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Document	Type	Announcement
	No	2021/54
	Subject	Amendment in BIST Market Cap Weighted Stock Indices Ground Rules and Repeal of BIST Sustainability Index Ground Rules.
	Approval Date	16/07/2021
	Prepared by	Index Directorate
	Distribution	Companies with Securities Listed in Equity Market, Borsa Istanbul Members, Data Vendors

To Whom It May Concern,

Assessment Methodology which has been used for determination of companies in BIST Sustainability Index will change and starting from 2021 assessments, sustainability assessment results of Refinitiv Information Limited (“Refinitiv”) will be used for determination of index constituents. Within this framework, BIST Sustainability Index Ground Rules dated December 2017 has been repealed.

BIST Market Cap Weighted Stock Indices Ground Rules is updated in a way that includes new assessment methodology and free float ratios of the shares that start trading on the secondary market for the first time are adjusted to be effective on the third business day of the following week, with the ratios announced by CSD for the last business day of the first week started to be traded updated version of ground rules is on Annex-1.

According to the aforementioned rules, companies traded on Stars Market or already included in the BIST Sustainability Index will be subject to sustainability assessment upon their request. Companies that will be assessed have to carefully respond questions and input links of publicly disclosed information through ESG Contributor Tool (<https://contribute.refinitiv.com/>). Sustainability scores of assessed companies will occur within the 6-8 weeks following the completion of data input. Companies can follow their data and sustainability scores through ESG Contributor Tool application. Different from the previous methodology, companies will have the opportunity to update their data used in sustainability assessment throughout the year with Refinitiv's assessment methodology.

Refinitiv’s assessment methodology which subjected environment, social and governance as summarized on Annex 2 consists of 3 pillars, 10 categories, 25 themes and more 500 data points regarding these themes. By weighting data inputs of companies category and pillar scores are determined. Also, negative developments of each company on related topics are followed through news feed and controversies scores are determined. Company’s Combined ESG Score is determined by weighting these 3 pillar score and controversies score. Detailed information about scoring is given on Refinitiv’s sustainability assessment methodology.

In order to be included in the BIST Sustainability Index, companies are expected to meet all

three of the following conditions.

- Combined ESG Score should be 50 or more.
- Each Pillar score should be 40 or more.
- At least 8 of category scores should be 26 or more.

According to new BIST Market Cap Weighted Stock Indices Ground Rules, starting from 2022

- BIST Sustainability Index will have 4 review period namely, January-March, April-June, July-September and October-December.
- For determination of index constituents' scores of last trading days of November, February, May and August will be used respectively.
- Periodic changes will be announced at least 10 calendar days before the related index period.

In order to facilitate the transition to the new sustainability valuation methodology, until the end of June 2022, the shares/companies currently included in the BIST Sustainability Index will not be changed due to the sustainability scores.

Refinitiv's assessment methodology can be seen via <https://www.refinitiv.com/en/sustainable-finance/esg-scores#methodology>, online trainings can be seen via <https://training.refinitiv.com/videoplayer/videos/24121> and other informative documents can be seen via <https://www.refinitiv.com/en/financial-data/company-data/esg-data>. Also, contact can be established issues about index entrance conditions and index rules with index@borsaistanbul.com.

In this context, if your company is traded on Borsa Istanbul Stars Market or if it is included in the BIST Sustainability Index a letter which consists,

- Whether you demand your company to be included in BIST Sustainability Index assessments or not,
- In case, you demand your company is included, name, title, phone and e-mail information of at least 2 company officials who can be contacted during assessment process

should be sent to us until August 13, 2021.

Sincerely,

Korkmaz ERGUN
General Manager
Board Member

ANNEX:

- 1) BIST Market Cap Weighted Stock Indices Ground Rules (20 Pages)
- 2) Refinitiv Sustainability Assessment Methodology Summary Criteria Table (1 Page)

BIST MARKET CAP WEIGHTED STOCK INDICES GROUND RULES

1. PURPOSE

BIST Stock Indices have been created to measure the price and the return performances of group of stocks traded on Borsa Istanbul.

2. DEFINITIONS AND GENERAL RULES

2.1. Market Value

Market value is calculated by multiplying number of shares (including the temporary shares which are created in the Central Registry Agency (CRA) during capital increases under the paid-in capital system until the capital is registered and announced) that represent the capital by the stock price.

2.2. Free Float Ratio

Free Float Ratio has been defined by the Capital Markets Board (CMB) as a concept showing free float rate of the stocks traded on Borsa Istanbul equity markets, and is calculated and announced by CRA. In calculation of indices, free float ratios that are reviewed according to Article 4.4.f are used.

2.3. Weighting Factor

This is a number greater than 0 and smaller or equal to 1 used to adjust the weight of a stock in the index. If the weight of the stock in the index is specified via its free float market value, the weighting factor is equal to 1. For capped indices where the weight of each stock is determined peculiarly, free float market values are taken into account only after being multiplied by this weighting factor.

2.4. Weighted FFMV

Weighted FFMV (Weighted Free Float Market Value) is calculated by multiplying the market value by the Free Float Ratio and the Weighting Factor.

