e-mail, by telephone and using the Question, Recommendation and Complaint Form in the official internet site.

In 2016, 1,973 telephone calls, 1,520 e-mails and 12 mails/ faxes were received by Borsa İstanbul via the Investor Information Centre and they were responded in timely manner. The number of e-mails answered via [international@borsaistanbul.com](mailto:international@borsaistanbul.com) was 380.

#### **Ability to communicate with stakeholders from different channels**

For recommendations / complaints, both electronic media and telephone communications are available. Recommendations / complaints are forwarded to the Corporate Communications Directorate via e-mail and subsequently, they are forwarded to the related units. Questions of intermediary institutions, software companies and data vendors are sent via "[bistechsupport\\_autoticket@borsaistanbul.com](mailto:bistechsupport_autoticket@borsaistanbul.com)" and these questions are relayed, answered and followed up on the system called "manage engine".

In addition, e-mail address [miy@borsaistanbul.com](mailto:miy@borsaistanbul.com) can be used for questions, information requests and recommendations of those who would like to get authorization to trade in markets. In addition, information requests can be made by telephone.

Services are also available via e-mail addresses [vyk-marketing@borsaistanbul.com](mailto:vyk-marketing@borsaistanbul.com) and [colocation-marketing@borsaistanbul.com](mailto:colocation-marketing@borsaistanbul.com), where information requests, recommendations and complaints can be sent about data broadcast, index and technology services.

If the complaint received by Borsa İstanbul is related to the transactions between the investors and the investment institutions, information is provided and they are requested to submit an application to Disputes Committee. Disputes arriving at the Dispute Committee are examined and the report is prepared.

Gender Equality Bell Ceremony

**In 2016, 1,973 telephone calls, 1,520 e-mails and 12 mails/fax messages were received and answered in timely manner by Borsa İstanbul via Investor Information Centre.**





## Stakeholder Relations

### MEMBERSHIPS AND SUPPORTED INITIATIVES

#### BM 2030 17th Sustainable Development Target: Partnerships Towards the Target

Target 17.16: Sharing knowledge, experience, technology and financial sources via multistakeholder partnerships in order to achieve sustainable development targets particularly in developing countries.

**Borsa İstanbul supports numerous international initiatives and actively participates in efforts within the scope of Sustainable Development Targets (Target 17).**



### 2016 International Memberships and Supported International Initiatives

- World Federation of Exchanges (WFE)
- Federation of Euro-Asian Stock Exchanges (FEAS)
- Federation of European Securities Exchanges (FESE)
- Association of Futures Markets (AFM)
- Futures Industry Association (FIA)
- London Bullion Market Association (LBMA)
- World Federation of Diamond Exchanges (WFDB)
- Kimberley Process Certification Scheme (KPCS)
- United Nations Principles of Responsible Investment (UNPRI)
- United Nations Global Compact (UNGC)
- Sustainable Stock Exchanges Initiative (SSE)
- Organization of Islamic Cooperation Member States' Stock Exchanges Forum
- International Islamic Financial Market (IIFM)
- Intermarket Surveillance Group (ISG)



## Global Compact Network Türkiye

### United Nations Global Compact (UNGC)

United Nations Global Compact - UNGC formed in 2000 with the support of the world leaders for the purpose of promoting a joint global development culture brings thousands of companies from all corners of the world to work for implementation of 10 universal principles within the scope of human rights, workers' rights, environmental responsibility and anti-corruption in accordance with a shared vision, objectives and values. Borsa İstanbul signed UNGC in 2005 and took office as Deputy Chairman of Global Compact Turkey in 2013-2016.



### United Nations Principles of Responsible Investment

United Nations Principles of Responsible Investment-UNPRI formed by 20 big corporate investors from 12 countries that came together in 2005 with the invitation of BM General Secretary has more than 1400 signatories. The initiative that is by Borsa İstanbul since 2010 is also a platform that encourages the consideration of the EMS issues in investment analysis and decision-making processes and publishes the guidelines on this.

UNPRI has 3 categories of signatories: asset owners, investment managers and professional service partners. Signatories choose their own category. Borsa İstanbul that joined the initiative as a "professional service partner", integrates the EMS principles into its investment management process. In addition, the Exchange Market provides services that enable its customers to integrate these principles into their own business processes and develop them over time, and encourages widespread implementation of these principles.



### Women's Empowerment Principles-WEPs Borsa

İstanbul signed the Women's Empowerment Principles (WEPs) in 2016 to help women become actively involved in economic life at all levels and at every level.

In 2010, WEPs were implemented in combination with UN Global Compact and UN Women for the purpose of allowing women to show presence in economic life and improving equality between women and men.

WEPs consists of 7 categories of principles that are leadership, equal opportunities, health, education, business development, social leadership and transparency. It is expected that the leaders will make commitments on these principles and contribute to social equality.

## Stakeholder Relations

### Gender Equality Bell Ceremony

In 2016, Borsa İstanbul gave support to bell ceremonies in order to encourage business world to empower women in economic life and improve gender equality, in collaboration with UN Global Compact, UN Women, World Federation of Exchanges-WFE, Women in ETFs, Sustainable Stock Exchanges Initiative SSE and International Finance Corporation of World Bank. A bell ceremony was organized on 8 March 2016 with the participation of esteemed wife of Recep Tayyip Erdogan, President of the Republic of Turkey, Emine Erdogan and Dr. Sema Ramazanoglu, Minister of Family and Social Policies.

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**March 8, 2016**  
Gender Equality  
Bell Ceremony





### Sustainable Stock Exchanges Initiative

Sustainable Stock Exchanges Initiative (SSE) carries out operations for improving corporate transparency and performance on ESG and development of sustainable investments in collaboration with stock exchanges, investors, regulators and companies since it was founded in 2012.

Borsa İstanbul, one of the founding members of SSE, is one of the first 5 stock exchanges that made a voluntary commitment for improving the awareness on sustainability in financial markets.



### World Federation of Exchanges

The World Federation of Exchanges (WFE) is based in London and it has 68 members from various countries. Borsa İstanbul is represented in the Sustainability Work Group, Cyber Safety Work Group and Statistics Group at WFE that works for transparent and fair operation of capital markets.

### World Federation of Exchanges Sustainability Work Group

Operating with the aim of developing common principles on sharing ESG performance data, Sustainability Work Group of the World Federation of Exchanges, is also working towards prioritization and interpretation of EMS performance data for the organizations. Borsa İstanbul is an active member of the WFE Sustainability Work Group since 2014.

Working actively since 2014, the group focuses on the mission of WFE and carries out studies about sustainability practices and makes effort to encourage disclosure of data on sustainability performance.

## SUSTAINABILITY INITIATIVES OF BORSA İSTANBUL

### Borsa İstanbul Sustainability Platform

Established in 2013 with the initiative of Borsa İstanbul, the Sustainability Platform allows studies to be conducted in the field of sustainability and accumulated knowledge on sustainability to be shared among members. Sustainability Platform Declaration has been published about objectives, duties and responsibilities of the Platform.

In addition to bringing non-government organizations such as professional unions, associations and foundations; international organizations and regulatory bodies together and increasing the awareness of the general public, press and business world about sustainability in Turkey, the Sustainability Platform aims to underpin the perception about sustainability.

CMB, the Banks Association of Turkey, Turkish Capital Markets Association, Corporate Governance Association of Turkey, Business Council for Sustainable Development Turkey (BCSD Turkey), Global Compact Turkey, Carbon Disclosure Project (CDP) Turkey, Turkish Industry and Business Association (TUSIAD), Turkish Investor Relations Society (TUYİD), Sustainability Academy, Sabancı University Corporate Governance Forum, Arguden Governance Academy and Yıldız Technical University Corporate Governance and Sustainability Researches and Practices Centre are members of the Sustainability Platform.

The eighth meeting of the platform was hosted by Borsa İstanbul on 12 April, 2016.

## Efficient and Transparent Markets

Offering investors fair and responsible markets and completing stock exchange transactions in an effective and stable manner are important priorities of Borsa İstanbul's sustainability strategy.

Sharing information in a transparent and reliable manner for the purpose of improving market activities and fair disclosure of all data that may affect the value of capital market instruments to the public are some of the primary goals of Borsa İstanbul. Borsa İstanbul implements various projects in order to provide investors with equal access to the data; makes regulations for the solution of disputes between market participants and applies corporate structures and processes in an efficient and effective manner.

For detailed information on Borsa İstanbul Markets, Sub-Markets and Traded Products, please visit: <http://www.borsaistanbul.com/urunler-ve-piyasalar>.

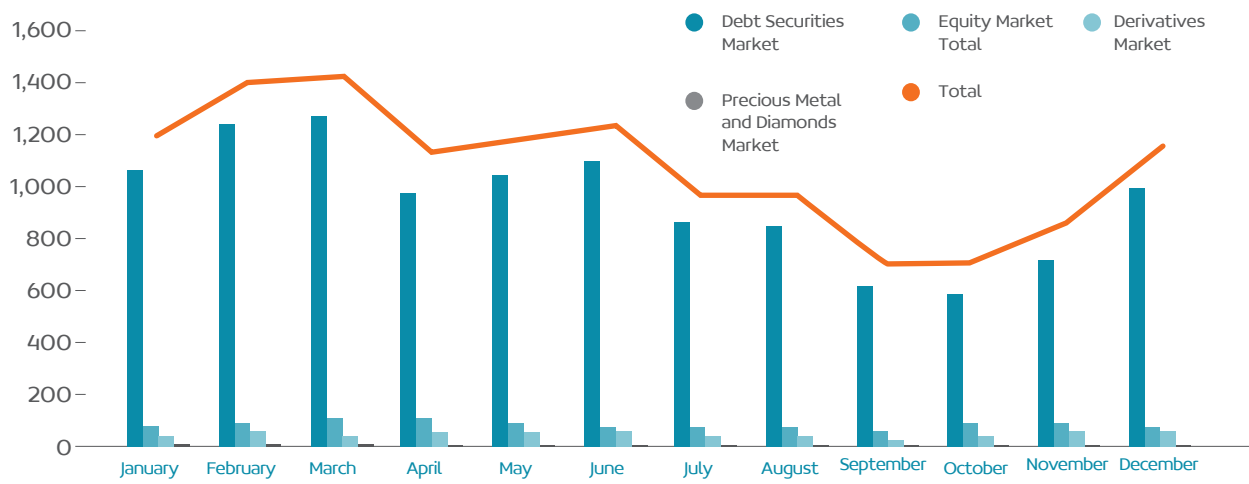
### HIGHLIGHTS OF 2016 FOR BORSA İSTANBUL...

Total trade volume of Borsa İstanbul's markets that was TRY 11.90 trillion in 2015, increased by 9.5% and reached to TRY 13.02 trillion in 2016. Debt Securities Market represents 87% of the total trade volume.

BIST 100 index had the lowest value with 68.230 in January and increased to the highest value of the year with 86.931 points in mid-April. The Index increased in value by 8.9% on annual basis and closed the year 2016 at 78.139 points.

When we look at the sectoral indexes, sports sector had the highest yield with value increase of 57.8% in 2016. This sector was followed by metal main sector index with value increase of 52.4%. On the other hand, food-beverage index and trade index suffered the highest decline with 7.2% and 5.3%, respectively.

### 2016 Borsa İstanbul Total Trading Volume (billion TRY)

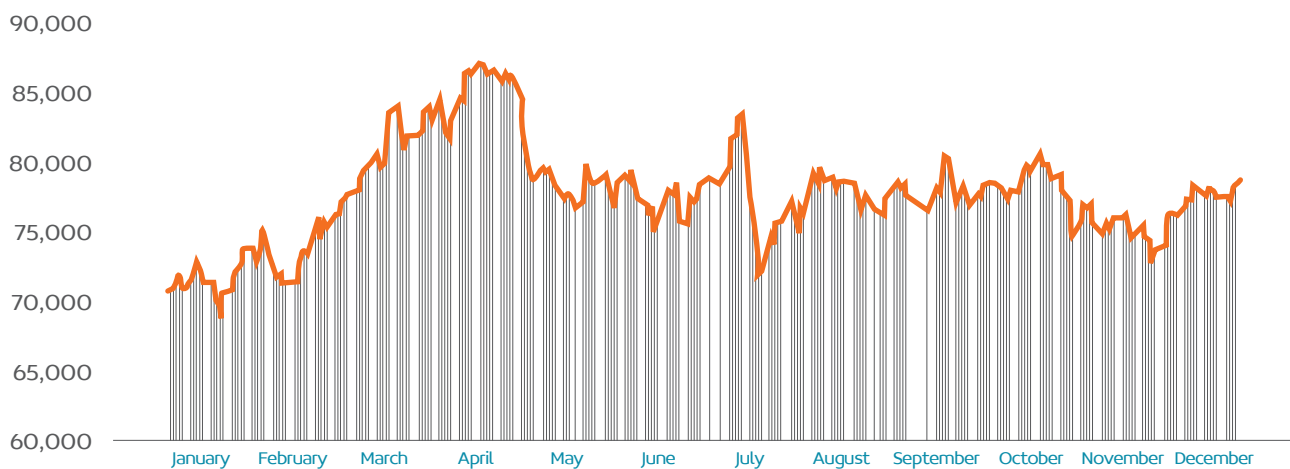




**Total trade volume of Borsa İstanbul's markets that was TRY 11.90 trillion in 2015, increased by 9.5% and reached to TRY 13.02 trillion in 2016. Debt Securities Market represents 87% of the total trade volume.**



**BIST 100 Index Daily Closing Value (04.01.2016-30.12.2016)**



## Efficient and Transparent Markets

### TOWARDS A MORE EFFECTIVE EXCHANGE MARKET WITH GROUP CONCEPT: STEP THAT LEFT AN INDELIBLE MARK ON 2016

Borsa İstanbul took a strategic step to bring the leader role to a new stage and established Borsa İstanbul Exchange Group in 2016 together with the post- trading organizations, Takas İstanbul and Merkezi Kayıt İstanbul.

