

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Borsa İstanbul A.Ş. (Borsa İstanbul, the Company), shows due diligence in complying with the Capital Markets Board Corporate Governance Principles (Principles) announced by the Capital Markets Board of Turkey in accordance with Article 73 of the Capital Markets Law No. 6362. Borsa İstanbul is also devoted to implementing international best practice in corporate governance. This statement sets out a summary of corporate governance practices of Borsa İstanbul for 2017.

1. SHAREHOLDERS

1.1 Investor Relations Service

Despite not being a publicly traded company, Borsa İstanbul established an Investor Relations Department in June 2014. Investor Relations team reports to Executive Vice President/CFO, Muhittin ESEN and inquiries to the team can be made to investorrelations@borsaistanbul.com and yatirimciliskileri@borsaistanbul.com.

Questions addressed to the Investor Relations team were replied in accordance with the Company's Information Policy. Borsa İstanbul carried out the related procedures and correspondence with the Capital Markets Board and the shareholders regarding mergers of investment institutions that are Borsa İstanbul's shareholders and requests regarding the transfer of Borsa İstanbul A.Ş. shares between these investment institutions.

Information and disclosures that may influence the use of the rights by the shareholders are announced on the Company's website.



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1.2 Exercising the Right to Information by Shareholders

No discrimination is applied among shareholders in terms of their right to receive and analyze information, with the exception of information qualified as a trade secret; all information regarding the company operations and procedures is disclosed to shareholders upon request. Questions sent by shareholders to Borsa İstanbul via letter, telephone, e-mail, and other channels are answered by authorized staff immediately and efficiently. The Company website offers comprehensive historic and current information and statistics for shareholders.

Company operations are periodically audited by the independent auditor assigned by the Board as approved by General Assembly. The 2017 operations of Borsa İstanbul were independently audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG), and this report is available on the website.

The Company's Articles of Association do not envisage the right to request a special auditor, and no demand to that effect came from shareholders during 2017.



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1.3 General Assembly Meetings

Arrangements regarding Borsa İstanbul General Assembly meetings are determined by Borsa İstanbul A.Ş. Articles of Association and Internal Regulation Regarding General Assembly Rules and Principles, which are provided in the Company website. According to the provisions of Article 22 of the Company's Articles of Association and Article 414 of the Turkish Commercial Code, in order to inform shareholders beforehand, General Assembly meetings will be announced.

- in the Turkish Trade Registry Gazette,
- on the Company's website,
- in at least one daily newspaper published in the city where the company's headquartered is located,
- on the www.kap.org.tr
- for shareholders that have electronic signature, on the Electronic General Assembly System of Merkezi Kayıt Kuruluşu (e-GKS) at least three weeks excluding announcement and meeting days before the General Assembly meeting.

General Assembly meetings were held in line with the principles of Turkish Commercial Code, Capital Markets Legislation, and Corporate Governance principles, in a way to ensure sufficient provision of information and high participation by the shareholders, and making use of the Electronic General Assembly facility offered by Merkezi Kayıt İstanbul. An Extraordinary General Assembly, on the other hand, convenes as required by the Company operations, upon request of the Board or of minority shareholders in cases outlined in the Turkish Commercial Code, or of Capital Markets Board.

2017 Ordinary General Assembly meetings were held at Borsa İstanbul's İstinye campus on May, 12, 2017, and 8, June, 2017. The Ordinary General Assembly meeting on May 12, 2017 was announced;

- in the Turkish Trade Registry Gazette No. 9307 dated April 17, 2017
- on the company website
- in the newspaper Sabah on April 17, 2017
- on www.kap.org.tr
- on Electronic General Assembly Meeting System managed by Merkezi Kayıt İstanbul.

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The Ordinary General Assembly meeting on June, 8, 2017 was announced

- in the Turkish Trade Registry Gazette No. 9327 dated May 16, 2017
- on the company website
- in the newspaper Sabah on May 16, 2017
- on www.kap.org.tr
- on Electronic General Assembly Meeting System managed by Merkezi Kayıt İstanbul.

