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Subject: "A statement of Continued Support"

Mr. George KELL
Executive Director
United Nations Global Compact Office
United Nations,
New York, N.Y. 10017/ USA



September 23, 2011

Dear Mr. KELL,

Istanbul Stock Exchange (ISE) is contented to contribute to and honored to be part of the United Nations Global Compact which is the world's largest corporate citizenship initiative. Hereby, I would like to confirm our commitment to continue to support the principles of the UN Global Compact which we adhered to on October 26, 2005.

Since its establishment, the ISE has supported numerous social and cultural programs, indicating the importance it attaches to social responsibility activities. In this regard, the ISE resumes to support its unique social responsibility project in Turkey, namely, "Substantial Support for National Education Project," and still continues to finance it with a donation that has amounted to US\$ 1 billion so far, from the ISE Education Fund. This fund was employed for the construction of 378 schools including primary and vocational schools with amenities, faculty buildings, university presidential offices and administrative buildings, thereby offering approximately 210,000 students modern, high quality educational facilities. This year, the ISE Executive Council has decided to contribute an additional TL 42 million (approx. US\$ 23 million) to the project. In this regard, a protocol was signed between the Turkish Ministry of National Education and the ISE in June 2011 to initiate the 6th phase of the project.

Furthermore, as a sign of ISE's commitment to Environmental Social Governance (ESG) issues, ISE is currently working on the ISE Sustainability Index, which will support the creation of a social, environmental and economic atmosphere for the more efficient use of resources for the sustainable success of Turkey and the Turkish business world on a global level.

As one of the key components of the financial system and high growth potential, the ISE aims to become a regional financial centre in the near future. Towards achieving this goal, globally accepted values such as the reinforcement of environmentally friendly projects, labour and human rights, anti-corruption and transparency have always been the source of core corporate values of the ISE. Enclosed please find the ISE's "Communication on Progress (COP)" report for 2011.

Sincerely yours,

ISTANBUL STOCK EXCHANGE

Huseyin ERKAN
Chairman and CEO

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Istanbul Stock Exchange – ISE
Communication on Progress – 2011

Human Rights		
Principle 1 : Business should support and respect the protection of internationally proclaimed human rights Principle 2: Business should make that they are not complicit in human rights abuses.		
Commitment	Systems/Activities	Performance
<p>The ISE is committed to protect human rights and freedom as part of its social responsibility. ISE believes that everyone should be given the liberty and security, the right to express himself/herself freely, the right to have respect in private life. In this context, ISE strives to ensure a safe, free and healthy environment for its employees and its members.</p>	<p>The recruitment and employee policy of the ISE is in line with the human rights principles. The ISE policies prohibit discrimination based on sex, race, religion, and color, political or other opinion and social origin. The ISE has also reserve recruitment for disabled people.</p>	<p>The ISE did not receive any negative feedback regarding human rights violation.</p> <p>Number of recruited disabled staff is 17 as of September 20, 2011.</p>
	<p>The ISE staff must sign an ethics code of conduct, which is in line with the human rights principles. The ethics code of conduct is based on social work's core values of service, honesty, fairness, non-discrimination and alike.</p> <hr/> <p>Contributions to ensure a healthy corporate life:</p> <p>The ISE has been computing and disseminating the Corporate Governance Index since 2007. The index measures the price and return performances of the ISE traded companies. A rating of compliance with corporate governance principles is an independent, unbiased and fair evaluation and classification of corporations' and capital market institutions' com-</p>	<p>The ISE Corporate Governance Index comprises 34 companies as of August 19, 2011.</p>

	<p>pliance with the corporate governance principles set by the Capital Markets Board of Turkey. Rating grades ranging between 1 and 10 shall be assigned on the compliance with corporate governance principles as a whole and individually with respect to the topics such as; shareholders, public disclosure and transparency, stakeholders, board of directors.</p>	
	<p>ISE's Social Responsibility Activities:</p> <p>Within the framework of the "Contribution to National Education Project", the ISE provided financial support to the Ministry of National Education for the construction of schools and social complexes as well as dormitories.</p>	<p>ISE's "Contribution to National Education Project" is in progress and ISE has been transferring funds to the Ministry of National Education in accordance with the construction progress. Within the 4th phase of the project, the construction is in progress and the project is at 89% completion rate for 66 schools. Within the context of the 5th phase of the project, which has a budget of 66 million US\$, completion rate stands at 37% for 8 schools.</p> <p>ISE's "Contribution to National Education Project" has allocated funds of approximately US\$ 1 billion since its inception in 1997.</p> <p>This year, the ISE Executive Council has decided to contribute an additional TL 42 million (approx. US\$ 23 million) to the project. In this regard, a protocol was signed between the Turkish Ministry of National Education and the ISE in June 2011.</p> <p>With completion of the 6th phase, total number of</p>