This integration, being one of the most important steps since 2012, brought physical operational synergies.

As a result of the merger and integration process, Borsa İstanbul Exchange Group became stronger, more profitable in all aspects and now, it is ready for public offering.

### MORE EFFECTIVE STRUCTURE WITH MERGERS, STRATEGIC PARTNERSHIPS AND COLLABORATIONS

2012	2013	2014	2015	2015	2016	
<b>Capital Markets Law No.6362</b>	Merger under the umbrella of <b>Borsa İstanbul Exchange Group</b>	<b>Nasdaq</b> became shareholder of Borsa İstanbul by 7%.	Strategic Partnership with <b>London Stock Exchange</b> and <b>LCH.Clearnet</b>	<b>EBRD</b> became shareholder of Borsa İstanbul by 10%.	Strategic partnership agreement with <b>IsDB</b>	
Law bringing new provisions on Turkish capital markets, institutions and products and services offered	<ul style="list-style-type: none"> <li>• IMKB</li> <li>• İstanbul Gold Exchange</li> <li>• Turkish Derivatives Exchange</li> </ul>	Advisory services on various matters concerning stock trading and know-how transfer.	Trading of derivative agreements in London Stock Exchange and settlement transactions by LCH.Clearnet	Improving the markets and supporting the regional economic development in Balkans, Central Asia, South-East Europe and North Africa	Improvement of interest-free finance in Turkey and bringing interest-sensitive investors from the Gulf Region to Turkish capital markets	

Operations aimed at bringing Borsa İstanbul and its subsidiaries Takas İstanbul and Merkezi Kayıt İstanbul in Borsa İstanbul campus were initiated in 2013 and all construction were completed in 2016 and “Borsa İstanbul Exchange Group Finance and Technology Campus” opened to service in İstinye.

Thus, Borsa İstanbul Exchange Group trademarks have been merged in the same operation centre after Takas İstanbul and Merkezi Kayıt İstanbul moved to Borsa İstanbul Finance and Technology Campus in November 2016.

In addition, simultaneous with the construction works for Borsa İstanbul Exchange Group, Finance and Technology Campus, Borsa İstanbul Exchange Group carried out construction works for Kuyumcukent where Borsa İstanbul’s Precious Metal and Diamonds Market is located and precious metal storage capacity was increased from 100 tons to 1600 tons with this investment.

COMPLETION OF HORIZONTAL AND  
VERTICAL INTEGRATION

**BORSA İSTANBUL**

**TAKAS İSTANBUL**

**MERKEZİ KAYIT  
İSTANBUL**

**came together under  
the umbrella of BORSA  
İSTANBUL EXCHANGE  
GROUP**

Borsa İstanbul participates in exchange markets in the region as a shareholder in parallel with its mission to improve capital markets in the region.

Montenegro Stock Exchange 24.39%

Sarajevo Stock Exchange 9.89\*%

Baku Stock Exchange 4.76%

Kyrgyz Stock Exchange 24.51%

\*Indirect shareholding in Sarajevo Stock Exchange is 16.54%.



## Efficient and Transparent Markets

**In 2015, operations for public offering of Borsa İstanbul were initiated in accordance with paragraph seven, article 138 of the Capital Markets Law.**

### ON THE WAY TO BECOME A PUBLICLY-HELD EXCHANGE MARKET

Borsa İstanbul gave start to initiatives for public offering upon enactment of the Capital Markets Law No. 6362 in 2012.

We expect business operations to become more efficient and the operational and financial efficiency to increase as a result of the public offering.

Public offering of Borsa İstanbul has been started in 2015 in accordance with paragraph seven, article 138 of Capital Markets Law. In the end of 2016, a Public Offering Committee was established in the Board of Directors and a Public Offering Working Group was formed upon assignment of employees.

### Operations of Borsa İstanbul are recognized and awarded in international markets.

Borsa İstanbul Derivatives Market (VIOP) became finalist in Financial Metals Service Provider of the Year category with the steel scrap futures contract, in the Global Metals Award (GMA) organized by Platts that is one of the leading data provider of the global commodities and energy markets. In the VFE/IOMA 2015 Derivatives Market Review prepared and published in 2016 by the World Federation of Exchanges (WFE) and International Options Market Association (IOMA), global derivatives markets were reviewed in the light of results for 2015 and general indicators were shared about derivatives traded in organized markets. Based on the review results, Borsa İstanbul VIOP took place among the top 10 foreign currency and index futures contracts that are traded with the highest volume around the globe in 2015.

### FOR IMPROVING THE AWARENESS OF INVESTORS AND ENSURING EFFICIENCY IN THE MARKET

In Borsa İstanbul, priority is given to practices aimed at sharing transparent and reliable information and developing investor awareness in order to ensure market efficiency.

Operations are carried out to ensure that all types of data that may affect the value of the capital market instruments are disclosed to the public in a fair manner in the shortest time and they are accurately reflected to prices. The breakthroughs realized in this context in 2016 are briefly summarized below.

#### Two new reference data packages

Borsa İstanbul commenced distribution of two new reference data packages - one for Debt Securities Market and one for Equity Market, on 1 February 2016.

On the other hand, many index data that started to be calculated in 2016 are included in the current Borsa İstanbul Indices package and they are distributed via data vendors.

First phase of BISTECH technological transformation program that is related with the Equity Market was initiated on November 2015 and depth information provided for Equity Market at 5 levels was increased to 10 levels as of 1 February 2016.



## Borsa Istanbul continues its Group-wide projects to create new data packages that can address investors' needs.



### Growth in Regional Data Dissemination Network

In addition to data of Sarajevo and Montenegro stock exchanges distributed through the Eurasia Data Dissemination Network, the distribution of Macedonian Stock Exchange (MSE) data began in February. Pursuant to the agreement executed with the Pakistan Stock Exchange, the market data of this stock exchange will start to be distributed through Borsa Istanbul in 2017.

Since 1 April 2015, Borsa İstanbul has been licensing and distributing data of Merkezi Kayıt İstanbul and Takas İstanbul and continues to carry out group-wide projects to create new data packages that address the needs of investors.

### English version of Datastore is open for access.

The English module of the Datastore site (<https://datastore.borsaistanbul.com/>) that provides users services as an online sales channel for the historical data and end of day files of Borsa İstanbul has been opened for access in 2016. This new service provided access to foreign users who want to buy the historical data of Borsa İstanbul and it created an easily accessible platform on a global scale

### Global data dissemination with Point of Presence (PoP)

Services for data broadcasting in connection with 7 foreign institutions are received since the end of 2016 from Equinix (London) data centre that has been distributing the data of Borsa İstanbul since 2015. On the other hand, meetings were held with

infrastructure providers having extensive global networks in order to further facilitate access to the data of Borsa İstanbul, and for this purpose, Network Service Provider Agreement was signed with the companies. This facilitated the transfer of Borsa İstanbul's market data to data broadcasting organizations over the infrastructure of connection providers that have access points at many finance locations around the globe (Chicago, New York, London, Frankfurt, Moscow, Singapore, etc.)

Thanks to the technological transformation (BISTECH Transformation) stipulated under technology supply agreement made with Nasdaq, it is aimed to complete the pre-trade and post-trade processes in the fastest and most efficient manner. In this context, the Equity Market trading system, settlement system as well as surveillance and risk management systems were commissioned as of November 2015.

In conjunction with BISTECH technology, the order transmission rate has been reduced to (FIX / OUCH)100/60 microseconds based on protocol and many innovations including new order types have been introduced for the use of members and investors.

New products and services such as PTRM (pre-trade risk management software), OUCH (order transfer protocol), Time Server (time synchronization tool) included in the technology portfolio and the needs/ demands of customers who operate the algorithmic order transfer system have been met.

## Efficient and Transparent Markets

### TOWARDS NEW COLLABORATIONS WITH FOREIGN EXCHANGE MARKETS AND FINANCIAL INSTITUTIONS...

Borsa İstanbul signed memorandum of understanding (MoU) with Islamic Development Bank (IsDB), Dubai Multi Commodities Centre (DMCC), Bosnia Bank International (BBI), Tehran Stock Exchange (TSE), World Diamond Mark Foundation (WDM) in 2016 for the purpose of increasing the dialogue with the international stakeholders and further strengthening the collaboration network.

These memorandums are for collaborating in various fields such as sharing information, personnel exchange, evaluation of opportunities for joint product and service development.

The disputes arising from transactions between the members are resolved in Borsa İstanbul. Disputes arising from the transactions between the members of the Exchange and customers of the members are also resolved in Borsa İstanbul upon the application.

Procedures and principles regarding the settlement of disputes by Borsa İstanbul are stipulated in the Directive for Operational Procedures and Principles of Dispute Committee. <http://www.borsaistanbul.com/docs/default-source/yonergeler/borsa-istanbul-as-uyusmazlik-komitesi-calisma-usul-ve-esaslari-yonergesi.pdf>

The solution of Disputes Committee is evaluated and a resolution is made by Borsa İstanbul's Board of Directors. In this context, three dispute files were resolved in 2016.

Behaviours and actions requiring disciplinary punishment the identification of the actors, proving the malicious intent, the analysis for the calculation of the obtained benefit, review and the reporting activities.

The findings and conclusions reached at each as specified in Borsa İstanbul A.Ş. Regulation on Principles of Stock Exchanges are reviewed by Disciplinary Committee in accordance with principles and procedures disclosed to the public in our web site and decisions made as a result of the review are presented to the Board of Directors.

As the legislation does not provide for any procedure for objecting to these decisions, the disciplinary decisions of the Board of Directors are final and binding. The decisions of the Board of Directors regarding the authorization of trading activities and cancellation of such authorization must be notified to CMB without any delay.

During 2016 4 discipline files were opened and these files were carried over to the year 2017 and 1 discipline file transferred from 2015 was finalized in 2016.

### A FAIR AND HONEST APPROACH TO MARKET SURVEILLANCE

Pursuant to Capital Markets Law, Borsa İstanbul is responsible for ensuring that stock exchange transactions are carried out fairly, honestly and competitively, and it is required to establish a surveillance system to detect illegal transactions.

Market surveillance carried out by Borsa İstanbul consists of;

- Market monitoring and surveillance
- Detailed inspection activities

#### Market monitoring and surveillance activities

It consists of procedures such as real-time monitoring of orders sent to the markets operating in Borsa İstanbul and the relevant transactions over an electronic surveillance system in Borsa İstanbul; evaluation and inspection of the signals the system generates by the auditors.

#### Detailed inspection activities

If, at the end of the process, there is a suspicion that the transactions are contrary to the legislation, a detailed investigation is initiated. Detailed investigation consists of activities such as collection of the relevant evidences, stage of the market surveillance activities carried out in Borsa İstanbul are shared with CMB.

**Settlement of disputes between market participants is an important part of efficiency and transparency.**

## As one of the important shareholders of EPIAŞ, Borsa İstanbul shares its experience and knowledge about exchange markets with participants of the energy market through

### Working on revision of the SMARTS Surveillance System.

Activities for the revision of SMARTS Surveillance System were continued in 2016.

In the recent years, certain improvements were introduced in the equity market and derivatives market. Operations are continued for the inclusion of debt securities market and precious metals and diamond market into the SMARTS surveillance system in the third phase in connection with the integration into BISTECH trading system developed with Nasdaq. It is expected that the new surveillance system will increase the speed, efficiency and diversity in both the signal and warning production, and analysis and investigations of auditors.

### Volatility Based Diligence System

It is aimed to increase the existing measures implemented in Borsa İstanbul in order to prevent orders and transactions that have the potential to hinder the market operations. The relevant activities are carried out in collaboration with CMB. In this framework, a system called the Volatility Based Diligence System was established in order to maintain the fair and regular functioning of capital markets and prevent the risks brought by excessive volatility of investors.

### ENERGY MARKET AND BORSA ISTANBUL

The initiative of establishing the Energy Exchange was completed with the foundation of Enerji Piyasaları İşletme A.Ş. (EPIAŞ) in 2015 as one of the important steps towards making Turkey a regional energy centre. As one of the important shareholders of EPIAŞ, Borsa İstanbul shares its experience and knowledge about exchange markets with participants of the energy market through EPIAŞ.

In addition to EPIAŞ where spot energy products are traded, close collaborations are established with the sector participants for the purpose of diversifying the energy products traded in VIOP under the umbrella of Borsa İstanbul and drawing attention of the investors.

Diversification of energy market products, offerings on sustainable and responsible investment options will continue in the future. In this context, projects are developed for adding new features to the futures contracts on cash settlement base load electricity that concern the market participants.

In the near future, besides electricity based derivatives, derivatives based on other energy products such as natural gas, are also expected to be traded in Borsa İstanbul. In addition, activities about the carbon market are continuing and we are actively attending meetings organized by Ministry of Environment and Urban Planning.