The agenda, notice, and related documents were uploaded on Company's website on May 16, 2017 and made available at the Company's headquarters.

As part of the General Assembly agenda, the annual report, financial statements, corporate governance compliance report, dividend distribution proposal, independent audit reports, informative document on the General Assembly agenda items and other supporting documents for the agenda items, the latest version of the Articles of Association, were on hand at Borsa İstanbul's headquarters to ensure access to as many shareholders as possible, and were published on the Company's website.

At the May, 12, 2017 dated meeting, shares representing a nominal value of 340,088,342.31 TL (80%) were represented out of the nominal value of 422,599,149.00 TL, which will be considered in the calculation of quorum and resolution quorum according to Article 389 of the Turkish Commercial Code, out of a total nominal value of 423,234,000.00 TL.

At the meeting held on June, 8, 2017, shares representing a nominal value of 413,642,653 TL (98%) were represented out of the nominal value of 422,599,149.00 TL, which will be considered in the calculation of quorum and resolution quorum according to Article 389 of the Turkish Commercial Code, out of a total nominal value of 423,234,000.00 TL.

In accordance with the Turkish Commercial Code No. 6102, Capital Markets Law No. 6362, and the relevant legislation, shareholders were allowed to vote electronically. No shares were represented electronically. During the Ordinary General Assembly meetings, shareholders used their right to ask questions, which were answered during the meeting. Furthermore, shareholders' proposals regarding the meeting agenda were discussed and finalized by the General Assembly. After the discussion on the item "election of Board members," the Board members nominated by Class A shareholders were replaced by new members.

The obligatory announcements were made regarding the resolutions of the Ordinary General Assembly dated May 12, 2017 in the Turkish Trade Registry Gazette No. 9307 dated April 17, 2017, and were also disclosed on the Company website. The obligatory announcements were made regarding the resolutions of the Ordinary General Assembly dated June 8, 2017 in the Turkish Trade Registry Gazette No. 9327 dated May 16, 2017, and were also disclosed on the Company website.

Following the General Assembly meeting, meeting minutes, were announced on the Company web-site. The required documents were uploaded on the Borsa İstanbul's Information Society Services (Bilgi Toplumu Hizmetleri) web-page as stipulated by the Turkish Commercial Code.

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1.4 Voting Rights and Minority Rights

At Borsa İstanbul, each share is entitled to one vote. Borsa İstanbul applies no practices that may impede the exercising of the voting rights and allows each shareholder to use their voting rights in the most facile manner. Shareholders that have voting rights may directly use such rights or they may appoint a deputy to use such rights in accordance with the arrangements of the Turkish Commercial Code and the Capital Markets Law. The Company Articles of Association envisage three groups of shareholders, namely, Class A, Class B, and Class C. Attendance in the relevant meeting and affirmative vote of at least one Board member representing Class A shareholders is sought for "proposing amendments on the Articles of Association." Apart from this, Class A and Class C shareholders have the privileges to nominate individuals for election to the Board. No regulation impedes the use of voting rights before a certain holding period expires.

Borsa İstanbul is the main shareholder in Takas İstanbul, which is also a shareholder in Borsa İstanbul. Therefore Takas İstanbul does not attend Borsa İstanbul General Assembly meetings. This was the case for both General Assemblies in 2017.

1.5 Rights to Dividends

According to Borsa İstanbul's Articles of Association, the net profit for a period is the balance after all costs are subtracted. Each year, 5% of annual profits are kept as legal reserves until such amount reaches 20% of the capital. Unless otherwise decided by the General Assembly, 5% of the balance is distributed as dividends to the shareholders pro rata according their share in the company.