2.5. Adjusted Prices

In case of corporate actions, previous close prices are adjusted by a factor which is obtained via division of the theoretical price (calculated for the corporate action) by the close price.

2.6. Average MV

Average MV (Average Market Value) of a stock is calculated by multiplying the number of shares (including the temporary shares created in the CRA during capital increases under the paid-in capital system until the capital is registered and announced) at the end of the Review Period by the arithmetic average of Adjusted Prices for the Review Period.

2.7. Average FFMV

Average FFMV (Average Free Float Market Value) is calculated via multiplying the Average MV by the free float ratios announced by CRA.

2.8. Corporate Governance Rating

Corporate governance rating is a measure of the accordance of a company with the corporate governance principles, determined by a rating institution authorized by CMB in the scope of the Communiqué of CMB on "Principles Governing Rating Activities in the Capital Market and Rating Institutions".

2.9. Exchange Rate

Refers to the Forex Buying Rates announced by the Central Bank of Republic of Turkey.

2.10. Versions of the Indices

BIST Stock Indices are calculated in currencies TL, US\$ and Euro, both in terms of Price and Return.

The only difference between the Price Index and Return Index is related to cash dividend payments. In cash dividend payments, the divisor of the Return Index is adjusted assuming that the dividend paid is invested in the constituents in proportion to their weights; whilst the divisor of the Price index is not adjusted assuming that the dividend paid is excluded from the portfolio.

For some indices, versions, with exactly same index constituents but with different capping parameters, are also calculated. In this case, each of the non-capped and capped versions of the index are calculated in currencies TL, US\$ and Euro, both in terms of Price and Return.

2.11. Excluded Stocks

Stocks of companies traded on Watchlist Market, Equity Market for Qualified Investors, Pre-Market Trading Platform and capital market instruments traded on Structured Products and Funds Market are not included in any of indices.

Stocks of investment trusts are not included in any of indices, except BIST Investment Trusts Index.

2.12. Starting / Ending Index Calculation

In order to launch a new index, except indices with a fixed number of stocks, the number of constituents should reach to 5.

If the number of companies included in an index being calculated falls below 2, the calculation of the index is terminated permanently effective from the first business day of the second month following the announcement.

2.13. Review Period

Review Periods and the corresponding data used in periodic reviews are shown in the table below.

INDEX	DATA USED	REVIEW PERIOD
BIST 30 BIST 50 BIST 100 BIST Liquid Banks BIST Liquid 10 Ex Banks	Daily Average Traded Value, Adjusted Prices	Last 6 months as of the last trading day of November, February, May and August
BIST Dividend 25	Adjusted Prices	Last 6 months as of the last trading day of November, February, May and August

2.14. Review Day

INDEX	DATA USED	REVIEW DAY
BIST 30 BIST 50 BIST 100 BIST Liquid Banks BIST Liquid 10 Ex Banks	Number of Shares, Free Float Ratio	The last trading day of November, February, May and August
BIST Dividend BIST Dividend 25	Number of Shares, Free Float Ratio, Dividend Yield	The last trading day of December
BIST SME Industrial	Annual Financial Statements	The last trading day of April
BIST Sustainability	Sustainability Score	The last trading day of November, February, May and August

2.15. Index Period

This is the period in which the periodic changes in the scope of indices are in effect as a result of the periodic review conducted.

- There are 4 index periods for BIST 30, BIST 50, BIST 100, BIST Liquid Banks, BIST Liquid 10 Ex Banks and BIST Sustainability indices, namely, January-March, April-June, July-September and October-December.
- There is one index period for BIST Dividend and BIST Dividend 25 indices, namely, February-January.
- There is one index period for BIST SME Industrial index, namely June-May.

2.16. Announcement of Periodic Changes

Periodic changes on BIST 30, BIST 50, BIST 100, BIST Liquid Banks and BIST Liquid 10 Ex Banks, BIST Dividend, BIST Dividend 25, BIST SME Industrial and BIST Sustainability indices are announced at least 10 days prior to the beginning of the relevant index period.

2.17. Calculation and Dissemination

BIST 30, BIST 100, BIST Liquid Banks, BIST Liquid 10 Ex Banks, BIST Industrials and BIST Banks Price Indices are calculated during the session once a second and disseminated in real-time. Return Indices and foreign currency based indices are calculated and disseminated once at the end of session.

2.18. Data Precision

	DATA PRECISION
Index Values	Rounded to 2 decimal places
Index Divisors	Rounded to 8 decimal places
Free Float Ratio (%)	If Free Float Ratio < 1% Rounded to 2 decimal places If Free Float Ratio >= 1% Rounded to integer numbers
Weighting Factor	Rounded to 12 decimal places

2.19. Dividend Yield

$$\text{Dividend Yield}_i = \frac{\text{Dividend Paid}_i - \text{Rights Issue Amount}_i}{\text{Market Value}_i}$$

Where:

Dividend Yield_i: means dividend yield of the company "i" calculated as of the Review Day

Dividend Paid_i: means the total gross amount of cash dividend paid by the company "i" in the prevailing fiscal period

Rights Issue Amount_i: means the sum of amounts found by multiplying the amount of rights issue which the company "i" carried out in the prevailing fiscal period by vesting preemptive rights to the shareholders by the rights issue price.