**In the near future, besides electricity based derivatives, derivatives based on other energy products such as natural gas, are also expected to be traded in Borsa İstanbul.**

### UN 2030 13. Sustainable Development Target:

Target 13.3: Creating awareness on climate change, increasing the capacity of organizations about preventing the climate change, compliance, mitigation of impacts and early warning.





## Efficient and Transparent Markets

### MARKET EFFICIENCY SUPPORT WITH PRODUCT DEVELOPMENT ACTIVITIES

Continuing activities with the goal of becoming a financial supermarket, Borsa İstanbul focuses on developing an integrated marketplace identity that allows investors to access investment instruments easily, offers wide-range of products in accordance with recent demands and global stock exchange trends.

The steps taken to develop products and services in various markets and accomplishments recorded in 2016 are summarized below.

Emerging Companies Market has been established in order to meet SMEs' financial needs and facilitate initial public-offering process. This market is a market with development and growth potential where publicly-held companies with market value below TRY 25 million can be traded in Borsa İstanbul. Emerging Companies Market is a market designed to facilitate SMEs' access to funding. Companies traded in this market for 2 years will have opportunity to apply for acceptance to BIST Star and BIST Main.

In 2016, the SME Bond Project was carried out in Borsa İstanbul. In this context, numerous meetings were held between portfolio management companies, small and medium industry development organization (KOSGEB) and credit guarantee fund (KGF) officials and stock exchange representatives. Funding operations were started for SME companies with the issuances in the Emerging Companies Market.

Provisions concerning the listing and trading of the real estate certificates as a new product were included in Borsa İstanbul's Listing Directive. On the other hand, the amendment made in the listing fee tariff resulted in a reduction of the fees for companies traded in Borsa İstanbul to remain listed; in addition, a decision was made to reduce the fees for listing lease certificates.

A regulation was made to trade publicly-traded real estate certificates in the Equity Market, Collective and Structured Products Market, and real estate certificates issued to qualified investors, in the Equity Market for Qualified Investors Market.



### Numerous innovations in the Derivatives Market were put into the market following the test process.

- The number of share certificates that was 10 in 11 February 2016 has been increased to 20; then, futures and options contract was issued to 20 among 30 share certificates forming BIST 30 index.
- On 25 February 2016, a collaboration was announced for the trading wheat futures contracts based on
- Borsa İstanbul and Konya Commodity Exchange's Electronic Product Bonds.
- 25 February 2016, the Anatolian Red and Durum Wheat Futures contracts that were delivered to VIOP were opened for processing.
- On 1 April 2016, order cancellation was removed for foreign currency and gold contracts traded in VIOP.

### Borsa İstanbul Responsible Gold Supply Chain Policy Guidelines was distributed to members.

Various activities are carried out between Borsa İstanbul and the Organization for Economic Cooperation and Development (OECD) in order to ensure that the gold transactions in the Precious Metals and Diamond Market are carried out in internationally recognized standards and that the investors can import gold in a responsible manner.

The relevant sectoral briefing meetings and trainings were continued; "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" was translated into Turkish and distributed to members pursuant to the agreement made with OECD.

**Borsa İstanbul is responsible for carrying out some actions within the framework of the 10<sup>th</sup> Development Plan for 2014-2018, İstanbul International Finance Centre (IFM) Program and the Program for Increasing Domestic Savings and Preventing Wastes.**



#### **Share Buy-Back Program to Support the Sector**

Borsa İstanbul A.Ş. commenced share buy-back program for Group C shares in the end of 2016. The purpose of the said buy-back operation is to support the sector by buying back the shares held by intermediaries majority of which are members of Borsa İstanbul. On the other hand, the shares that are bought back may be used for establishing new strategic partnerships.

#### **Data Analytics Project**

Aiming to adapt to the technological changes in the capital market in a quick and safe manner and contribute to the improvement of the existing technological products in the transition process, Borsa İstanbul started developing data analytics project in 2015.

Involving the real-time transfer of the various market parameters such as depth, volume, volatility about transactions carried out in the markets to the investors through software and hardware systems, this project was completed for the Equity Market in 2016 and offered to the service of market participants.

#### **Collaboration with Universities**

BISTEP is a program designed by Borsa İstanbul and Koc University for the purpose of supporting institutionalization process of companies.

The Program provides versatile contributions to companies so they can climb the ladder of institutionalization quickly and achieve healthy and sustainable growth. Taking the integrity between the capital markets and corporate structure of the companies, complementary nature thereof as a start point, this program was developed by combining the accumulated knowledge of Borsa İstanbul about the business world and academic experiences of Koç University.

#### **PRIORITY TRANSFORMATION PROGRAMS**

25 Priority Transformation Programs were developed under coordination of the Ministry of Development and within the scope of the 10th Development Plan for 2014-2018. Borsa İstanbul is responsible for taking certain actions within the scope of the İstanbul International Finance Centre (IFC) Program and Program for Increasing Domestic Savings and Preventing the Waste.

Borsa İstanbul is responsible for the “Strengthening Technological Infrastructure” component in the framework of the IFC Program. An important step taken towards this task is strategic partnership agreement made with NASDAQ based on technology. Borsa İstanbul is responsible for 8 actions and a component within the scope of IFC Program and it is listed in the list of organizations related with 35 actions.

Three actions within the responsibility were completed by the end of 2015 and works related with the remaining 5 actions were continued during the year. Activities related with 3 actions under the responsibility of Borsa İstanbul are continuing within the scope of the Program for Increasing Domestic Savings and Preventing Wastes.

Borsa İstanbul reports the progress related with the Programs to the Ministry of Development within quarterly intervals.

## Corporate Governance

Establishing, developing and maintaining an accountable corporate governance structure is the most fundamental requirement for reliable and responsible markets.

For the purpose of corporate governance priorities, Borsa İstanbul aims to:

- operate in compliance with globally accepted corporate governance principles and
- reinforce corporate governance performances of companies with capital market instruments traded in Borsa İstanbul.

Borsa İstanbul aims to become one of the most competitive stock exchanges in the world with the performance recorded about the foregoing two targets.

### 2020 SÜRDÜRÜLEBİLİRLİK LİDERLİĞİ STRATEJİSİNİN DÖRT TEMEL TAŞINDAN BİRİ

Borsa İstanbul is engaged in activities focused on establishing a strong and reliable corporate governance structure and managing different risks proactively within the framework of “institutionalization” that is one of the corner stones of 2020 strategy.

Fundamental governance principles regulating relations of Borsa İstanbul with stakeholders are based on equality, transparency, accountability and responsibility. Borsa İstanbul took necessary steps to comply with the Capital Markets Board’s Corporate Governance Principles announced by the CMB.

Borsa İstanbul publishes the Annual Report on Compliance with Corporate Governance Principles, reporting activities carried out in this field despite the fact that it is not mandatory as it is not publicly-held company.

The Board of Directors consists of 10 members in total who are elected by the General Assembly and two members are nominated by Group A shareholders, three members are nominated by Group C shareholders. The Board of Directors consists of seven male and three female members and 4 out of 10 members were selected as independent members in order to prevent conflicts of interest.

**In addition to the Arbitration Committee and the Disciplinary Committee, Borsa İstanbul established several committees with the participation of the Board and the senior management.**

- Corporate Governance Committee
- Early Detection of Risks Committee
- Audit Committee
- IPO Committee
- Sustainability Committee

### POLICIES REGULATING THE OPERATIONS OF BORSA İSTANBUL

Borsa İstanbul reinforced the corporate governance framework with the policies implemented.

#### Policies implemented in Borsa İstanbul:

- Information Policy
- Ethical Principles Directive
- Human Resources Policy
- Profit Distribution Policy
- Corporate Social Responsibility Policy
- Remuneration Policy
- Occupational Health and Safety Policy
- Donation, Aid and Sponsorship Policy



For information on contents of the Policies, <http://www.borsaistanbul.com/en/investor-relations/corporate-governance>



**Fundamental governance principles regulating relationships of Borsa İstanbul with stakeholders are based on equality, transparency, accountability and responsibility**



**Activities aimed at establishing Corporate Risk Management System**

Risk-based internal audit approach is implemented in Borsa İstanbul in accordance with international internal audit standards. In this context, process-oriented audit activities are carried out within the framework of internal audit programs developed each year and preventive and corrective actions are taken regarding identified issues as a result of such audits.

Borsa İstanbul's business processes were subjected to due diligence and improvement process in 2016 with special focus on risks due to the critical nature of operational activities that are subject to very low error margins.

**Borsa İstanbul's business processes business processes were subjected to due diligence and improvement process in 2016 with special focus on risks due to critical nature of operations that are subject to very low error margins.**

## Corporate Governance

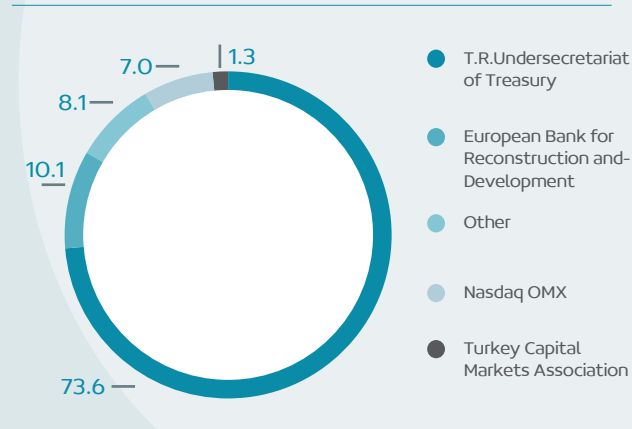
### SHAREHOLDING STRUCTURE AND SUBSIDIARIES OF BORSA İSTANBUL

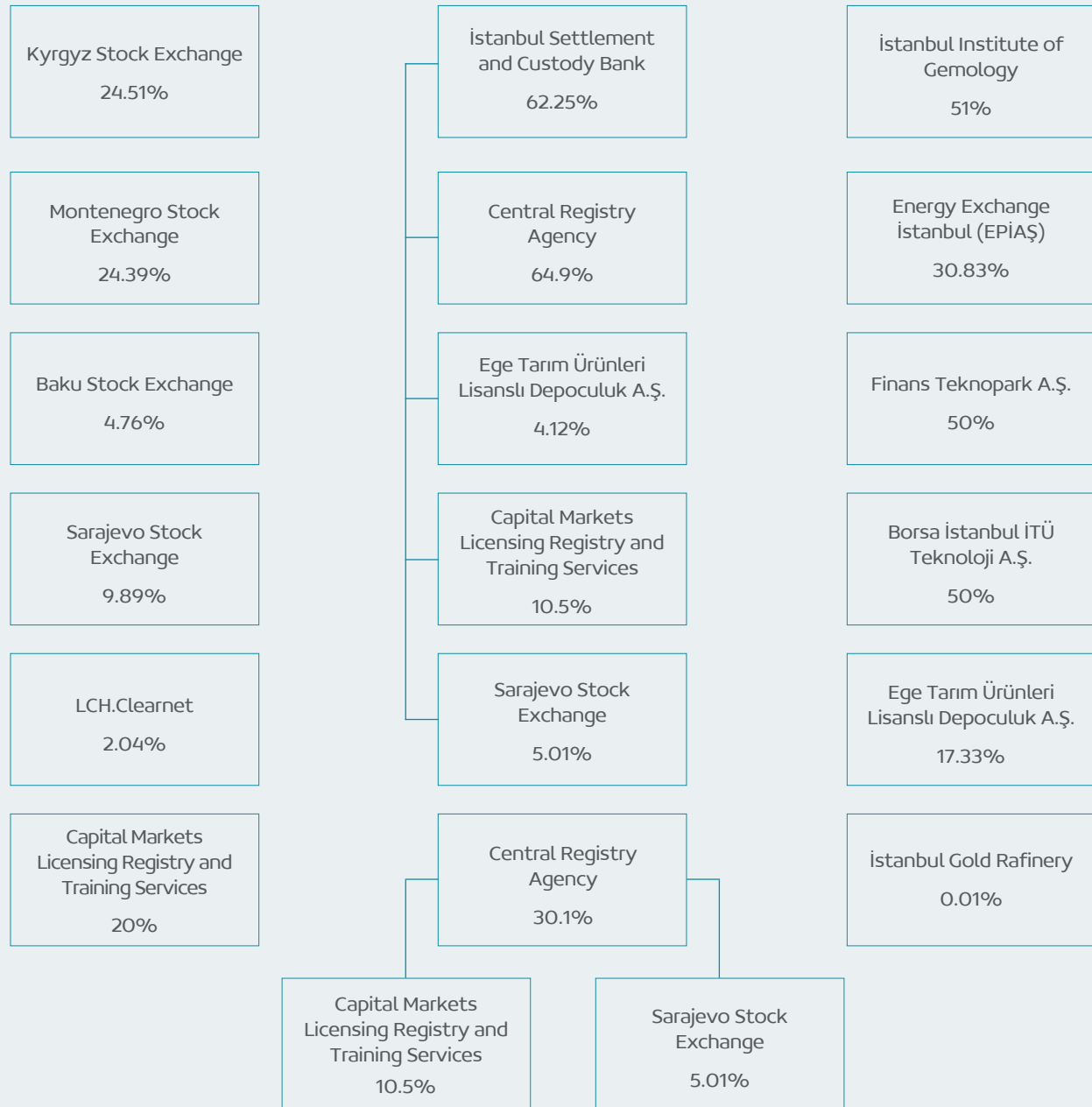
Borsa İstanbul started its operations in 1986 under the name of İstanbul Menkul Kıymetler Borsası (İMKB). It continues operations as Borsa İstanbul since the merger of İstanbul Stock Exchange, İstanbul Gold Exchange and Turkish Derivatives Exchange in 2013. Today, Borsa İstanbul brings products such as equity shares, exchange traded funds, debt instruments, derivatives and structured products and commodities together on a common platform.