Furthermore, a maximum 5% of the balance may be distributed to the Chairman, Board members, and Company staff by a method to be determined by the General Assembly, provided that such payments shall not exceed one-sixth of their annual gross income, including all payments. In addition, an amount to be decided by the General Assembly may be reserved to be distributed to the shareholders as dividend. In such a case, 10% of the amount to be distributed will be retained as general legal reserves and the balance of the net profit for the period will be retained as legal reserves.

The Company Articles of Association envisage no privileges for participation in the Company profits, with equal rights of dividends for each share. Dividend distribution policy is available on Company's web site.

The Ordinary General Assembly meeting held on June 8, 2017 decided to retain the dividends to strengthen the Company equity. This was announced on Company website.

1.6 Transfer of Shares

Provisions regarding the restriction of share transfers:

a) With the exception of those in accordance with paragraph 2 and sub-paragraphs (a), (b), and (ç) of paragraph 6 of Article 138 of the Capital Markets Law, all transactions that lead to the direct or indirect transfer of control of the Company, even if no share transfer is executed, are subject to the approval of the Capital Markets Board. Share transfers will become valid only after being approved by the Capital Markets Board, decided upon by the Board, and registered in the share register. All transactions that lead to the direct or indirect transfer of shares without the approval of the Capital Markets Board or transfers that lack the relevant Board resolution or that are not registered in the share register are null and void.

b) In order to ensure that the existing shareholding structure is maintained, shares other than those that belong to Class A may be transferred to another shareholder within the same group only. These shares may be transferred to shareholders that belong to the other classes or third parties by the approval of the Capital Markets Board. Group shares that exclusively belong to the Turkish Treasury and provide representation rights in the management may not be transferred in any way whatsoever.

c) In the event that a person acquires shares representing 10% or more of the capital through direct or indirect ownership of the publicly offered shares, or the shares owned by a shareholder directly or indirectly exceeds 10, 20, 33, or 50% of the capital through the acquisition of the shares offered to the public, or falls below such ratios as a result of share transfer, shareholders may use the related rights, with the exception of dividend rights, upon the approval of the Capital Markets Board only. The provisions of this sub-paragraph will also hold for cases where the above mentioned ratios are attained through the acquisition of the free-floating shares, including the shares acquired off-Exchange.

On the basis of market demands, Borsa İstanbul A.Ş. Board of Directors decided to initiate the share buy-back process. In line with regulations in Turkey, the approval of the regulatory body, Capital Markets Board of Turkey, was secured. On June 8, 2017 during Ordinary General Assembly Meeting, the Board was authorized for buying back 335,828,929 shares in exchange of maximum 50 million TRY, for a year. As a result, share transfers and payments were realized. In 2017 335,828,929 shares, representing 0.79% of the company capital, have been bought back from 24 shareholders. The investor relations team is in charge of the process.

In accordance with the Decree of the Council of Ministers dated January 24, 2017 numbered 2017/9756 entered into force with the publication of the Official Gazette dated February 5, 2017 numbered 29970, shares owned by Turkish Treasury have been transferred to the Türkiye Wealth Fund.

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2. DISCLOSURE AND TRANSPARENCY**2.1 Information Policy**

Borsa İstanbul's Information Policy is in written form as per Corporate Governance Principles and provided on the Company's website.



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2.2 Corporate Website and its Content

Borsa İstanbul has a website in Turkish www.borsaistanbul.com and in English <http://www.borsaistanbul.com/en/home-page>. Information subject to mandatory disclosure according to Corporate Governance Principles applicable to Borsa İstanbul has been disclosed on company website since November 2013 and is updated regularly.

Web site of the Company includes following regarding Investor Relations:

- Reports
- Corporate Governance
- Related Legislation
- General Assembly
- IPO of Borsa İstanbul
- Communication with Investor Relation

It is planned to renew the corporate website with a separate Investor Relation web site before IPO of Borsa İstanbul.



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2.3 Annual Report

Borsa İstanbul's annual report is prepared in a way such to ensure that the public has access to complete and correct information on the Company activities, in accordance with the "Communiqué on Determining the Minimum Requirements of Annual Reports" published on Official Gazette of August 28, 2012 numbered 28395.