	<p>The ISE has contributed and organized numerous meetings, conferences, projects, training programs, concerts, cultural activities, art exhibitions and sports activities. The ISE contributes to the restoration of cultural and educational centers and donates to social services institutions.</p>	<p>schools (primary schools, secondary schools, vocational schools, fine arts schools, science schools with amenities such as, dormitories, teacher's housing, sports halls, multipurpose halls, technician's workshops, dining halls etc.) reaches 400.</p>
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Labour

Principle 3 : Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4 : Business should uphold the elimination of all forms of forced and compulsory labour

Principle 5 : Business should uphold the effective abolition of child labour

Principle 6 : Business should uphold the elimination of discrimination in respect of employment and occupation

Commitment	Systems/Activities	Performance
The ISE respects and supports professional and healthy relationship with the employees' union. The ISE is also committed to offering democratic and equal working environment to its employees and members in addition to its non-discriminating recruitment and service policies.	<p>The ISE personnel regulations enable the staff to be organized and to become members of associations, foundations, etc for social activities.</p> <p>The ISE staff has the right to be members of employee unions and to engage in collective bargaining.</p>	<p>The first collective agreement was signed between the ISE and "Tez-Koop. İş- Commercial and Official Employees Union" in 2007. In 2009, another collective agreement was signed covering the years 2009 and 2010. Finally, the last collective agreement was signed in March 2011, covering the years 2011-2013.</p> <p>The total number of members of "Tez-Koop. İş- Commercial and Official Employees Union" is 483 whereas the figure was 459 in year 2010.</p> <p>The ratio of union members to the total number of employees is 98.9%.</p> <p>The total number of members of "The Association of ISE Employees" is 402.</p> <p>The total number of members of "The ISE Foundation" is 240.</p> <p>A "Tez-Koop. İş- Commercial and Official Employees Union" representative is also in the ISE personnel committee.</p> <p>The number of female personnel is 167, which represents 34% of the total number of employees. Besides, there is no wage discrimination regarding genders.</p>

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	<p>The ISE is against the use of child labour.</p> <p>The ISE takes into account principle of equal treatment for all of its employees and provides a fair working environment and conditions with the human resource regulations.</p>	<p>The minimum age for employment is 18 years.</p> <p>The ISE did not receive any negative feedback regarding the human rights violation.</p>
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Environment

Principle 7 : Business should support a precautionary approach to environmental challenges

Principle 8 : Business should undertake initiatives to promote greater environmental responsibility

Principle 9 : Business should encourage the development and diffusion of environmentally friendly technologies

Commitment	Systems/Activities	Performance
The ISE is committed to the protection of environment and resource saving and actively supports and participates in ecological protection, promotes an environmental responsibility in most of its infrastructural and administrative systems.	The ISE building was constructed in line with the new technologies considering environmental protection. Additionally, environmental friendly technologies like recycling & energy saving initiatives started to be used in the current infrastructure construction projects.	The ISE employees are diligent to integrate environmental management and control in their daily life and administrative activities.
	Natural gas is used for heating.	
	<p>Recycling</p> <p>To protect the environment, waste papers, batteries and recyclables are collected.</p> <p>Paper recycling and drained battery bins have been settled in different places within the premises and collected paper products and batteries are sent to recycling facilities periodically.</p> <p>To reduce energy consumption and to save energy, efficient air conditioning systems and energy saving light bulbs are being used within the ISE premises.</p>	
		Previous enhancements in the building automation system had enabled the ISE to achieve minor reductions in electricity consumption. Further efficiency is targeted for energy savings, hence a comprehensive infrastructure renovation is under way to achieve this end.