The biggest shareholder of Borsa İstanbul is Undersecretariat of Treasury as of the end of 2016. The European Bank for Reconstruction and Development (EBRD) and Nasdaq are shareholders of Borsa İstanbul. Other shareholders of the Company are investment companies and companies from the precious metals sector.

Following the end of the accounting period, an important development occurred, changing shareholding structure of Borsa İstanbul A.Ş. Shares of Borsa İstanbul A.Ş. that are owned by the Treasury have been transferred to Türkiye Wealth Fund in accordance with the Council of Ministers' Decree No. 2017/9756 of 24 January 2017 that was enacted upon promulgation in the Official Gazette No. 29970 of 5 February 2017.

#### Shareholding Structure of Borsa İstanbul -%





□ Direct subsidiary of Borsa İstanbul

□ Indirect subsidiary of Borsa İstanbul

Indirect shareholding ratio in Sarajevo Stock Exchange 16.54%; indirect shareholding ratio in Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. 19.55% and indirect shareholding ratio in Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu 33.94%. Shareholding ratio in Takas İstanbul increased to 63.83% with acquisitions made in 2017 and indirect shareholding ratio in Merkezi Kayıt İstanbul A.Ş. increased to 71.53%.



## Corporate Governance

### ETHICAL RULES OF BORSA İSTANBUL

Borsa İstanbul's Ethical Rules Directive was prepared and announced to the public in 2014. On the other hand, it became necessary to revise the Directive and revision works were carried out in consideration of the recent developments on ethics and upon publication of the BIAS Regulation on Principles for Stock Exchange Operations. Borsa İstanbul Ethics Directive was developed to stipulate anti-corruption and anti-bribery principles and rules as well as procedures and principles on actions to be taken.



For Ethical Rules Directive adopted by Borsa İstanbul: <http://www.borsaistanbul.com/en/investor-relations/corporate-governance>



For more information on operating procedures and principles of Sustainability Committee: <http://www.borsaistanbul.com/en/corporate/sustainability>



Stakeholders of Borsa İstanbul can communicate their questions, comments and complaints about sustainability activities to [sustainability@borsaistanbul.com](mailto:sustainability@borsaistanbul.com) address.

**Borsa İstanbul's Compliance Department conducts activities to eliminate the conflicts that may arise in practice and guide operations in accordance with the Ethical Rules Directive.**

In 2016, no corruption or bribery case was detected and no legal action was taken in connection with such offenses.

Litigation process about two criminal cases that were filed in 2005 and 2007, continued in 2016. Imprisonment decision was made about some defendants in the last session of the case while the other case is pending.

Borsa İstanbul's Compliance Department conducts activities to eliminate the conflicts that may arise in practice and guide operations in accordance with the Codes of Conduct Directive. The concerned parties can contact Compliance Department by telephone, via e-mail ([uyum@borsaistanbul.com](mailto:uyum@borsaistanbul.com)) or Intranet.

### Borsa İstanbul Sustainability Committee

Sustainability Committee of Borsa İstanbul was established in 2015 in order to carry out operations aimed at holistic and efficient implementation of sustainability, monitoring of sustainability strategy and performance and integrating sustainability to decision-making mechanisms and business models. Representatives of various departments take a role in the Committee chaired by the Deputy General Manager.



### Corporate Awareness Award to Borsa İstanbul

Turkish Internal Audit Institute distributes Awareness Awards to individuals and organizations that contribute to the improvement and extension of professional awareness and create difference in the social sphere in order to create awareness on internal audit.

**In 2016, Borsa İstanbul was awarded in the category of Corporate Awareness as a recognition of its successful operations.**

**The Board of Directors that carries out its activities transparently, accountably, fairly and responsibly adopts risk management practices that can minimize the effects of risks related to Borsa İstanbul and sets internal control policies for all critical processes of Borsa İstanbul.**

## RISK MANAGEMENT IN BORSA İSTANBUL

Borsa İstanbul considers risk management as an important part of corporate governance. The Board of Directors that carries out its activities transparently, accountably, fairly and responsibly adopts risk management practices that can minimize the effects of risks related to Borsa İstanbul and sets internal control policies for all critical processes of Borsa İstanbul.

The main risk management body within Borsa İstanbul is the Early Risk Assessment Committee. The committee was formed in accordance with the Directive on the Duties and Working Principles of Borsa İstanbul's Early Risk Assessment Committee.

The Committee consists of three members elected from the members of the Board of Directors. The Committee is supported by a team of Stock Exchange employees in coordination with the Executive Vice President responsible for the markets.

The Committee met regularly every two months throughout 2016. Prior to the committee meetings, meetings are held with the divisions of Stock Exchange. In these meetings, actual and expected risks of departments and actions taken by them are evaluated and risk assessment and the relevant actions taken by the departments are reported to the committee.

### Work on the creation of the risk list continues.

In 2016, works aimed at creating a list of risks continued in Borsa İstanbul. Borsa İstanbul is sensitive about operational and legal risks that may arise due to its capacity as a market operator.

Evaluations are pending about the options to use a software that will allow the creation of list of risks for Borsa İstanbul, developed an established framework for reporting and implementing corporate risk management in a sustainable manner.

### A new risk management practice has been implemented in the Derivatives Market.

Pre-Trade Risk Management (PTRM) developed through tests conducted in 2016 and it was included in the risk management of members who are in the Derivatives Market.



Progress made in 2016 about the risk management and efficiency of internal control systems at Borsa İstanbul are provided in detail in page 86-89 of 2016 Activity Report at [http:// www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-2016-faaliyet-raporu.pdf](http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-2016-faaliyet-raporu.pdf) address.



## Business Continuity and Management of Technological Risks

Borsa İstanbul determined to have a reliable and efficient trading platform that is free of risks related with business continuity and technology as one of the priority fields of sustainability strategy in order to trade capital market instruments easily and reliably in a stable environment under free market conditions.

Nowadays, as new communication tools become widespread and technologies change rapidly, it is aimed that this technological transformation which is necessary and inevitable in capital markets of Borsa İstanbul is leading to a more attractive market for investors and investors.

In addition, Borsa İstanbul is also working to provide the most effective market conditions and business continuity by minimizing the technological risks and paying attention to the security of information technologies.

### TECHNOLOGY MEANS INCREASED RISKS AND OPPORTUNITIES FOR EXCHANGE MARKETS.

Demand for new products and services, creation of more effective market platforms, and increasing importance of business continuity, puts technological risks one step further among the risk factors.

Markets can function efficiently and without any problems only when information technologies are secure and business continuity is ensured through management of faults. Stakeholders of Borsa İstanbul also consider the management of technological risks as priority issues.

### TRANSFORMATION PROGRAM WITH TECHNOLOGY AT BORSA İSTANBUL - BISTECH

Borsa İstanbul considers the management of technology and technological risks as the most important issues, and therefore, it adopted the principle of being a pioneer in continuous improvement and investments on technology. Therefore, Borsa İstanbul implemented BISTECH as a "Program for Transformation with Technology".

Borsa İstanbul commenced the process of becoming a market that competes with global markets through BISTECH transformation program.



One of the most important steps taken within the scope of BISTECH was a strategic business alliance agreement signed with Nasdaq. With this agreement, it is aimed to replace the existing market applications and technological infrastructure of Borsa İstanbul substantially and integrate with the developed global capital markets.

In the first phase of BISTECH, all environmental systems such as the Equity Market System, settlement system and risk management systems were renewed and commissioned.

Many training and information meetings were held during transition to the new system and all intermediary institutions and market participants were included in this transition period. In the light of feedbacks received, changes in the system were coordinated and requests were transferred to the new system to the extent it is possible.

In 2016, works related with the migration of other markets to the platform continued and Derivatives Market migrated to the platform on 6 March 2017.

The aim of Borsa İstanbul is to complete the migration of other markets to the BISTECH system in 2018.

Transition into BISTECH and alliance with Nasdaq made significant contributions to Borsa İstanbul with respect to risk management. Borsa İstanbul now enjoys a modular, low-maintenance, reliable, high- performance and fast technology with low operating costs thanks to the transition into BISTECH.



**Activities of BISTECH R&D Centre conducts 24 projects with more than 80 employees in an area of 1400 sqm within Borsa İstanbul campus have been registered on 6 May 2016.**

#### **BISTECH R&D Centre**

Activities of BISTECH R&D Centre conducts 24 projects with more than 80 employees in an area of 1400 sqm within Borsa İstanbul campus have been registered on 6 May 2016. BISTECH R&D Centre aims to provide innovative solutions against the sectoral problems by offering innovative and high-tech products in finance and software technologies, work for commercialization of these solutions and procure employment of qualified human resources. BISTECH R&D Centre that started with the aforementioned targets did not yet complete the first year but it successfully passed the evaluation steps as a good practice example in the field of "Project Management" among 68 R&D Centres in R&D Centres Best Practice Examples Summit organized by the Ministry of Science, Industry and Technology.

#### **BUSINESS CONTINUITY MANAGEMENT**

##### **Contribution to Business Continuity Management: Integrated Risk Management Approach**

Borsa İstanbul has periodically reviewed and made necessary arrangements in 2016 for policies and plans aimed at contingencies that could occur before or during the session at the international market, preventing the session from being carried out properly.

Market participants and Borsa İstanbul employees are conducting drills in order to provide business continuity in Borsa İstanbul. In 2016, these drills were planned to involve employees of Takas İstanbul and Merkezi Kayıt İstanbul.

Drills planned for the year 2016 were postponed after the events of 15 July and they were completed successfully on 7 January 2017 with the participation of the concerned parties.

Emergency operation centres of Borsa İstanbul, Takas İstanbul and Merkezi Kayıt İstanbul will be established for using in case of contingencies and works have been brought to the completion phase in order to create a reliable and state-of-the-art technological infrastructure.

On the other hand, important benefits were obtained in order to ensure interaction between Takas İstanbul and Merkezi Kayıt İstanbul within Borsa İstanbul campus.

**In Borsa İstanbul, market participants and Borsa İstanbul employees are conducting drills in order to provide business continuity in**

#### **INFORMATION SECURITY MANAGEMENT**

Bankers Blanket Bond and Comprehensive Crime Insurance Policy were taken out in order to secure against the risks stemming from fraud and computer crime. Professional Liability Insurance, another insurance taken out for the same purpose, covers the damages that may be suffered by the 3rd persons due to corruption, loss and contamination of the data by viruses. In addition, penetration tests are conducted and necessary measures are taken on annual basis and as needed for the purpose of determining the status of information technologies in consideration of recent threats. Early Risk Assessment Committee was created within the scope of information security and the Committee holds meetings on quarterly basis. In addition, all employees are regularly provided with "Information Security and Awareness Training".

Equity Market, Derivatives Market and Debt Securities Market, the most critical markets of Borsa İstanbul, operate in a closed and private network. Only the system of Precious Metals and Diamond Market is available to send orders over the internet, but this market is not as critical as the other three markets in terms of transaction volume and impact. Despite this, in all markets, penetration tests are performed on annual basis and when required and the relevant actions are taken against technological attacks from external and internal parties.

## Innovation and Environment

Rapidly changing investor expectations, the number of corporate investors that attach importance to sustainability, and the size of financial assets lead to an increased demand to innovative products and services with a high added value in the global markets.

In the light of this simple fact, development of innovative, attractive, sustainable and responsible investment instruments for corporate and individual investors that operate in evolving market conditions have been accepted as one of the priorities of Borsa İstanbul's sustainability strategy.

On the other hand, development of products and services in finance technology and attaining a position of technology exporter are other priorities aimed at securing the sustainable growth trend and increasing global competitive power of Borsa İstanbul.

Borsa İstanbul shaped the environmental approach in order to contribute to long-term environmental sustainability. Main goals of this approach are to minimize the environmental risks and impacts and generate long-term solutions for Borsa İstanbul and its stakeholders.

### INNOVATION IN BORSA ISTANBUL

Innovation is of key importance for today's exchange market operations. Offering the required products to investors under market conditions, at different risk profiles and sensitivities is one of the essential conditions of the new-generation exchange market operations.

**Borsa İstanbul reshaped its primary objectives by including the goal of extending the innovation culture within the organization for the purpose of adding value to services and processes and taking the lead in rapidly evolving international competition environment with products and services that are reinforced by new products and markets.**

### Pillar of BIST Sustainability Index

Main Rules of BIST Sustainability Index and BIST Sustainability Index Research Methodology provide guidelines for sustainability and corporate governance of companies in addition to laying the foundation for selecting companies to be included in the index.

Research Methodology was prepared based on Vigeo EIRIS Global Research Methodology. Methodology addresses the policies, systems, and reports of companies in connection with three fields that are Environmental, Social and Corporate Management.