The annual report includes information on the Company's title, Board members for the related period, events that influence the Company's performance, Company's financing resources and risk management policies, information on the exchange business activities and operation of the markets, Corporate Governance Compliance Report, research and development activities, revisions made on the Articles of Association within the period, including the reasons thereof, the quality and activities of the Company's production and service units, the financial status of the Company, and other important items.

3. STAKEHOLDERS**3.1 Informing the Stakeholders**

Borsa İstanbul takes due care to inform its stakeholders in accordance with its Information Policy.

Borsa İstanbul Ethical Rules preclude Borsa İstanbul officials from applying any priority, partiality, or inequality in treating investors with real or legal personality, and are required to provide correct, reliable, and unbiased information to the media and public. The Chairman of the Board and Executive Committee provides and discloses information through interviews.

Information offered by Borsa İstanbul are provided to investors through the following methods and instruments:
Websites



www.borsaistanbul.com
www.bilinciyatirimci.org
www.listingistanbul.com
www.bistozelpazar.com
www.kap.org.tr

- Investor Consulting Center (for only investor of listed companies)
- In addition, regularly updated information on the website, detailed annual reports, press bulletins, and other practices within the scope of Information Policy focused on transparency are intended for not shareholders only, but all stakeholders.

During 2017, the following stakeholders related events have been held:

- a) A total of 12 events aimed at domestic and foreign potential issuers (companies) were attended by Borsa İstanbul personnel. Furthermore, 21 domestic and 3 foreign companies, for a total of 24 unlisted companies, were visited and offered information on capital markets issues, particularly public offerings. 10 training seminars were organized jointly with brokerage houses to develop investor base and improve financial literacy. Company officials and event participants were informed about the new products and markets of Borsa İstanbul, the recent developments in the capital markets were transferred and opinions, suggestions and requests communicated to Borsa İstanbul have been determined.
- b) Incentives/mechanisms/applications are needed on the basis of both issuers and investors in order to make IPOs attractive for companies. Within this scope, various tax incentives for public and publicly offered companies from the Ministry of Finance were requested, and the Capital Markets Board was asked to make legal arrangements in order to establish various mechanisms for expanding the capital market to the investor base.
- c) 3 events aimed at investment institutions and other client groups were held. Under Key Customer Management, 8 visits to 6 companies were undertaken. Periodical or special meetings with public authorities and professional organizations of client groups are organized, except for those mentioned above. Senior managers of Borsa İstanbul attended some of those visits.
- d) Participated in 1 activity related to index business line. In addition, 120 visits / meetings were held with customers in all business lines.
- e) More than 1100 participants were informed about the Private Market by participating in a total of 11 activities including the events organized jointly with Turkey Exporter Council (TİM), Turkey Capital Market Association (TSPB), Development Agencies, Technoparks and angel investment networks.”

3.2 Stakeholders' Participation in the Management

Borsa İstanbul works in close communication and interaction with Capital Markets Board of Turkey during 2017. In its decisions, Borsa İstanbul took into consideration the opinions of Merkezi Kayıt İstanbul, Takas İstanbul and Turkey Capital Markets Association. After conducting meetings with market participants and exchange members, their opinions have been carefully considered. The above mentioned C group shares buy-back process was initiated due to requests from exchange members that hold Borsa İstanbul group C shares. Thus, this response may serve as a good example for stakeholders' participation in the management. The requests and suggestions of the employees and workers' union representatives were also evaluated by the executives.

3.3 Human Resources Policy

Human resources policies and processes are designed so to attract capable staff to the Company and allow them to improve their skills.