Market Value_i: means Average MV of the company "i".

2.20. Capping Parameters

The Capping Ratio is the ratio bounding the weight of the stock in the index when capping method is applied.

The Weight Threshold is the ratio that determines the upper limit of the weight that the stock may have in the index at the end of any trading day.

The table below gives both capped indices and their capping parameters:

INDEX	CAPPING RATIO	WEIGHT THRESHOLD
BIST 30 Capped 10	10%	15%
BIST 30 Capped 25	25%	30%
BIST 50-30 Capped 10	10%	15%
BIST 50-30 Capped 25	25%	30%
BIST 100 Capped 10	10%	15%
BIST 100 Capped 25	25%	30%
BIST IPO	20%	30%
BIST Technology Capped	20%	30%
BIST Liquid Banks	25%	30%
BIST Liquid 10 Ex Banks	25%	30%
BIST Sustainability	15%	20%

2.21. Capping Method

All cappings are fulfilled after all index operations, such as corporate actions, changes in free float ratio and changes in scope of the index, are performed for the following trading day.

When there is a change in the scope of the index, the weights of constituent stocks are checked without any capping being applied (by removing the capping if there are). If there are stocks whose weights are greater than the capping ratio, the weights are decreased to the capping ratio by using the weighting factors.

For indices whose constituent stocks are reviewed periodically, the weights are checked after changes, if any, in the scope of the index have been made and without any capping being applied (by removing the capping if there are) at the beginning of the index period. If there are stocks whose weights are greater than the capping ratio, the weights of the stocks are decreased to the capping ratio via weighting factors. For the indices whose constituents are not reviewed periodically, this procedure is applied at the beginning of January, April, July and October.

In addition, at the end of each trading day after all index operations are performed, the weights of the stocks within the scope of the index are checked without removing the capping if there are. If there is a stock whose weight exceeds the Weight Threshold, after removing the cappings the weight of this stock is decreased to the capping ratio via weighting factor.

Weighting checks are performed only for price versions of indices calculated in TL. Weighting factors determined for price index calculated in TL are used for return version calculated in TL and in US \$ and Euro versions of the index.

2.22. The List of Companies Subject to Sustainability Assessment

The List of Companies Subject to Sustainability Assessment consists of volunteers from the stocks of companies traded on Stars Market and current constituents of BIST Sustainability Index.

2.23. Assessment Company

For sustainability assessment, Borsa İstanbul collaborates with Refinitiv Information Limited (“Refinitiv”).

2.24. Combined ESG Score

Refinitiv determines;

- a) Category and main field scores by weighting data inputs of companies,
- b) Controversies scores by following negative developments of each company on related issues,
- c) By weighting 3 main field scores and controversies score Combined ESG Score within the framework of Refinitiv Sustainability Assessment.

3. CALCULATED INDICES; STARTING DATES AND VALUES

3.1. BIST 100 Index

The index is used as the main index for Borsa Istanbul Equity Market. It consists of 100 stocks selected among the stocks of companies traded on Stars Market. BIST 100 index automatically covers BIST 30 and BIST 50 stocks.

3.2. BIST 50 Index

The index consists of 50 stocks selected among the stocks of companies traded on Stars Market. BIST 50 index automatically covers BIST 30 stocks.

3.3. BIST 30 Index

The index consists of 30 stocks selected among the stocks of companies traded on Stars Market.

3.4. BIST 50-30 Index

The index consists of 20 stocks included in BIST 50 Index but not in BIST 30 Index.

3.5. BIST 100-30 Index

The index consists of 70 stocks included in BIST 100 Index but not in BIST 30 Index.

3.6. BIST Liquid Banks Index

The index consists of the stocks of banks traded on Stars Market with the highest Average FFMV and Daily Average Traded Value.

3.7. BIST Liquid 10 Ex Banks Index

The index consists of the stocks of companies excluding banks, traded on Stars Market with the highest Average FFMV and Daily Average Traded Value.

3.8. BIST Corporate Governance Index

The index consists of the stocks of companies traded on Stars, Main and SubMarket markets and has the minimum required corporate governance rating grade.

3.9. BIST Sustainability Index

The index consists of the stocks of companies traded on Stars Market and has the minimum required sustainability score.

3.10. BIST All Index

The index consists of the stocks of all companies traded on Stars, Main and SubMarket markets.

3.11. BIST All-100 Index

The index consists of the stocks of companies which are included in BIST All Index but not in BIST 100 Index.

3.12. BIST Sector and Sub-Sector Indices

The indices consist of the stocks of companies traded on Stars, Main and SubMarket markets.

3.13. BIST Stars Index

The index consists of the stocks of companies traded on Stars Market.

3.14. BIST Main Index

The index consists of the stocks of companies traded on Main Market.

3.15. BIST Investment Trusts Index

The index consists of the stocks of investment trusts traded on Stars, Main and SubMarket markets.