"Index Eligibility Criteria" in the Main Rules were also selected among such criteria and they must be satisfied by companies that desire to be listed in BIST Sustainability Index. Companies that desire to take place in the Index set their strategy on meeting the Index Eligibility Criteria; however, criteria may be

increased in the upcoming years and profiles created upon evaluations can be seen by the investors using Vigeo EIRIS global platform so, companies should also strive for meeting the other criteria that are not included in the Index Eligibility Criteria but provided in the Research Methodology.

Main Rules and Research Methodology serve as guidelines for companies to improve their sustainability performance.

BIST 30 index companies and BIST 50 index companies were subject to evaluation in 2014 and 2015, respectively, for inclusion into the index. List of companies subject to evaluation was extended to volunteers from BIST 100 companies in addition to BIST 50 index companies. Starting from the year 2016, 42 companies were listed in the index calculated for the period November 2016- October 2017.

**In an effort to increase the variety of products and services with an innovative approach, Borsa Istanbul implemented several new projects in 2016 and offered new products and services to capital market users.**

### BORSA ISTANBUL SUSTAINABILITY INDEX

BIST Sustainability Index was created on 4 November 2014, as an index with companies that are listed at Borsa Istanbul and show the highest level of sustainability performance. The objective of BIST Sustainability Index is to increase the insights, knowledge, and practices on sustainability among Turkish companies, especially the ones with the capital market products issued in Borsa Istanbul.

#### BIST Sustainability Index valuation process

BIST Sustainability Index assessments are made using companies' publicly disclosed information. Companies included in the List of Companies Subject to Assessment announced by Borsa Istanbul are processed through Index evaluation and those meeting the Index Eligibility Criteria are included in the Index by the end of June.

The Index provides companies with a performance assessment tool to improve their sustainability practices and identify new targets and improve their corporate transparency and accountability and risk management skills about the sustainability. Thanks to the index, it is expected that the companies that are in the forefront with sustainability performances will attract local and foreign investors and achieve better financing opportunities. In this context, the index is aimed at encouraging companies to increase their efforts on sustainability and disclose company information related to sustainability to the public for the purpose of taking place in the index.

### SUPPORTING INNOVATION: NEW PRODUCTS, INDICES, SERVICES AND COOPERATIONS

In an effort to increase the variety of products and services with an innovative approach, Borsa Istanbul implemented several new projects in 2016 and offered new products and services to capital market users.



For further information on Borsa Istanbul's Sustainability Index: <http://www.borsaistanbul.com/en/indices/bist-stock-indices/bist-sustainability-index>



#### Sustainable Finance Forum IV

The fourth event of the Sustainable Finance Forum was organized in Borsa Istanbul on 11 May 2016 with the collaboration of Business World and Sustainable Development Association (SKD Turkey), United Nations Environmental Program Finance Initiative (UNEP FI) and Global Compact Turkey.

The theme of the forum was “Inclusive Finance for Inclusive Growth” in order to improve the awareness on funding of the inclusive growth for environmental and social sustainability that has a growing footprint in the agenda of the world and Turkey.

#### New Indices

In 2016, BIST-KYD Debt Instruments and BIST-KYD Share Certificates Fund Indices, Agricultural Portfolio Participation Index, BIST Technology Weight Limitation Index, Leveraged and Short Indices, BIST-KYD ÖSBA Eurobond (USD) and BIST-KYD ÖSBA Eurobond (USD-TL) Indices were started to be calculated.

#### Money Market

“Borsa Istanbul Money Market” was put into service on October 14, 2016. In 2016, 21 banks and intermediaries meeting the legislative requirements were authorized to trade in the money market.

## Innovation and Environment

### Project for Issuing SME Securities

Access to financing is one of the most important barriers for growth of SMEs, which have great contribution to the economic development. Activities were carried out to use capital market instruments for the solution of this problem. Meetings were held with the participation of Credit Guarantee Fund, KOSGEB, European Investment Fund and portfolio management companies about issuance of conventional debt instruments.

In addition to these activities, providing funds for SMEs through interest-free finance instruments (lease certificates) was discussed with the participation banks. A pilot project is planned for 2017 to provide financing for SMEs both through conventional debt instruments and issuance of lease certificates.

### Project for Real Time Data Analytics and Broadcasting System

The data analytics project commenced in 2015 was tested on January-May 2016, and the data analytics generated for the Equity Market were made available for the users as of June 1, 2016.

This project was found worthy to receive support within the scope of TUBITAK Industrial R&D Projects Support Program.

### Data Broadcasting Operations

In parallel with Borsa İstanbul's goal to become a regional service provider for data dissemination, Borsa İstanbul started disseminating data of Macedonia Stock Exchange as of February 2016 in addition to Sarajevo Stock Exchange and Montenegro Stock Exchange in the scope of Euro-Asian Data Dissemination Network (EDDN Project).

Technical works have been completed with the Pakistan Stock Exchange, the market data of this stock exchange will start to be distributed through Borsa İstanbul in 2017. Borsa İstanbul holds meetings with several other stock exchanges and aims to add new stock exchanges to this collaborative Network in 2017 in parallel with its goal to become a regional data center.

### Finans Teknopark A.Ş.

Bogazici University and Borsa İstanbul established Finans Teknopark A.Ş in 2015, aiming to develop financial software with local resources and gain competitive power in the global markets with R&D and innovation.

In 2016, preliminary leasing agreements were signed with 10 companies. A financial support agreement with a value TRY 11 million was signed with the Istanbul Development Agency as a part of the project.

### Development of Interest-Free Finance

It is required to put the capital markets in the forefront in addition to the strong banking sector and expand the investor base through alternative products in order to sustain the growth and progress achieved in our economy in the recent years. Borsa İstanbul develops products based on different preferences and sensitivities of investors and creates innovative structures that will add depth to the market.

### Real Estate Certificates and Urban Transformation

In 2015, joint efforts were initiated to issue real estate certificates in collaboration with the Housing Development Administration (TOKİ). In 2016, several meetings were held with investment companies, corporate investors, and sector representatives in order to exchange opinions. TOKİ issued the first Real Estate Certificate in 2017.

### Securitization

In Turkey, numerous large-scale infrastructure projects have been completed. Considering the high cost of infrastructure projects, financing appears as the most important issue.

Therefore, in 2016, meetings were held with the public institutions, financial sector and real sector representatives; securities model and the financial instruments that could be used in this context were evaluated; legislative barriers were determined and correspondences were exchanged with the relevant institutions to solve these problems.





**23 November  
2016**  
IsDB Bell  
Ceremony

#### **Exchange Markets Forum for Organization of Islamic Cooperation (OIC) Member States**

Exchange Markets Forum for the OIC Member States is being held under the coordination of Borsa Istanbul annually since 2005 for the purpose of improving the cooperation between OIC member states' exchange markets. The 10th meeting of the Forum was held on October 27, 2016.

8 stock exchanges, 4 post trade institutions and OIC, COMCEC, Arab Federation of Exchanges, SESRIC and IFAAS were represented in the meeting. As coordinator of the forum, Borsa Istanbul continues to represent the Forum in meetings held at COMCEC; publish the news bulletin on developments of the member states' stock exchanges within quarterly intervals and prepare annual statistics report for the capital markets of OIC member states.

#### **Organization of Islamic Cooperation Trading Platform**

Mr. President recommended to establish a real estate and gold exchange for Islamic countries during the COMCEC meeting held in 2014. Accordingly, a task force was created with the representatives of Borsa Istanbul, Bursa Malaysia and Dubai Gold and Commodities Exchange. In 2016, comprehensive works were carried out with multi-disciplinary approach for the proposed trading platform.

#### **Regional Custody Centre**

Kuyumcukent Premises were opened by Mr. President in 2016 and precious metals storage capacity was increased from 100 tons to 1600 tons.

#### **Strategic Business Alliance with Islamic Development Bank Group**

Another initiative to contribute to the development of interest-free finance in Turkey has been the signing of a strategic business association agreement with the Islamic Development Bank Group (IsDB).

Agreement was reached on investigating opportunities on inclusion of IsDB to Borsa Istanbul, developing gold trade platform with OIC Member States' Exchanges, improving the sukuk infrastructure; developing interest-free finance products based on large-scale infrastructure products; establishing an international interest-free finance advisory committee and in general, improving the Islamic finance in Turkey and the region, with the agreement that was signed in the presence of our President on 23 November 2016.

Interest-sensitive investors were attracted to the market as a result of this historical cooperation that will facilitate distribution of the capital and financing to the base.

Meaningful contribution is expected for the Istanbul International Finance Centre with the steps taken within the scope of cooperation with IsDB.

## İnovasyon ve Çevre

### Participation Indices

In 2016, Ziraat Portfolio Participation Index was initiated in addition to Participation-50, Participation-30 and Participation Model Portfolio Indices in the name of Bizim Menkul Değerler A.Ş. Ziraat Portfolio Participation Index is an index consisting of share certificate in compliance with the participation bank principles that are traded in Borsa İstanbul. It is of great importance for increasing the product diversity in Islamic finance.

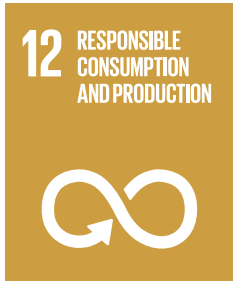
### International Agreements

Aiming to reinforce its identity as “global actor” of Borsa İstanbul, operations were continued to diversify its international connections, evaluate joint product and business development possibilities, develop business collaboration with international exchange markets and finance organizations.

In this context, in 2016, meetings were held with the Tehran Stock Exchange and Dubai Commodity Centre to establish various collaborations.

### BM 2030 12. Sustainable Development Target: Responsible Consumption and Production

Target 12.6: Encouraging companies to adopt sustainable business practices and report sustainability-related matters



### BORSA İSTANBUL AND THE ENVIRONMENT

Borsa İstanbul shaped the environmental approach in order to contribute to long-term environmental sustainability.

**Objective of this approach is to minimize the environmental risks and impacts and generate long-term solutions for Borsa İstanbul and its stakeholders. Borsa İstanbul addresses environment-related matters under the following headlines: energy and climate change, water consumption and waste water, waste production and recycling and other air emissions.**

### Borsa İstanbul's Environmental Management System

Borsa İstanbul's Environmental Management System Directive stipulates the principles and procedures of Borsa İstanbul on compliance to environmental legislation; development, implementation, monitoring, control and review of environmental policies as well as communication and interaction channels with the Sustainability Committee.

### Borsa İstanbul's Environmental Policy

Borsa İstanbul operates in the service sector. For this purpose, the Exchange developed the Environmental Policy in order to contribute to the protection of the environment in all business processes, in line with its sensitivity to environmental sustainability and its holistic sustainability approach. Environmental sustainability within the responsibility of Sustainability Committee are structured based on energy consumed during operations, greenhouse gas emissions, climate change, other emissions, water consumption and waste water, waste management and recycling.

Borsa İstanbul attaches importance to the environment also in the supply chain; suppliers of products and services are expected to act in compliance with its environmental approach. In Borsa İstanbul, environmental sustainability is managed at the highest level directly by the Sustainability Committee that reports to the General Manager.



For Borsa İstanbul's Environmental Management System Directive: <http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-as-cevre-yonetim-sistemi-yonergesi.pdf>



For Borsa İstanbul's Environmental Policy: <http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-as-cevre-politikasi.pdf>

## ENVIRONMENTAL PERFORMANCE OVERVIEW AND PERFORMANCE DATA

Environmental performance of Borsa Istanbul is evaluated in accordance with environmental dimensions specified under Environmental Policy.

In order to mitigate environmental impacts of operations, the requirements are determined, mitigation activities are carried out and actions are taken.

Mains water and power consumption increased in 2016 when Takas Istanbul and Merkezi Kayıt Istanbul moved to Borsa Istanbul campus.

### Environmental Performance Key Indicators

	2013	2014	2015	2016
Greenhouse gas emissions (Scope 1 and 2) (ton)	4,538	4,862	5,118	5,389
Greenhouse gas emissions (Scope 3) (ton)	638	636	484	548
Electricity consumption (MWh)	6,751	7,418	8,077	8,260
Natural gas consumption (m³.)	194,444	192,662	168,465	208,247
Waste/ Paper recycling (ton)	10	12	11	23
Mains Water m³.	37,362.00	27,800.00	18,431.00	40,146.00



## Innovation and Environment

### WASTE AND MATERIAL MANAGEMENT

#### Recycling of paper and other wastes and the relevant savings

Borsa İstanbul sent 23.02 tons paper to recycling in 2016. Total quantity of paper sent to recycling in 2016 increased by 106% compared with the quantity in 2015.

	2013	2014	2015	2016
<b>Recycled paper (ton)</b>	10.6	12.4	11.2	23.02

With the 2-page printing method, 10 trees were saved, reducing approximately 16 tons of carbon emission.

<b>CO<sub>2</sub> emission</b>	15,787.73 kg
<b>Number of recycled papers</b>	115,691 sheets
<b>Number of saved trees</b>	10

Borsa İstanbul started to measure and record the total amount of wastes with the digital weigh investment made in 2016. In 2016, the Exchange's total waste quantity was measured as 83.74 tons.

Battery collection boxes were put Borsa İstanbul's premises in the same year. The quantity of batteries collected in 2016 is at significant level and batteries were delivered to Sarıyer Municipality for the purpose of disposal.