The basic features of Borsa İstanbul Human Resources Policy defined and announced in 2013 are as follows:

- Borsa İstanbul recruitment procedures are regulated by internal legislation in accordance with the principle of offering equal opportunities to persons of equal qualifications. Recruitment of new graduates is realized through written exams and interviews to ensure objectivity. In the recruitment of experienced staff, on the other hand, independent appraisers evaluate criteria that will contribute to efficiency, such as the candidate's capability of adaptation to the corporate culture and teamwork inclination in addition to professional skills.
- All rights awarded to the employees are clearly defined in the internal regulations. The rights envisaged by the legislation are accrued on each employee without any discrimination, and no further payments are made.
- Training activities are organized on a regular basis or on additional basis upon request.
- Workplace safety is provided and improved constantly.
- In order to provide employees with the freedom to establish associations and efficient use of collective bargaining rights, as well as for efficient communication purposes, spaces on the intranet are allocated to both the association of employees and the workers' union.

Part of Borsa İstanbul employees are organized the in Tez-Koop iş workers' union. The Fourth Collective Agreement between Borsa İstanbul and the union ended on December 31, 2016. A new labor union, Bank, Finance and Insurance Companies' Workers Union (BASİSEN), which is active in finance and banking sectors, was authorized to represent Borsa İstanbul employees. Negotiations for a new collective agreement were completed with BASİSEN representatives in 2017.

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Borsa İstanbul attaches great significance to work security, in consideration of workers' health and security as well as its own business continuity. As envisaged by legislation, a certified labor security specialist and a certified doctor work on Borsa İstanbul's campuses in İstinye and Kuyumcukent. As envisaged by legislation, a Labor Health and Security Board consisting of the representatives of the employer, employees, and the security unit, as well as the labor security specialist and doctor, was established. The Labor Health and Security Board convenes quarterly and after making the necessary evaluations, ensures that necessary steps are taken. Within this framework, improvements were made in 2017.

No complaints concerning discrimination were reported during 2017.

3.4 Ethical Rules and Social Responsibility

Borsa İstanbul Code of Ethics published in 2014 has been renewed and published in Borsa İstanbul Ethics Principles on November 1, 2017.

Borsa İstanbul's Corporate Social Responsibility Policy and information on its social responsibility efforts are available on its website. During 2017, Borsa İstanbul spent 1,753,374.16 TL on donations and support and 547,600.00 TL on sponsorships. In addition, a total of 29,692,371.58 TL was paid in 2017 from Borsa İstanbul's Contribution to Education Fund, managed by Borsa İstanbul. [page 58](#)



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4. BOARD of DIRECTORS

4.1 Structure and Election of the Board

Principles regarding the establishment and election of the Board are regulated by the Articles of Association of Borsa İstanbul. Board consists of ten (10) members, with two (2) members elected from among the candidates nominated by Class A shareholders and three (3) members from among Class C shareholders, including Union of Chambers and Commodity Exchanges of Turkey, Turkish Capital Markets Association, and investment institutions. The term of office of a member is three years and members can be re-elected.

According to the Company's Articles of Association, the term of incumbency, appointment procedures, remuneration, and number of independent Board members are subject to arrangements of the Capital Markets Board.

Murat ÇETİNKAYA, İhsan DURDU, Tevfik Metin AYIŞIK and İşinsu KESTELLİ were elected in the Ordinary General Assembly Meeting on June 8, 2017. Murat ÇETİNKAYA was appointed as the General Manager by the election of the Board of Directors. Resumés of the Board members are disclosed on website.



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During the incumbency of the independent Board members, there were no events to revoke their independence. Chairman of Board committees were elected from among independent Board members. The Board consists of 10 members including 3 women members. The table regarding members of the Board is given below:

Name-Surname	Group	Beginning of His/Her Term	Independence	Roles in Committee
Himmet KARADAĞ	A	Ordinary General Assembly dated April 1, 2016	Not independent	Chairman of the Board and the Executive Committee, Chairman of IPO Committee
Yunus ARINCI	-	Extraordinary General Assembly dated October 30, 2016	Independent	Deputy Chairman of the Board and the Executive Committee, Chairman of Early Risk Assessment Committee, Member of Audit Committee
Murat ÇETİNKAYA	A	Ordinary General Assembly dated June 8, 2017	Not independent	CEO, member of the Executive Committee and IPO Committee
Erişah ARICAN	-	Ordinary General Assembly dated April 1, 2016	Independent	Chairman of the Audit Committee
Oral ERDOĞAN	-	Board Meeting dated November 1, 2017	Not independent	Member of the Executive Committee
İhsan DURDU	-	Ordinary General Assembly dated June 8, 2017	Independent	Chairman of the Corporate Governance Committee
Nicola BEATTIE	-	Ordinary General Assembly dated April 1, 2016	Not independent	Member of the Corporate Governance Committee and IPO Committee
İlhami KOÇ Representing Turkish Capital Markets Association	C	Ordinary General Assembly dated June 8, 2017	Not independent	Member of Corporate Governance Committee, Audit Committee and IPO Committee
Işinsu KESTELLİ	C	Ordinary General Assembly dated June 8, 2017	Not independent	Member of Early Risk Assessment Committee
Tevfik Metin AYIŞIK	C	Ordinary General Assembly dated June 8, 2017	Not independent	Member of Early Risk Assessment Committee and IPO Committee

4.2 Working Principles of the Board

According to Borsa İstanbul's Articles of Association, the Board convenes as frequently as necessary, but at least once a month. The quorum for a Board meeting is a majority of members and the Board takes decisions with affirmative votes from the majority of members present.

Unless any member requests that a meeting be held physically, Board resolutions may be taken by the written approval of or by secure electronic signature via the Electronic Meeting System with the majority of members by a proposal of one Board member, written in the form of a resolution text. Resolutions are valid only if written and signed.

In 2017 the Board met 7 times. İlhami Koç did not participate to 1 meeting due to excuse, all other members attended all meetings. The Board of Directors of Borsa İstanbul decided on a total of 73 times in 2017, 19 times without physical meeting and 54 times with a physical meeting.

Board meeting dates are determined and announced monthly and reasonably in advance. In line with the Corporate Governance Committee proposal, all board meetings until the end of 2017 have been set. The pre-set calendar provides Board members with stability and allows advance attendance arrangements to be made. As specified by Articles of Association, the Board agenda is set by Chairman on the basis of motions prepared by Borsa İstanbul departments.

Board operations and procedures are carried out by the Chief of Staff. Board resolutions are registered in the Board resolution book, including dissenting opinions, if any. Resolutions regarding the companies traded on Borsa İstanbul are disclosed through the Public Disclosure Platform if required by the capital markets regulations.

A "management liability insurance policy" and "professional liability insurance policy" is in place for Board members.

At the Board of Directors meeting dated November 23, 2017, it was decided by a majority decision to establish an Executive Committee and selected members of the committee were Himmet Karadağ, Murat Çetinkaya and Oral Erdoğan. Himmet Karadağ will be appointed as the Chair of the Executive Committee. Additions and modifications have been realized to the authorization table due to establishment of the committee. Terms of reference do not exist for this Committee.

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4.3 Number and Structure of the Committees Established in the Board

Borsa İstanbul established the Audit, Corporate Governance, and Early Risk Assessment Committees in 2014. Directives concerning the operating principles and procedures of these Committees were prepared and disclosed through the Company website. Corporate Governance Committee also carries out nomination and remuneration tasks.

Committees and members established within the Board of Directors are stated below:

Committee Name	Members
Audit Committee	Eriřah ARICAN (Chair) İlhami KOÇ Yunus ARINCI
Corporate Governance Committee	İhsan DURDU (Chair) Nicola BEATTIE İlhami KOÇ
Early Risk Detection Committee	Yunus ARINCI (Chair) Tevfik Metin AYIŐIK İřinsu KESTELLİ
IPO Committee	Himmet KARADAĐ (Chair) Murat ÇETİNKAYA İlhami KOÇ Tevfik Metin AYIŐIK Nicola BEATTIE
Executive Committee	Himmet KARADAĐ (Chair) Murat ÇETİNKAYA Oral ERDOĐAN