3.16. BIST City Indices

The indices consist of the stocks of companies traded on Stars, Main and SubMarket markets categorized by the city where the main production/service or the registered office is located. Companies that operate in the financial sector with the exception of holdings and in the retail sector are not included.

3.17. BIST Dividend Index

The index consists of the stocks of companies traded on Stars, Main and SubMarket markets, all of them having distributed cash dividends in the last 3 years.

3.18. BIST Dividend 25 Index

The index consists of 25 stocks placed in the first 2/3 slice in the ranking of the constituents of BIST Dividend Index in descending order according to dividend yield as of the review day and have the highest Average FFMV.

3.19. BIST IPO Index

The index is consists of stocks of the companies offered to the public and started to be traded on Stars, Main and SubMarket markets.

3.20. BIST SME Industrial Index

The index consists of the stocks of industrial companies traded on Stars, Main and SubMarket markets and who satisfy at least one of the annual net sales or financial balance sheet size criteria, except the number of employees criterion, that appear in the “Definition of Small and Medium Size Enterprises, Regulations on Qualifications and Classification” ordinance.

Starting values and dates of BIST Market Cap Weighted Stock Indices can be found on the Borsa Istanbul website - BIST Stock Indices page.

4. CALCULATION METHOD AND ADJUSTMENT

4.1. Latest price data are used in the index calculations.

4.2. BIST Indices are calculated as free float market capitalization weighted.

The following formula is used in the calculation of indices:

$$E_t = \frac{\sum_{i=1}^n (F_{it} / D_t) * N_{it} * H_{it} * K_{it}}{B_t}$$

E_t = Value of the index at time t

N = Number of constituent stocks

F_{it} = Price of the stock "i" at time t

N_{it} = Total number of shares of stock "i" at time t

H_{it} = Free float ratio used in index calculation of the stock "i" at time t

K_{it} = Weighting factor of the stock "i" at time t

D_t = Exchange rate on day t

B_t = Divisor of the index at time t

4.3. Adjustment:

If any change in the numerator of the index formula occurs due to the events listed in Article 4.4 below, the divisor of the index will also be adjusted to ensure continuity in the index value.

The adjusted divisor of the indices is calculated using the following formula:

$$B_{t+1} = \left(1 + \frac{\Delta PD}{PD_t} \right) * B_t$$

B_{t+1} = Adjusted divisor to be used on day t+1

ΔPD = Change in the total Weighted FFMV of the stocks due to the events described below

PD_t = Total Weighted FFMV of the stocks on day "t"

B_t = Divisor on day t

If capital increases and/or dividend payments of the traded companies are realized in a currency other than Turkish Lira, Turkish Lira equivalents, calculated by using exchange rates of the last business day before ex-date, are used in index adjustments.

4.4. Events which require adjustment in the indices and the timing of the adjustments:

For the index actions to be carried out based on the company announcements made in the Public Disclosure Platform (PDP - www.kap.org.tr), the company should have delivered the statement to the PDP until 16:30 (until 12:00 on half days) on the business day that precedes the realization date. Otherwise, the notification shall be deemed to be published on the following business day and the relevant adjustment

will be made effective on the second business day that succeeds the delivery of the statement to PDP.

A list of corporate actions that will be implemented on the next business day is finalized by 16:30 (12:00 on half days) every day, and announced on the PDP with the subject of “Corporate Actions”.

All adjustments other than cash dividend payment are made both in the price and return indices.

a) Cash dividend payment

The adjustment is made only in return indices taking into account the amount of net dividend to be effective on the ex-dividend date.

b) Capital increase in cash through rights offering

- i) If the last trade price and/or the adjusted price (in case of dividend and bonus issues) of the stock are equal to or higher than the subscription price;

The adjustment is made to be effective on the rights issue date. But if the capital does not reached to the target capital, due to the unsold shares; re-adjustment is made to be effective on the fourth business day following the notification on PDP that the unsold stocks are cancelled.

- ii) If the last trade price and/or the adjusted price (in case of dividend and bonus issues) of the stock is lower than the subscription price;

The adjustment regarding the amount of rights issue is made to be effective on the fourth business day that succeeds the day when the completion of the capital increase process is notified to PDP, after the exercise of the rights issue and the sale of the remaining shares on the Primary Market.

c) Capital increase in cash without rights offering

- i) Adjustment is made to be effective on the business day that succeeds the ending date of the sales transaction if the shares representing the capital increase are sold via private placement.

- ii) Adjustment is made to be effective on the fourth business day that succeeds the ending date of the sales transaction if the shares representing the capital increase are sold via public offering.

d) Inclusion of new stocks in indices

Adjustment is made to be effective on the day the new stock is added to the index.

e) Exclusion of stocks from indices

Adjustment is made to be effective on the day the stock is excluded from the index.

f) Change in free float ratio

- i) The free float ratios that are announced by CRA for the last business day of the week are analyzed and the changes in ratios except those occur during the capital increase process are taken into account.