In 2016, operations were initiated to measure and record domestic wastes regularly taking to the dump sites. The quantity of domestic wastes was measured as 60.41 tons for the year 2016. In the same year, the amount disposed fluorescent was 0.05 ton.

The disposal of electronic waste was also continued. The relevant quantities are as specified below:

	2013	2014 (2 months)	2015	2016
<b>Recycled electronic wastes (ton)</b>	-	28 toners (0,05 ton)	135 toners (0,24 ton)	145 toners (0,26 ton)

Documents received from external parties have been archived in the Document Registration System and they were distributed to the departments via electronic system, thereby **saving approximately 325,000 paper sheets annually.**

#### Contribution to paper saving

Borsa İstanbul developed an electronic system for notifying and obtaining approvals of users for changes related with the assets. As a result of this initiative, the time and paper spent for business operations were reduced.

As of 2014, documents received from external parties have been archived in the Document Registration System and they were distributed to the departments via electronic system, thereby saving approximately 325,000 paper sheets annually. Borsa İstanbul's procurement operations are also carried out through the Document Registration System.

Upon implementation of the electronic system, approval durations were reduced, it became possible to access procurement data instantly and paper consumption was reduced. It is aimed to increase the amount of paper savings obtained through Document Registration System in the upcoming period with the introduction of electronic system for internal correspondence and approvals.

#### Seismic reinforcement works and material selection

Seismic reinforcement works studies were carried out since 2011 at Borsa İstanbul premises. In 2014, the renovation projects were revised based on the new requirements and demands for Block A and the contract was awarded to the project contractor as a result of the tender. Works within the scope of the project are in progress.

Borsa İstanbul attaches importance to use natural and nature-friendly, recyclable building materials with long economic life during construction works. Accordingly, comfort glazing is preferred for the glazing systems that support heat isolation of roofs, flooring and façades and energy saving is achieved with the heating and cooling systems.

#### Protection of plants and trees in the campus

Piled system is implemented instead of opening large excavation pits (sloped excavation) in order to protect plants and trees in the land and existing buildings during construction works.



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### Seismic reinforcement works and material selection

Seismic reinforcement works studies were carried out since 2011 at Borsa Istanbul premises. In 2014, the renovation projects were revised based on the new requirements and demands for Block A and the contract was awarded to the project contractor as a result of the tender. Works within the scope of the project are in progress.

Borsa Istanbul attaches importance to use natural and nature-friendly, recyclable building materials with long economic life during construction works. Accordingly, comfort glazing is preferred for the glazing systems that support heat isolation of roofs, flooring and façades and energy saving is achieved with the heating and cooling systems.

### Protection of plants and trees in the campus

Piled system is implemented instead of opening large excavation pits (sloped excavation) in order to protect plants and trees in the land and existing buildings during construction works.

Thus, savings will be achieved with the natural gas used for heating during winter and electricity used for cooling during summer.

Modifications were made in the air-conditioning system of Block G Listings Department in order to benefit from the exhausted heat and improve the system efficiency. Savings in an amount of TRY 2,000 was achieved on annual basis.

Higher efficiencies were targeted with the plan on conversion of the operating scenario from active-active to active-passive for the Primary Data Centre upon monitoring the automation system throughout the year. The plan has not, yet, been implemented as the automation system was not configured. The amount of savings expected with this plan is around TRY 50,000.

The Primary Data Centre has total redundancy with respect to mechanical and electrical systems. In order to increase the safety of the system, it is planned to make a connection to the data centre from the new system that will be installed to meet cooling requirements of the office and shared areas in Block A. As a result of this implementation, the mechanical safety of the Primary Data Centre is intended to be increased even further.

### Collect the Caps, Remove the Barriers

Borsa Istanbul supported the project implemented with the motto "Collect the Caps, Remove the Barriers" in cooperation with Esenler Municipality and cap collection bins were placed at various locations in the Exchange Premises. In the campaign, 1 wheel chair is given when the weight of caps reach to 170 kg and 1 battery-driven wheel chair is given when the weight of caps reach to 2,000 kg.

In 2016, 2 servers, 4 desktop computers and screens and 3 printers were donated to various primary and secondary schools in addition to tables, chairs.

**The construction of the New Energy Centre is continuing and it will be used to meet electricity demand of Borsa Istanbul data centres, computers and premises.**



# Modern Working Environment and Social Activities







**BORSA  
İSTANBUL**

## Part 4

Career at Borsa Istanbul Social  
Responsibility



## Career at Borsa İstanbul

**Borsa İstanbul considers employees as stakeholders that provide the most important contribution to the long- term success of the company.**

Human Resources Policies are aimed at achieving efficiency, increasing the commitment and added value; providing safe and peaceful working environment; keeping employee satisfaction at the highest level and improving the sustainability awareness through events improving communication between employees and trainings focusing on career development.

Each person working for Borsa İstanbul is considered equal as others without any discrimination based on language, religion, philosophical view, political view, race, gender and other reasons.

Borsa İstanbul strives to provide equal opportunities to everybody and this approach is based on “right person for the right task”, “equal work load, equal wage” and “rewarding the success” principles.

### BM 2030 5. Sustainable Development Target: Social Gender Equality



Target 5.5: Ensuring that women take an efficient role in all decision-making mechanisms, at all levels; creating equal opportunities and sharing

As a defender of United Nations Women's Empowerment Principles, Borsa İstanbul strives to carry out activities aimed at increasing the number of women employees in all positions.

### KEY HUMAN RESOURCES INDICATORS- AS OF 31 DECEMBER 2016 - FOR 2016

Number of women

**135**  
WOMEN

The number of new employees

**64**  
PERSONS

Annual training hours per employee\*

**9.8**  
HOURS

Annual training hours per employee\*\*

**12.5**  
TIME

Total number of

**506**  
PERSONS

Total number of employees in Borsa İstanbul was 506 persons and 27% of this population consisted of women employees by the end of 2016.

\* Total number of employees is taken as basis

\*\* Employees participating to training is taken as basis.





For the continuity of the corporate memory that is evolving with the knowledge and experience of the employees, it is aimed retain the talented employees in Borsa Istanbul for a long time. By 2016, the percentage of employees who worked for 5 years and more was 58%; 35% of this population worked in Borsa Istanbul for 15 years and more.

### CAREER MANAGEMENT IN BORSA ISTANBUL

The human resources policies and procedures of the Borsa Istanbul are revised and improved regularly to recruit and develop talents.

The most critical factor in the career planning of employees is the success of employees. Career opportunities are offered to employees so they can improve their strengths and Borsa Istanbul recruits the required talents at executive positions.

**There are two career paths- technical and managerial- in Borsa Istanbul.**

The technical career path means career development in the position groups and encourages specialization.

The managerial career path means career development of executive positions and it is aimed at recruiting the executives required by Borsa Istanbul from the internal sources. There are two types of career movements -vertical and horizontal- in technical and managerial career paths. Vertical career movements that indicate progress of an employee with respect to positions occur upon evaluation of competences and experience required for the position within the framework of labour force planning.

Horizontal career movements are about migration of an employee to a different position, unit or business line, maintaining the title. Horizontal career movements are performed upon evaluation of the requirements, position-related competences and experiences, opinion of executives and demands of employees within the framework of labour force planning.

### TRAINING ACTIVITIES FOR HUMAN RESOURCES IN BORSA ISTANBUL

In order to increase the knowledge and skills of Borsa Istanbul employees, trainings are organized regularly or with the request of executives.

Borsa Istanbul intends to prepare training catalogue in order to plan the training of its employees more effectively. The training catalogue is designed an aim to increase the professional knowledge of the employees so that they can follow the innovations in their while reinforcing their personal development.



Human resources policy can be found here:  
<http://www.borsaistanbul.com/en/investor-relations/corporate-governance>

## Career at Borsa İstanbul

In addition, we are planning to organize an Executive Development Program and complete it until the end of 2019 in order to evaluate, improve competences of executives who play an important role in achieving the targets so success of Borsa İstanbul is increased further.

Motivational events were organized in 2016 so employees across the Group network, unity is underpinned and team spirit is developed after Takas İstanbul and Merkezi Kayıt İstanbul moved to Borsa İstanbul campus. Borsa İstanbul aims to increase the type and frequency of such events.

The strategic partnership agreement signed between Nasdaq and Borsa İstanbul also includes consultancy services including technology transfer as well as sharing of information required in the capital markets and stock exchanges. Activities under 15 different headlines were completed in 2016 within the scope of consultancy services determined as 1800 man/ day for the period 2014-2017. Attended by more than 100 persons from Takas İstanbul and Merkezi Kayıt İstanbul, subsidiaries of Borsa İstanbul, the trainings addresses subjects such as Market and Business Development, Management and Corporate Efficiency, and Settlement and Reconciliation. 2017 planning was completed for the trainings that will extend over 4 years.

### Some trainings completed during the period...

- 7<sup>th</sup> Information Technologies, Governance and Audit Conference
- Nasdaq Trainings
- Payrolling Training
- Training Management Training
- Human Resources Summit
- Training on Detecting Modified Balance Sheets, Transfer in Financial Analysis and Purification Operations
- PMP Training Program
- Preparation for Part Three of Certified Internal Auditing Exam (CIA PART 3)
- Breaches and Ethics
- Remuneration Management Training
- Executive Assistants Meeting
- Occupational Health and Safety Training
- Orientation training





## REMUNERATION IN BORSA ISTANBUL

Salaries and other benefits of employees in Borsa Istanbul are determined in consideration of legal liabilities, union rights, value of work, competences and performance of employee, market conditions and principle of fairness.

Rights and conditions available to employees through unions have been made available to all employees under employment agreements with indefinite term. The following payments are made to the employees as salary, allowances and social benefits subject to certain conditions.

- Basic salary
- Severance pay
- Bonus
- Overtime
- Performance rebate
- Social benefits

In 2016, employees of Borsa Istanbul were asked about their opinions on human resources practices.



For Remuneration Policy of Borsa İstanbul:  
<http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/bias-insan-kaynaklari-politikasi.pdf>

## FOR INTRODUCING EXCHANGE OPERATIONS AND CAPITAL MARKETS TO UNIVERSITY STUDENTS...

Borsa Istanbul attends to career days organized at universities in different cities of Turkey and makes an introduction presentation and shares career opportunities. On the other hand, we attend capital market institutions introduction seminars organized at universities and introduce Borsa Istanbul by providing students with general information on capital market.

### Borsa Istanbul Student Training Program

Borsa Istanbul implements a Student Training Program for university students. The program is tailored to present potential career opportunities in a guiding vision before young individuals start their career and contribution is made to the nurturing of the future's capital market employees and investors.

Third and fourth grade students attending to 4-year programs of universities and vocational high schools and postgraduate students from the country and foreign countries are accepted to Student Training Program of Borsa Istanbul provided that they study at departments listed in the application manual. In addition, students who were graduated in the recent 6-month period can also join to the program. The program is organized in 22 sessions per year and each session takes up to 2 weeks. Upon completion of the program, students are given certificate of attendance to the Student Training Program.

## Career at Borsa İstanbul

### BORSA İSTANBUL'S OCCUPATIONAL HEALTH AND SAFETY POLICY

As Borsa İstanbul, we are committed to create a safe and healthy working environment for our employees at all locations we carry our operations. Our Occupational Health and Safety Policy is based on the objectives of creating occupational health and safety culture; improving the awareness of our employees and preventing work accidents and occupational diseases.

Therefore, our goal is to achieve an occupational health and safety performance that exceeds the legislative requirements; thus, set a model to other companies in the field we take the lead. We consider the potential risks on occupational health and safety in advance and we strive to minimize work accidents, occupational diseases and risks.

We organize trainings and events aimed at creating awareness in order to ensure that our employees become active defenders of occupational health and safety requirements. We do not limit such efforts with our employees; we also contribute to the development of occupational health and safety awareness among our suppliers and related parties.

### FOR A SAFE AND HAPPY WORKING ENVIRONMENT

**Offering a career to employees that makes them happy with all aspects; allow them to keep the balance between business and private life and facilitate the efforts of coping with the stress are essential goals of Borsa İstanbul.**

Borsa İstanbul created an OHS Committee in accordance with the Occupational Health and Safety Law No. 6331, Members of the Committee are appointed by the General Manager and selected in accordance with the legislation. OHS Committee consists of employer's representative, workplace doctor, occupational safety specialist, employee representative, foreman representative and committee coordinator.

\*Civil defence specialist is not available in OHS Committee of Borsa İstanbul 69% of Borsa İstanbul employees were member of a and Service Manager at Support Services Directorate was assigned as a member of the Committee.

OHS Committee holds meetings at frequencies specified in the legislation and as required and carries out activities such as trainings, evaluation reports, contingency action plans, risk assessments, etc. in parallel with the Occupational Health and Safety Law and applicable regulations. In addition, the Committee communicates the required activities to the relevant departments and monitors their implementation. Another duty of the Board is to process the complaints and recommendations received from employees and take the necessary actions.

Borsa İstanbul's Human Resources Director acts as employer's representative and Chairman of OHS Committee. Solutions are applied upon communicating the issues discussed in the Committee or reported by OHS specialist/ workplace doctor to the relevant department. Information is provided about the solution during Committee meetings. No external reporting is made to the Board of Directors.

The legislation requires each employee to receive occupational health and safety training for 8 hours, and this training must be repeated within 3-year intervals in low-risk areas. Borsa İstanbul provided OHS training to all employees in 2016.