24

	<p>ISE Sustainability Index On the 10th of August 2010, Istanbul Stock Exchange (ISE) and Business Council for Sustainable Development Turkey (TBCSD) signed a Memorandum of Understanding (MoU) in order to jointly create a new index offering significant opportunities for the capital markets, companies and investors, namely, "ISE Sustainability Index".</p> <p>The ISE Sustainability Index (ISESI) project has been initiated by the ISE and TBCSD in partnership with leading experts in corporate sustainability and sustainable investment, globally and in emerging markets. The ISESI project is a multi-stakeholder, multi-year project through December 2011 developing best practices with the goal of launching a Turkish sustainability benchmark for the ISE listed companies and their investors. The creation of the index has been endorsed by leading Turkish companies, investors, NGOs, as well as a group of international experts in sustainability, sustainable investment and sustainability indexes. Company assessments will be completed by a third party institution with conceptual input from Sustainable Asset Management</p>	<p>ISE will be one of the pioneers for launching "Sustainability Index" among the stock exchanges.</p> <p>Since the beginning of the project, three workshops have been organized with the participation of the representatives of ISE-traded companies and investors. "The Draft Sustainability Criteria" was developed following the last workshop organized on the 23rd of March and "The Draft Sustainability Criteria Questionnaire" was sent to ISE-traded companies for the purpose of getting their feedbacks. After getting feedback from companies,</p> <p>"The Sustainability Criteria" will be finalized and a questionnaire will be prepared to be used in evaluation of the companies that will apply for the index.</p> <p>The ISESI will adapt learnings from a cohort of sustainability indexes in developed and developing markets to determine the index methodology and sustainability criteria. With the project, a sustainability index at world standards will be created.</p>
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	<p>(SAM), research provider of the Dow Jones Sustainability Indexes [DJSI].</p> <hr/> <p>Within the ISE's environmental commitments, ISE has a corporate social responsibility and sustainability committee to regulate and oversee the ISE's environmental-social responses and sustainability issues.</p> <p>ISE continuously participates in programs aiming at reducing carbon footprint.</p> <hr/> <p>ISE also promotes environmental responsibility by forming a more regular structure in the corporate social responsibility and sustainability issues.</p>	<hr/> <p>Corporate social responsibility and sustainability committee held three meetings between September 2010 and August 2011, taking decisions about environmental, social and sustainability issues. For instance, a corporate social responsibility and sustainability page was added to the ISE web site to ensure the ISE's sensitivity to these subjects. In addition, amount of water, paper and energy consumption was evaluated, and measures to be taken in these cases were determined by the committee members.</p> <hr/> <p>The ISE attended the "Establishment of Carbon Markets" sub-committee meetings in October 2010 and June 2011, within the context of Istanbul Financial Center project, the meeting on developments in carbon markets in Turkey, emission reduction projects and steps to be taken in national carbon markets, organized by</p>
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		<p>Turkish Ministry of Environment and Forestry, UNDP, Turkish Ministry of Development and TUSIAD in December 2010 and the meeting on financing low-carbon growth, organized by İklim Platformu (Climate Platform) in May 2011. The ISE has also held a meeting with participation of Ms. Kathalin Zaim, UNDP Carbon Emission Program Manager, in the ISE premises in August 2011.</p>
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Anti-Corruption		
Principle 10 : Business should work against corruption in all its forms, including extortion and bribery		
Commitment	Systems/Activities	Performance
<p>The ISE does not allow any violation of laws/regulations and dishonesty or unethical behavior. Any illegal act such as bribery, abuses by employees or executives are strictly prohibited.</p>	<p>The ISE rules and regulations require that the employees are not allowed to offer, give or take any presents in any form in cash or in kind, directly or indirectly from any person, institution, public officials, etc.</p>	<p>Suspicious transactions and markets abuses activities are reported to the Turkish Capital Markets Board by the ISE.</p>
<p>ISE takes all necessary precautions in terms of preventing market abuses.</p>	<p>The surveillance department of the ISE monitors the trading activities for any unusual price/volume changes in order to detect illegal practices such as manipulation, insider trading and any other market abuses.</p>	<p>ISE Surveillance and Inspection Board Regulations has been updated according to international and local inspection standards and published in the official gazette.</p> <p>ISE has supported activities of the Institute of Internal Auditors (IIA), Institute of Internal Auditors- Turkey (TIDE), European Confederation of Institutes of Internal Auditing (ECIIA) and ACFE Local Chapter.</p> <p>Currently ISE is employing 16 CFE (Certified Fraud Examiners), 7 CIA (Certified Internal Auditor) and 1 Certified Information Systems Auditor (CISA) certified personnel.</p>

54