If the free float ratio;

- is equal or lower than 50% and there is a change at the rate equal to 5 points or higher;

- is higher than 50% and there is a change at the rate equal to 10 points or higher;

adjustment is made to be effective on the third business day of the following week.

ii) Free float ratios of the shares that start to be traded on the secondary market for the first time, are adjusted with the ratios announced by CSD for the last business day of the first week they started to be traded and the changes are effective on the third business day of the following week. This adjustment will not be subject to the thresholds specified in article “i”).

iii) Free float ratios are not adjusted for the weeks consisting of two or less business days.

iv) If the number of shared changes due to cases defined in parts i and j, free float ratios are also adjusted according to latest ratios announced by CRA.

v) If shares held by current shareholders are offered to the public, free float ratios are adjusted to be effective from the fourth business day succeeding the end date of the transaction.

vi) If deemed necessary, changes on the ratios can be made with the decision of the Borsa Istanbul Management.

g) Company mergers

Adjustment is made to be effective on the date of the distribution of shares issued due to the merger.

h) Company spin-off

Adjustment is made to be effective on the date of the distribution of shares issued due to the spin-off.

i) The sale of shares held ready to sell in public offerings:

Adjustment is made to be effective on the fourth business day of the month succeeding the one when the sale has been made considering the delivery of the statement related to the sale to PDP.

j) Share transformation of companies with multiple groups of stock altering the number of shares in different groups:

Adjustment is made effective on the first business day that succeeds the delivery of the statement concerning the share transformation to PDP.

4.5. Retroactive correction in the calculated index values:

No retroactive correction is made in the index values calculated and announced in real time. Retroactive correction in the index values calculated and announced at the end of day can be permitted only by the decision of the Borsa Istanbul Management.

5. SELECTION CRITERIA

5.1. BIST 30, BIST 50 and BIST 100 Indices:

- a) The stocks to be included in BIST 30, BIST 50 and BIST 100 indices are selected from the stocks of the companies to be traded on Stars Market in the relevant Index Period.
- b) To become eligible for inclusion in the indices, stocks should have been traded on Borsa Istanbul for at least 60 days as of the end of the review period. For the stocks included in the indices in accordance with Article 7.5, the 60-day trading requirement does not apply.
- c) If a company has more than one group of stock, then only one of them that is at the top of the ranking according Article 5.1.e shall be included in the indices.
- d) Stocks to be included in BIST 100 Index are selected in accordance with the Article 5.1.e;
 - i. among the stocks traded on Stars Market, if the number of stocks in Stars Market is equal to or more than 108,
 - ii. among the stocks in the selection pool which comprised of the stocks traded on Stars Market and the list of additional shares, announced by Borsa Istanbul market grouping study, to be used in the selection of BIST 100 constituents, if the number of stocks in Stars Market is less than 108.

If the number of shares in the selection pool is less than 105, the selection pool is expanded by adding the stocks of previous Review Period that are not in the selection pool in the current Review.

The stocks to be included in BIST 30 and BIST 50 indices are selected from the stocks traded on Stars Market.

- e) The selection procedure for the indices is as follows:
 - i. Stocks are ranked in descending order according to their Average FFMV.
 - ii. Stocks are ranked in descending order according to the daily average traded value in the review period. In calculation of the daily average traded value, trades in trade report are not taken into account, only secondary market transactions with “.E” featured codes are taken into account.
 - iii. After the stocks are ranked in two separate lists according to the two criteria mentioned above, a final ranking is made as described below:

If there is a stock which is in the first place in both lists, it is assigned to the first place in the final list. If there is no stock which is in the first place in both lists, it is examined whether there is any stock which is in the first two places. These steps are repeated until a stock which will be assigned to the first place in the final list is found. Then, the above steps are repeated for the succeeding places. If there are two stocks which are eligible to be placed in the first “n” places in both lists, then the one with the higher Average FFMV is assigned to the upper rank in the final list.

- iv. Selections for the indices are made starting with the stocks placed on top of the final list. The upper and lower ranks described in Article 6 below should also be taken into account in order for a stock which is not a constituent to be included in that index and in order for a constituent stock to be excluded from that index.

5.2. BIST Liquid Banks Index

- a) The stocks to be included in the BIST Liquid Banks Index are selected among the stocks of banks that will be traded on Stars Market in the relevant Index Period.
- b) To become eligible for inclusion in the index, stocks should have been traded on Borsa Istanbul for at least 60 days as of the end of the Review Period.
- c) If a bank has more than one group of stock, then only the one, with the highest Average FFMV, shall be included in the index.
- d) Stocks to be included in the index are selected as follows:
 - i. As of the Review Period, all bank stocks with Average FFMV of more than TL 1,500 million and Daily Average Traded Value of more than TL 75 million are included in the index.
 - ii. The number of stocks to be included in the index should be at least 6.
 - iii. If the number of bank stocks in Stars Market is 6, then all bank stocks are included in the index.
 - iv. If the number of bank stocks in Stars Market is more than 6 but stocks satisfying the criteria in Article 5.2.d.i is less than 6, then all those who meet the criteria are included in the index, and
 - 1) the rest is completed with the stocks found by reducing the Daily Average Traded Value by TL 5 million.
 - 2) if the required number of stocks cannot be reached in step 1, the rest is completed with the stocks found by reducing the Average FFMV by TL 150 million.