### Borsa İstanbul and union relations

Authorization of Tez-Koop Labour Union where majority of Borsa İstanbul employees were organized had expired; therefore, employees organized within Banking-Finance and Insurance Workers' Union (BASISEN) that is one of the authorized unions in banking and finance. 4th Term Collective Labour Agreement had expired in the end of 2016 and new collective labour agreement was executed with BASISEN in 2017 for the post-2016 period.

Opportunity to establish effective communication was provided by opening a field in the intranet- internal communication tool of Borsa İstanbul- for the union and association of the employees for the purpose of exercising freedom of organization and right to collective labour agreement effectively.

69% of Borsa İstanbul employees were member of a union as of the end of 2016.





## Social Responsibility

Borsa İstanbul believes that financial markets and companies play an important role and have responsibility not only about economic growth and development but also in social development.

For this purpose, activities are carried out to support culture-arts, training and similar other needs of the society and contribution is provided to social responsibility activities with projects tailored for social development.

### BORSA İSTANBUL SCHOOLS - A PROJECT CONTINUING FOR 80 YEARS

Implemented for building 46 schools with “IMKB Education Fund” that had a budget of TRY 32 million based on the protocol signed in 1998 with the Ministry of National Education, “Project for Physical Contribution to National Education” (EFİKAP) is now a project with very high added value.

Borsa İstanbul generates solutions tailored for the needs of regions via educational institutions built in 277 district, 80 provinces of Turkey and contributes to the regional development and creation of equality of education opportunities within the scope of EFİKAP. The project reached to 800 thousand students and provided education-learning opportunity with 432 educational institutions and facilities of 53 different types in total including primary schools, high schools, vocational schools, boarding schools, gymnasiums, conference rooms, social facilities, universities, faculties, rectorships and public education centres.

In 2016, TRY 5.5 million was paid to the Governorates and Ministry of National Education for this project. The project is financed from Fund for Contribution to Education that is managed by Borsa İstanbul and interests generated through the fund are also allocated to EFİKAP. The amount of funds allocated to the projects implemented using own resources is TRY 1.5 billion.

Investments are made in the provinces and districts with limited opportunities; thus, education level and quality in Turkey is increased and awareness on education is improved. In addition to educational contributions, trainings and handicraft courses are organized on summer, at weekend and breaks during the academic year and overall development is achieved through inclusion of adults to the business life.



### SUPPORT FOR 15<sup>th</sup> JULY MARTYRS

A police officer and a citizen fell martyr while defending Borsa İstanbul during the coup attempt on 15 July 2016. Borsa İstanbul considers providing aid to the families of our martyrs as a social responsibility; thus, provided financial and moral aid to both families and bought house for each family within the scope of this responsibility.

In addition, Borsa İstanbul sponsored the events (Commemoration Match organized on 22 December 2016) organized for providing aid to families of citizens who fell martyr in the same night. On the other hand, “15th July Martyrs Monument” was built in the campus in order to keep memories of our martyrs alive forever



For Borsa İstanbul's Corporate Social Responsibility Policy: <http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/bias-kurumsal-sosyal-sorumluluk-politikasi.pdf>



Borsa Istanbul Group and Turkish Red Crescent collaborated to organize a bell ringing ceremony and Blood Donation Campaign on 14-15 December 2016 in our campus for commemorating our martyrs.

We acted as an intermediary give health to approximately 600 persons and lend happiness to tens of people with the blood donated by nearly 200 employees from Borsa Istanbul Group.

## SUPPORT FOR SPORTS ACTIVITIES

### Etnospor Culture Festival

Borsa Istanbul took place among the main sponsors of Etnospor Culture Festival organized in Istanbul on 26-28 August 2018 by the World Etnosports Confederation for the purpose of keeping traditional sports alive.

Borsa Istanbul sponsored Turkey Paralympic Sports Federation and Abdullah Yorulmaz, paralympic archer from Turkish Archery Federation. Yorulmaz is supported so he can represent our country and nation better and achieve success in the international arena.





## Social Responsibility

### Borsa İstanbul Music Workshop Group



#### Sports Tournament between Exchange Markets in the Centre and East Europe.

Borsa İstanbul encourages sports events organized in collaboration with exchange markets in order to reinforce the relations between capital market institutions, establish close relations and improving the publicity.

For this purpose, Borsa İstanbul employees represent us in the Sports Tournament between Exchange Markets in the Centre and East Europe hosted by a different exchange each year. Borsa İstanbul Football Team joins the carpet field tournaments between companies since 2013.

### CULTURE AND ARTS EVENTS

#### Borsa İstanbul Arts Collection

Arts events such as private exhibitions, school exhibitions, etc. are organized in the exhibition hall of Borsa İstanbul; sponsors various arts activities and contributes to the cultural development of Turkey. Borsa İstanbul Arts grew since the day Borsa İstanbul was founded and the collection reached to more than 400 arts pieces.

#### Borsa İstanbul Music Workshop Group

Borsa İstanbul Music Workshop Group is another social project of Borsa İstanbul that contributes to development culture and arts in Turkey. Objective of the group is to relay music culture of Turkey that dates back to centuries ago to the future generations.

Bringing the leading instrument masters of Turkey together, Borsa İstanbul Music Workshop Group- İstanbul Performers organizes concerts in various provinces of our country and workshops in the conservatories of universities for the purpose of relaying the music culture to the next generations as a heritage accumulated over centuries.

**Objective of Borsa İstanbul Music Workshop Group** is to relay music culture of Turkey that dates back to centuries ago to the future generations.



# Part 5

GRI Index  
Borsa İstanbul 2014-2016 Performance Data  
Communication

## GRI G4 Content Index - Core



### GENERAL STANDARD REPORTS

General Standard Reports	Definition	Description/Page
<b>STRATEGY AND ANALYSIS</b>		
<b>G4-1</b>	Statement of the highest-rank decision-maker of the corporate body (CEO, Chairman or equivalent executive) about the relevance of sustainability and strategy on corporate sustainability.	Message from the Chairman and Chief Executive Officer, Page: 6-9
<b>G4-2</b>	Definition of key impacts, risks and opportunities	Risk Management in Borsa İstanbul, Page: 47.
<b>CORPORATE PROFILE</b>		
<b>G4-3</b>	Business name	Borsa İstanbul A.Ş.
<b>G4-4</b>	Primary trademarks, products and services	Corporate Profile, Page: 2-3
<b>G4-5</b>	Registered office	Reşitpaşa Mahallesi, Tuncay Artun Caddesi, Emirgan 34467/İstanbul -Türkiye
<b>G4-6</b>	The number of countries where the organization shows presence and names of other countries where the organization carries out business or sustainability operations described in the report.	<a href="http://www.borsaistanbul.com/kurumsal/borsa-istanbul-hakkinda/hukuki-cerceve">http://www.borsaistanbul.com/kurumsal/borsa-istanbul-hakkinda/hukuki-cerceve</a>
<b>G4-7</b>	Ownership and legal status	Corporate Governance-Shareholding Structure, Page: 44
<b>G4-8</b>	Service markets (geographical distribution, service sectors including types of customers and	Corporate Profile, Page: 2-3 Borsa İstanbul at a Glance, Page: 11
<b>G4-9</b>	Scale of the organization <ul style="list-style-type: none"> <li>Total number of employees</li> <li>Total number of transactions</li> <li>Net sales (for private sector organizations) or net income (for public sector organizations)</li> <li>Total working capital allocated to debts and equities (for private sector organizations)</li> <li>Volume of products or services provided</li> </ul>	Borsa İstanbul at a Glance, Page: 10 Efficient and Transparent Markets, Page: 32-33 Working Life at Borsa İstanbul, Page: 60
<b>G4-10</b>	Employment agreement, total number of employees by region and gender	Social Performance Data, Page: 80-81
<b>G4-11</b>	Percentage of the total number of employees within the scope of collective labour agreements	69%
<b>G4-12</b>	Description of the organization's supply chain	Stakeholder Relations, Page: 25 Innovation and Environment, Page: 54 Working Life at Borsa İstanbul, Page: 64.
<b>G4-13</b>	All visible changes that occur in the process of reporting about the size, structure, ownership or supply chain of the organization.	Corporate Governance, Page: 44.



## GENERAL STANDARD REPORTS

General Standard Reports	Definition	Description/Page
<b>CORPORATE PROFILE</b>		
<b>G4-14</b>	Whether the organization has a prudence approach of how the principle of prudence is fulfilled	Business Continuity and Management of Technological Risks, Page: 48-49
<b>G4-15</b>	List of economic, environmental and social agreements, principles and other initiatives that are developed externally and signed or supported by the organization.	Stakeholder Relations, Page: 28-31
<b>G4-16</b>	List of associations (i.e. Industrial associations) and national or international support organizations where the organization	Stakeholder Relations, Page: 28-31
<b>PRIORITY MATTERS AND FRAMEWORKS</b>		
<b>G4-17</b>	a. List of all affiliates included in consolidated balance sheets or equivalent documents of the organization b. If any entity is included in the consolidated balance sheet or any other equivalent document	a. Corporate Governance, Page: 45. b. About the Report, Page: Front
<b>G4-18</b>	a. The procedure aimed at defining the scope and framework of the report b. How the organization implements Reporting Principles on Determining the Report Content	Sustainability Approach, Page: 16-17
<b>G4-19</b>	List of all priority matters identified while determining the report content	Sustainability Priorities, Page: 17
<b>G4-20</b>	Internal framework for each priority matter	Sustainability Priorities, Page: 17
<b>G4-21</b>	External framework for each priority matter	Sustainability Priorities, Page: 17
<b>G4-22</b>	Impact of each statement that is revised in comparison to the information provided in previous reports and reasons of revision	About the Report, Page: Front cover (back)
<b>G4-23</b>	Visible revisions in the Scope and Frameworks compared to the previous	About the Report, Page: Front cover (back)

## GRI G4 Content Index - Core

GENERAL STANDARD REPORTS		
General Standard Reports	Definition	Description/Page
<b>STAKEHOLDER PARTICIPATION</b>		
<b>G4-24</b>	List of stakeholder groups in contact with the organization	Stakeholder Relations, Page: 23-26
<b>G4-25</b>	Principles for determining and selecting stakeholders to communicate	Stakeholder Relations, Page: 22.
<b>G4-26</b>	Stakeholder chart of the organization including the frequency of interaction by type and stakeholder group and whether any of such interactions was structured as a part of the report preparation process.	Stakeholder Relations, Page: 23-26
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; stakeholder groups that raised each of the key	Stakeholder Relations, Page: 22, 27
<b>REPORT PROFILE</b>		
<b>G4-28</b>	Reporting period for the information provided (such as fiscal year or calendar year)	1 January 2016 - 31 December 2016
<b>G4-29</b>	Date of the last report (previous) presented (if any)	01 January 2015 - 31 December 2015
<b>G4-30</b>	Reporting frequency	Annual
<b>G4-31</b>	Contact information for inquiries about the report a	Mahmut Aydoğmuş, Tel: 0212 298 23 70, e-mail: <a href="mailto:surdurulebilirlik@borsaistanbul.com">surdurulebilirlik@borsaistanbul.com</a>
<b>G4-32</b>	a. 'in accordance' option the organization has chosen. b. GRI Content Index for the chosen option (see tables below).	a. Basic b. GRI G4 Index, Page: 70-77 c. Report was not externally
<b>G4-33</b>	a. The organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided. c. The relationship between the organization and the assurance providers.	External assurance was not sought.