	Audit Committee	Corporate Governance Committee	Early Risk Detection Committee	IPO Committee	Executive Committee
Operating Principles and Procedures	✓	✓	✓	x	x
Number of Meetings	8	5	2	3	3

The Committees convene at the Company headquarters on a regular basis, and may hold extra meetings upon the invitation of the Committee Chairman, where necessary. Committee members or the Board Chairman may invite the Committee to convene if needed. The Audit Committee, Early Risk Assessment Committee and Corporate Governance Committee formally reports to the Board.

Corporate Governance Committee:

Without prejudice to the provisions of Article 138 of the Capital Markets Law, the purpose of the Corporate Governance Committee is to determine whether the corporate governance principles determined by the Capital Markets Board for exchanges according to Article 73 of the Capital Markets Law are observed, and in the case of failure to observe such principles, to determine the reasons therefore, any conflicts of interest arising from the failure to fully comply with such principles. Additional duties are to advise the Board with the intent to enhance corporate governance practices and to accomplish the duties of the Nominating Committee and Remuneration Committee as envisaged by corporate governance principles. [□ page 76](#)

Audit Committee:

The Audit Committee is intended to (1) provide assistance to the Board's auditing of the quality and accuracy of Borsa İstanbul's financial statements, (2) monitor the application and efficiency of the accounting system, (3) pre-approve the appointment of the independent auditor and the services to be provided by the same, (4) prepare and control the agreement to be signed between Borsa İstanbul and the independent auditor, and (5) monitor the Company's independent audit system, control, and internal audit mechanisms. [□ page 73](#)

Early Risk Assessment Committee:

The Early Risk Assessment Committee is tasked to work on the early determination of the risks that may jeopardize the existence, development, and continuity of the Company, implementing preventive measures for the risks so determined, and managing risks that may arise. [□ page 74](#)

4.4 Risk Management and Internal Control Mechanism

The Board operates in a transparent, accountable, fair, and responsible manner, creates risk management practices that will diminish the effects of the risks that Borsa İstanbul is prone to, and determines internal control policies and delegations for all the critical processes of the institution. Information on the efficiency of risk management and internal control systems is provided in the annual report.

In line with the Borsa İstanbul A.Ş. Early Risk Assessment Committee Responsibilities and Working Principles Directive, an Early Risk Assessment Committee was established. Prior to the Committee meetings, meetings with Borsa İstanbul departments, chaired by a Committee member C-Level Executive, were held. Departments' assessment of the realized or expected risks and measures taken to prevent or respond to such risks were discussed at these meetings and reported to the Committee.

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4.5 Company's Strategic Targets

As part of the studies to renew Borsa İstanbul's strategic plan covering rolling five-year periods on an annual basis, Borsa İstanbul completed the analysis studies for the new five-year period covering 2018-2023.

Borsa İstanbul continued to apply a performance-based budget in 2017. Thanks to this performance-based budget prepared in line with Borsa İstanbul's current structure, active participation of all departments in the budget process was ensured.

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4.6 Financial Rights

As outlined in Borsa İstanbul's Remuneration Policy, financial benefits offered to the Chairman and members of the Board in the form of remuneration, fees, premiums, and bonus payments, facilities offered in kind and in cash, dividend payments, and other similar rights must be determined by the General Assembly on an annual basis. Furthermore, any travel, accommodation, and entertainment expenses and insurance and other similar guarantees are determined by the Board. The Board Chairman and Board members, their spouses, children, and persons they are responsible for benefit from health services under the conditions determined by the Company as the employees.

Borsa İstanbul's Remuneration Policy is accessible on Company website. There were no transactions that may lead to conflicts of interest, such as directly or indirectly extending loans or credits to or offering guarantees for Board members or Company managers. The total remuneration provided in 2017 to Directors and senior managers of Borsa İstanbul Exchange Group was TL 6.1 million.