Step 1 and 2 repeats until 6 index constituents are identified.

- v. If the number of bank stocks in Stars Market is less than 6, then all bank stocks in Stars Market are included in the index, and the rest is completed with the bank stocks traded on Main Market by repeating step 1 and 2 of Article 5.2.d.iv.

5.3. BIST Liquid 10 Ex Banks Index

- a) The stocks to be included in the BIST Liquid 10 Ex Banks Index are selected among the stocks of companies, excluding banks, traded on Stars Market in the relevant Index Period.

- b) To become eligible for inclusion in the index, stocks should have been traded on Borsa Istanbul for at least 60 days as of the end of the Review Period.
 - c) If a company has more than one group of stock, then only the one, with the highest Average FFMV, shall be included in the index.
 - d) Stocks to be included in the index are selected as follows:
 - i. As of the review period, all stocks excluding banks, with an Average FFMV of more than TL 2.500 million and a Daily Average Traded Value of more than TL 50 million are sorted according to Daily Average Traded Value from highest to lowest. Top 10 stocks are selected as index constituents and the next 3 are selected as reserve list.
 - ii. If there is not sufficient number of shares (13) meeting the criteria in Article 5.3.d.i, then all those who meet the criteria are included in the index and/or reserve list. And the rest is completed with
 - 1) the stocks found by reducing the Daily Average Traded Value by TL 5 million.
 - 2) the stocks found by reducing the Average FFMV by TL 250 million, if the required number of stocks cannot be reached in step 1.
- Step 1 and 2 repeats until 10 index constituents and 3 reserve stocks are identified.

5.4. BIST Corporate Governance Index:

- a) In order for the stocks of a company to become eligible for inclusion in the Corporate Governance Index, the company should have a corporate governance rating grade, given by a rating institution authorized by CMB, and its aggregate grade must be 7 or higher while the minimum grade for each main section must not be lower than 6.50 out of 10.
- b) The rating must be given upon the request of the company willing to be rated and must be renewed annually.
- c) If ratings have been obtained from more than one rating institution, the last reported rating will be taken into account. If the rating agreement of any of these rating institutions is terminated for any reason, or the rating institution is excluded from the “List of Rating Institutions” by CMB, then the rating given by the other rating institutions are taken into account.
- d) The stocks of the companies that meet the minimum rating requirement are included in the index on the business day that succeeds the date of notification of the rating to PDP. (Any notice delivered to PDP after 12:00 hrs on half days, or after 16:30 on other days are deemed to have been delivered on the next business day.)

5.5. BIST Sustainability Index:

- a) Refinitiv sustainability assessment methodology consists of 3 pillars as environment, social and governance and 10 categories under these 3 pillars. Each category assessed with different themes and data points. For further information, <https://www.refinitiv.com/en/sustainable-finance/esg-scores#methodology>
- b) For inclusion of stocks of the companies to the BIST Sustainability Index, minimum requirements are;
 - i) Combined ESG Score should be 50 or more,
 - ii) Pillar scores should be 40 or more,
 - iii) At least 8 of scores should be 26 or more.as of review date.
- c) In order to facilitate the transition to the new methodology, the criteria specified in article 5.5.b and the rule specified in article 7.6 will not be applied to companies included in the BIST Sustainability Index as of July 30, 2021 until the end of June 2022.

5.6. BIST City Indices:

- a) In production companies, the city where minimum 50% of the production takes place is taken into account. In service companies (except communication and construction companies and holdings), the city where minimum 50% of the operating income is derived is taken into account. If there is no city where minimum 50% of the production or operating income is realized/derived, then the city where the registered office is located is taken into account.
For communication companies, construction companies and holdings, the city where the registered office is located is taken into account.
- b) Companies that operate in the financial sector with the exception of holdings and companies that operate in the retail sector are not included.
- c) For the stocks of a company to be included in the city indices, the scope of the city indices should cover the activities of the company and there should be an index being calculated for the city in which the company is covered.

5.7. BIST Dividend Index:

- a) The stocks to be included in the BIST Dividend Index are selected from the stocks that will be traded on the Star, Main and SubMarket markets in the relevant Index Period.
- b) Companies that have a Net Profit, as of the Review Date, on their annual financial statements prepared for the last 3 fiscal years in accordance with the CMB Legislation are included in the index if and to the extent the amount of dividend distributed to shareholders, which is calculated by subtracting the amount of rights issue by vesting preemptive rights to the shareholders (the total amount found by multiplying capital increase amount by the rights issue price) which is carried out in the fiscal year succeeding these years from the amount of

cash dividend paid to the shareholders in the same fiscal year, is positive. Turkish Lira equivalents of the capital increases and/or dividend payments in a currency other than Turkish Lira, are calculated by using exchange rates of the previous business day before ex-date.

- c) When determining the dividends paid, only the dividends distributed after the initial listing of the company on the Exchange are taken into account.
- d) Companies which, as of the review day, reported loss in the 12-month period preceding the date of the last financial statement that was announced on the PDP are not included in the index.