## GENERAL STANDARD REPORTS

General Standard Reports	Definition	Description/Page
<b>GOVERNANCE</b>		
<b>G4-34</b>	Organizational structure including the committees of the highest governance organ	Corporate Governance, Page: 42 For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 12-13
<b>G4-35</b>	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Corporate Governance, Page: 42-43, 46 For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 12-13, 103-108
<b>G4-36</b>	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Corporate Governance, Page: 42-43, 46 For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 12-13, 103-108
<b>G4-38</b>	The composition of the highest governance body and its committees	Corporate Governance, Page: 42 For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 12-13, 103-108
<b>G4-39</b>	Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this	Chairman of the Board of Directors who is also Chief Executive Officer. For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 12-13, 103-108
<b>G4-40</b>	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance	Corporate Governance, Page: 42 For more information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 103-108



## GRI G4 Content Index - Core

GENERAL STANDARD REPORTS		
General Standard Reports	Definition	Description/Page
<b>GOVERNANCE</b>		
<b>G4-41</b>	Processes for the highest governance body to ensure conflicts of interest are avoided and managed; whether conflicts of interest are disclosed to stakeholders as a minimum	For information: <a href="http://www.borsaistanbul.com/yatirimcilar/kurumsal-yonetim">http:// www.borsaistanbul.com/yatirimcilar/ kurumsal-yonetim</a> Borsa İstanbul 2016 Annual Report, Page: 103-108
<b>G4-45</b>	a. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic,	Corporate Governance, Page: 42-43, 46-47 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http:// www.borsaistanbul.com/docs/default-source/ kurumsal-yonetim/ borsa-istanbul-</a>
<b>G4-46</b>	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance, Page: 42-43, 46-47 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http:// www.borsaistanbul.com/docs/default-source/ kurumsal-yonetim/ borsa-istanbul-</a>
<b>G4-48</b>	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are	Corporate Governance, Page: 42-43, 46-47 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http:// www.borsaistanbul.com/docs/default-source/ kurumsal-yonetim/ borsa-istanbul-</a>
<b>ETHICS AND RELIABILITY</b>		
<b>G4-56</b>	The organization's values, principles, standards and norms of behaviour such as codes of	Corporate Governance, Page: 46 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http:// www.borsaistanbul.com/docs/default-source/ kurumsal-yonetim/ borsa-istanbul-</a>
<b>G4-58</b>	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or	Corporate Governance, Page: 46 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http:// www.borsaistanbul.com/docs/default-source/ kurumsal-yonetim/ borsa-istanbul-</a>

## SPECIAL STANDARD REPORTS

DMA and Indicators	Definition	Page
<b>CATEGORY: ECONOMIC</b>		
<b>PARAMETER: ECONOMIC PERFORMANCE</b>		
<b>G4-DMA</b>	General information on governance approach	Message from the Chairman and Chief Executive Officer, Page: 6-9
<b>G4-EC1</b>	Direct economic value generated and distributed	Borsa Istanbul at a Glance, Page: 11 Efficient and Transparent Markets, Page: 32-33 Economic Performance Data, Page: 78 For more information: Borsa Istanbul 2016 Annual Report, Page: 26-29
<b>PARAMETER: DIRECT ECONOMIC IMPACTS</b>		
<b>G4-DMA</b>	General information on governance approach	Message from the Chairman and Chief Executive Officer, Page: 6-9
<b>G4-EC7</b>	Development and impact of infrastructure investments and supported services	Efficient and Transparent Markets, Page: 36-41
<b>G4-EC8</b>	Visible direct economic impacts including the size of impacts	Efficient and Transparent Markets, Page: 36-41
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>PARAMETER: ENERGY</b>		
<b>G4-DMA</b>	General information on governance approach	Innovation and Environment, Page: 0-54
<b>G4-EN3</b>	Internal energy consumption	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
<b>G4-EN4</b>	External energy consumption	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
<b>G4-EN6</b>	Reduction of energy consumption	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
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<b>G4-DMA</b>	General information on governance approach	Innovation and Environment, Page: 50-54
<b>G4-EN8</b>	Total water consumption by resource	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
<b>UNSUR: EMİSYONLAR</b>		
<b>G4-DMA</b>	General information on governance approach	Innovation and Environment, Page: 50-54
<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1) Innovation and Environment,	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
<b>G4-EN16</b>	Indirect greenhouse gas (GHG) emissions (Scope	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79
<b>G4-EN17</b>	Other indirect greenhouse gas (GHG) emissions (Scope 3) Innovation and Environment,	Innovation and Environment, Page: 55 Environmental Performance Data, Page: 79

## GRI G4 Content Index - Core

SPECIAL STANDARD REPORTS		
DMA and Indicators	Definition	Page
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<b>PARAMETER: COMPLIANCE</b>		
<b>G4-DMA</b>	General information on governance approach	Innovation and Environment, Page: 50-54
<b>G4-EN29</b>	Financial value of the important penalties paid for non-compliance to the environmental law and regulations and total number of non- financial sanctions.	None.
<b>PARAMETER: GENERAL</b>		
<b>G4-DMA</b>	General information on governance approach	Innovation and Environment, Page: 50-54
<b>G4-EN31</b>	Total expenditures and investments for protecting the environment	Innovation and Environment, Page: 56-57 Environmental Performance Data, Sayfa: 79
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOUR FORCE PRACTICES AND TASKS SUITABLE FOR PEOPLE</b>		
<b>PARAMETER: EMPLOYMENT</b>		
<b>G4-DMA</b>	General information on governance approach	54 Career at Borsa İstanbul, Page: 60-64
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover by age group, gender and region	Social Performance Data, Page: 80-81
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender	Social Performance Data, Page: 80-81
<b>PARAMETER: LABOUR FORCE/MANAGEMENT RELATIONS</b>		
<b>G4-DMA</b>	General information on governance approach	54 Career at Borsa İstanbul, Page: 60-64
<b>G4-LA4</b>	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Career at Borsa İstanbul, Page: 64.
<b>PARAMETER: OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>G4-DMA</b>	General information on governance approach	Career at Borsa İstanbul, Page: 60-64
<b>G4-LA5</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Career at Borsa İstanbul, Page: 64.
<b>G4-LA6</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region	Career at Borsa İstanbul, Page: 64 Social Performance Data, Page: 80-81



## SPECIAL STANDARD REPORTS

DMA and Indicators	Definition	Page
<b>CATEGORY: SOCIAL</b>		
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<b>G4-DMA</b>	General information on governance approach	Career at Borsa İstanbul, Page: 60-64
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee	Career at Borsa İstanbul, Page: 60-62 Social Performance Data, Page: 80-81
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development re- views, by gender and by employee category	Career at Borsa İstanbul, Page: 60-62 Social Performance Data, Page: 80-81
<b>PARAMETER: DIVERSITY AND EQUALITY OF OPPORTUNITIES</b>		
<b>G4-DMA</b>	General information on governance approach	Career at Borsa İstanbul, Page: 60-64
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other	Career at Borsa İstanbul, Page: 63-64 Social Performance Data, Page: 80-81
<b>PARAMETER: EQUAL WAGE FOR MEN AND WOMEN</b>		
<b>G4-DMA</b>	General information on governance approach	Career at Borsa İstanbul, Page: 60-64
<b>G4-LA13</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Career at Borsa İstanbul, Page: 63 Social Performance Data, Page: 80-81
<b>SUB-CATEGORY: SOCIETY</b>		
<b>PARAMETER: ANTI-FRAUD</b>		
<b>G4-DMA</b>	General information on governance approach	Corporate Governance, Page: 46 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-</a>
<b>G4-SO4</b>	Communication and training on anti- corruption policies and procedures	Corporate Governance, Page: 46 For more information: <a href="http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-">http://www.borsaistanbul.com/docs/default-source/kurumsal-yonetim/borsa-istanbul-</a>
<b>G4-SO5</b>	Confirmed incidents of corruption and actions take	nIncidents of corruption and actions taken during the reporting period.

## Borsa İstanbul 2014-2016 Performance Tables

### ECONOMIC PERFORMANCE DATA

GENERAL INFORMATION ('000)	2014		2015		2016	
Generated Economic Value	TL	USD*	TL	USD*	TL	USD*
Income**	669,167	305,849	833,124	306,296	965,781	319,668
Distributed Economic Value						
Operational Expenditures***	160,156	73,201	217,514	79,968	321,338	106,361
Employee Salaries and Benefits	221,199	101,101	212,761	78,221	214,719	71,071
Payments to Funders	0	0	0	0	0	0
Payments to the Government****	106,447	48,653	147,060	54,066	154,089	51,003
Retained Economic Value						
(Revenues- Distributed Economic Value)	181,365	82,895	255,789	94,040	275,635	91,234

Consolidated financial information is presented.

\*For the purpose of calculations, annual average USD/TRY is taken 2.1879 for 2014; annual average USD/TRY is taken 2.7200 for 2015; annual average USD/TRY is taken 3.0212 for 2016;

\*\*Total Income (including financial inc. and income from other activities)

\*\*\*Including financial and operational expenses

\*\*\*\*Consists of CMB Share and Corporate Income Tax provision.

## ENVIRONMENTAL PERFORMANCE DATA

Greenhouse Gas Emissions* (ton CO <sub>2</sub> equivalent)	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
<b>Scope 1</b>	<b>1,198.4</b>	<b>1,192.8</b>	<b>1,122.7</b>	<b>1,303.3</b>
Vehicles	118,6	119,8	102,1	98,3
F-gasses	681,1	677,8	667,1	761,0
Fuels used in buildings	377,6	374,1	327,1	404,4
Generators (diesel)	21,1	21,1	26,4	39,6
<b>Scope 2</b>	<b>3,339.0</b>	<b>3,668.9</b>	<b>3,995.1</b>	<b>4,085.6</b>
Electricity consumption	3,339,0	3,668,9	3,995,1	4,085,6
<b>Scope 3</b>	<b>637,7</b>	<b>636,2</b>	<b>483,8</b>	<b>547,8</b>
Employee transport-Shuttles	289,2	277,5	252,6	213,6
Domestic flights for busines	74,8	58,9	35,8	49,8
Short-distance (Europe) flights for	19,4	17,1	6,1	117,1
Long-distance flights for business	254,3	282,7	189,3	167,3
<b>TOTAL</b>	<b>5,175.1</b>	<b>5,497.9</b>	<b>5,601.5</b>	<b>5,936.7</b>

	2014	2015	2016
<b>Scope 1 Total (Ton CO<sub>2</sub>e)</b>	<b>1,192.8</b>	<b>1,122.7</b>	<b>1,303.3</b>
CO <sub>2</sub>	1,189.7	1,119,9	1,300,3
CH <sub>4</sub>	1,1	0,9	1,2
N <sub>2</sub> O	2,1	1,8	1,8
<b>Scope 2 Total (Ton CO<sub>2</sub>e)</b>	<b>3,668.9</b>	<b>3,995.1</b>	<b>4,085.6</b>
CO <sub>2</sub>	3,657.5	3,982.7	4,072.9
CH <sub>4</sub>	1,3	1,4	1,4
N <sub>2</sub> O	10,1	11,0	11,3
<b>Scope 3 Total (Ton CO<sub>2</sub>e)</b>	<b>636,2</b>	<b>483,8</b>	<b>547,8</b>
CO <sub>2</sub>	629,7	478,8	542,2
CH <sub>4</sub>	0,2	0,1	0,1
N <sub>2</sub> O	6,3	4,8	5,4
<b>Grand Total (Ton CO<sub>2</sub>e)</b>	<b>5,497.9</b>	<b>5,601.5</b>	<b>5,936.7</b>
CO <sub>2</sub>	5,476.9	5,581.4	5,915.4
CH <sub>4</sub>	2.5	2.5	2.7
N <sub>2</sub> O	18.6	17.7	18.5

## Borsa İstanbul 2014-2016 Performans Verileri

### SOCIAL PERFORMANCE DATA

OVERVIEW	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Number of Employees	143	416	143	432	135	371
Total Number of Employees	559		575		506	

NUMBER OF EMPLOYEES BY EMPLOYMENT STATUS	2014	2015	2016
Full-time	559	574	506
Part-Time	-	1	-
<b>Total</b>	<b>559</b>	<b>575</b>	<b>506</b>

AGE DISTRIBUTION OF EMPLOYEES	2014	2015	2016
50 and Above	21	27	30
Age of 30-50	420	431	395
Below 30	118	117	81
<b>Total Number of Employees</b>	<b>559</b>	<b>575</b>	<b>506</b>

NUMBER OF EMPLOYEES BY DURATION OF SERVICE	2014	2015	2016
0-5 Years	290	264	230
5-10 Years	72	109	99
10 Year and Above	197	202	177
<b>Total</b>	<b>559</b>	<b>575</b>	<b>506</b>

DIVERSITY AND EQUALITY OF	2014		2015		2016	
Distribution of Executives By Gender and Age	Women	Men	Women	Men	Women	Men
50 and Above	0	1	0	1	1	0
Age of 30-50	1	34	1	36	0	24
Below 30	0	0	0	0	0	0

EMPLOYEES WHO ARE ON MATERNITY LEAVE AND RETURNED AFTER	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Employees Entitled to Maternity Leave	8	33	11	34	12	27
Employees Returned After Maternity Leave	8	33	11	34	10	27



OCCUPATIONAL HEALTH AND SAFETY TRAINING	2014	2015	2016*
Percentage of Duration Allocated for Occupational Health and Safety (OHS Trainings/ Total Duration of Training)	1.74%	1.04%	58.43%

\*All employees received OHS training in 2016.

OCCUPATIONAL HEALTH AND SAFETY DATA	2014	2015	2016
Number of Borsa Istanbul Employees	559	575	506
Number of Sub-Contractor Employees	70	320	89
Number of Accidents Resulted with Death (All)	0	0	0
Accident Frequency Ratio* (Borsa Istanbul)	0	0	0
Accident Frequency Ratio* (Sub-Contractor)	0	2.75	0
Ratio of Lost Days** (Sub-Contractor)	0	5.7	0

\*Accident Frequency Ratio = Total number of accidents/ (Total man-hour x 1,000,000)

\*\*Ratio of Lost Days = (Number of lost days x 200,000)/ Total work days (in hours)

EMPLOYEE TRAININGS	2014	2015	2016
Annual Average Training Hours per Total Number of Employees	30.4	32.5	9.8
Annual Average Training Hours per Women Employees	32.4	31.2	36.7
Annual Average Training Hours per Men Employees	37.6	32.9	13.4

NUMBER OF NEW EMPLOYEES	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Number of New Employees Hired	1	5	8	32	10	54
50 and Above	-	-	-	-	-	-
30-50	1	2	-	10	5	36
Below 30	4	3	8	22	5	18

NUMBER OF DISMISSED EMPLOYEES	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Number of Employees	23	56	8	16	17	116
50 and Above	3	9	0	3	2	5
Age of 30-50	19	40	7	9	12	91
Below 30	4	7	1	4	3	20

OVERVIEW	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Employees Subjected to Performance Assessment	143	415	143	430	135	368
<b>Total</b>	<b>558</b>		<b>573</b>		<b>503</b>	

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