5.8. BIST Dividend 25 Index:

- a) The stocks to be included in the index are selected from among the companies that are included in BIST Dividend Index.
- b) Stocks that are included in BIST Dividend Index are ranked in descending order according to dividend yield to determine the stocks that remain within the first 2/3 slice. If the calculated value is not an integer, the number of stocks to be placed in 2/3 is determined by rounding up.
- c) Those stocks that are ranked further in descending order according to their Average FFMV, and the stocks to be included in the index are selected starting from the stock on top of the list. If a company has more than one group of stocks that are traded with different ticker symbols, then only one group of stocks can be included in the index.
- d) If the ranking according to market value includes less than 25 stocks, then the companies that were not qualified to be ranked are ranked in descending order according to their dividend yields, and stocks are chosen to the index starting from the stock at the top of the ranking until the number of stocks in the index reaches 25 provided that any company that has more than one group of stocks traded with different ticker symbols can have only one group of stocks included in the index.

5.9. BIST IPO Index:

- a) The index is composed of stocks of the companies offered to the public and started to be traded on Stars, Main and SubMarket markets and stocks of the real estate investment trusts and venture capital investment trusts that are offered to the public and started to be traded on the Collective and Structured Products Market. Companies are included in BIST IPO Index on the first trading day and they remain in the index for 2 years.
- b) In case the number of stocks in the index falls below 5 due to the expiration of 2 years, the expired stock remains in the index until a new stock is included. According to that exception when a new stock is included, the stocks which continue to remain in the index are excluded from the index respectively considering their waiting times.
- c) In case the stocks which are excluded from the index due to the reasons specified in Article 7.1 are included in the index again after the elimination of these

reasons, the days on which its trading remains suspended and the days on which it is traded on the Watchlist Market are included in the calculation of 2 year period.

- d) If the number of stocks within the index falls below 5 due to the reasons stated in Article 7.1, the Capping Ratio shall be determined so that the weight of the remaining stocks is equal. If the number of stocks falls below 4, the Weight Threshold is not applied.

5.10. BIST SME Industrial Index:

The index includes the stocks of industrial companies that will be traded on Stars, Main and SubMarket markets in the relevant Index Period and who satisfy, with respect to the latest annual balance sheet available on PDP as of the review day, at least one of the annual net sales or financial balance sheet size criteria that appear in the “Definition of Small and Medium Size Enterprises, Regulations on Qualifications and Classification” SME definition of the related ordinance.

If a company, whose stocks are not included in the BIST SME Industry Index, has some activities accepted as “temporary”, its stocks are not included in the index until the end of temporary period.

Sales revenues in the financial statements of the pro rate accounting period of the companies that have changed their financial periods, are recalculated to represent 12 months.

6. PERIODIC CHANGES ON CONSTITUENT STOCKS

Periodic changes on stocks within BIST 30, BIST 50, BIST 100 and BIST Dividend 25 indices are conducted according to the following principles, based on the study carried out for the next index period using the review period data:

In order for a stock which is not a constituent to be included, it must rise to a specific upper rank or above in the final ranking. Similarly, in order for a constituent stock to be excluded, it must fall under a specific lower rank in the final ranking.

Specific upper and lower ranks are;

- 25th and 35th for BIST 30 Index,
- 45th and 55th for BIST 50 Index,
- 95th and 105th for BIST 100 Index,

In the final ranking;

- a) Stocks which ascend to the specific upper rank or higher and are not covered by the index are included.
- b) Stocks which descend down below the specific lower rank and are covered by the index are excluded.
- c) If the number of stocks ascending to the specific upper rank or higher is higher than the number of stocks which descend down below the specific lower rank, then starting from the stock which is positioned in the specific lower rank, the required

number of stocks in the upper ranks are excluded from the index until the numbers of stocks included-excluded are equal.

- d) If the number of stocks descending down below the specific lower rank is higher than the number of stocks ascending to the specific upper rank or higher, then starting from the stock which is positioned one place below the specific upper rank, the required number of stocks in the lower ranks are included the index until the numbers of stocks included-excluded are equal.
- e) 3 reserve stocks for each of BIST 30, BIST 50, BIST 100 and BIST Dividend 25 indices are selected as substitutes for any changes likely to occur within the Index Period and this Reserve List is announced concurrently with the periodic changes.

7. NON-PERIODIC CHANGES ON CONSTITUENT STOCKS

For the constituent changes based on the company announcements made in PDP , the company should have delivered the statement to the PDP until 16:30 (until 12:00 on half days) on the business day that precedes the realization date. Otherwise, the notification shall be deemed to be published on the following business day and the relevant change will be made so that it will be effective on the second business day that succeeds the delivery of the statement to PDP.

- 7.1. Stocks whose trading are halted permanently, stocks whose trading are suspended for more than 5 consecutive trading days except those that are suspended due to additional public offering and stocks transferred to the Watchlist Market from their current markets are excluded from all the indices under which they are covered, to be effective on the date of halt, suspension or transfer. Stocks excluded from BIST 30, BIST 50, BIST 100, BIST Liquid 10 Ex Banks and BIST Dividend 25 indices are replaced with substitute stocks.
- 7.2. Stocks transferred to a market other than the Watchlist Market from their current markets are excluded from the former market index and included in the new market index, effective from the date the transfer takes place.
- 7.3. When the suspended stocks re-start trading and when the stocks, that were transferred to an ineligible market, re-transfer to an eligible market, provided that they meet all other conditions of the index, they are included in all of the relevant indices, except BIST 30, BIST 50, BIST 100, BIST Liquid 10 Ex Banks and BIST Dividend 25 indices at the re-start date and at the re-transfer date respectively, during the same Index Period for the indices that are subject to periodic review.
- 7.4. Stocks that are started to be traded for the first time are included in all relevant indices other than BIST 30, BIST 50, BIST 100, BIST Liquid Banks, BIST Liquid 10 Ex Banks, BIST Dividend, BIST Dividend 25, BIST SME Industrial and BIST Sustainability indices, as of the first day they start to be traded.
- 7.5. If the market value of the stocks offered to the public, as of the end of public offering, is greater than the twentieth of the free float market value of BIST 30 Index stocks, then, effective from the 5th business day they have been traded, they are included in the index in place of the stocks with the lowest free float market value in BIST 30,

BIST 50, and BIST 100 indices. Stocks that start to be traded on Stars Market without fulfilling this condition are not included in BIST 30, BIST 50 and BIST 100 indices during the Index Period.

- 7.6. Combined ESG Scores of BIST Sustainability Index constituents are followed throughout index period. If combined ESG Score of a company decreases to 25 or lower the company is excluded from the index, as of the first working day of the week following the decrease.
- 7.7. Companies which are included in BIST 30 index according to article 7.5, are included in BIST Sustainability Index, effective from the 5th business day following the day they start to be traded if they meet the criteria stated on article 5.5.b.
- 7.8. Companies who change their scope of activities in such a way to result in a change of sector are excluded from their former sector indices and included in new sector indices effective from the first business day of the week that succeeds the week in which the statement regarding the inception of new activities is published on the PDP. If a company's upper sector group changes from Industrials to another, the company is excluded from the BIST-SME Industrial Index effective from the first business day of the week following the announcement in PDP.
- 7.9. If a Company included in a BIST City Index remains outside the scope of the index because of a change in the scope of its activities or it changes the main location where its production/operation/administration takes place, it is excluded from the index and included in the scope of the index which corresponds to its new production/operation/administration premises, effective from the first business day of the week that succeeds the week in which the statement of change is published on the PDP.
- 7.10. If a Company not included in any of BIST City Indices becomes eligible for inclusion in BIST City Indices due to a change in the scope of its activities, it is included in the corresponding city index, effective from the first business day of the week that succeeds the week in which the statement of the inception of the new operation is published on the PDP.
- 7.11. The stocks covered by BIST Corporate Governance Index are excluded from the index effective from the business day succeeding the date the relevant disclosure is announced in PDP if;
 - a) the new corporate governance rating grade disclosed in PDP is lower than the minimum required rate,
 - b) the termination of the rating agreement is disclosed in PDP for any reason,
 - c) the exclusion of the rating institution from the "List of Rating Institutions" authorized by the CMB is disclosed in PDP,
 - d) it is disclosed in PDP that the rating institution is no longer independent,the date on which the 1-year term expires or the rating agreement is terminate if;

- e) it is not disclosed to the PDP that the rating grade is renewed until the end of the 1-year term following the award of the rating,
- f) it is not disclosed to the PDP that the rating agreement is renewed until the date of expiration of the agreement.

such stocks are excluded from the index effective from the business day succeeding the date the relevant disclosure is announced in PDP or succeeding the date on which the 1-year term expires. After the elimination of the above reasons, if a rating grade higher than the minimum required rate is disclosed to the PDP, these stocks are included in the index effective from the business day that succeeds the date of disclosure.

- g) In order to be a constituent of BIST Corporate Governance Index, a company must have a valid contract and a valid rating grade given in accordance with that contract. However, in the event of termination of the contract, when the rating grade is still valid, upon the announcement of the company at PDP, company shall be given a period of up to three months, starting from the date of termination, to submit a new rating grade. In order for this period to be granted, the company must first announce the latest date to disclose the new valid rating grade in PDP (Not exceeding the validity date of the rating grade or three months). At the end of this period, the stocks of the company, which does not disclose a valid contract and a new valid rating grade given in accordance with that contract, shall be excluded from the index.

- 7.12. In case two or more companies, included in BIST 30, BIST 50, BIST 100, BIST Liquid 10 Ex Banks or BIST Dividend 25 indices, merge or acquire one another, the stocks of the resulting or surviving company, as the case may be, remain within the index if the resulting or surviving company remains in the eligible market and the vacancies which arise due to the merged/acquired company/companies are completed with substitutes effective from the distribution date of the stocks issued as a result of the merger or acquisition.
- 7.13. If a company included in BIST 30, BIST 50, BIST 100 or BIST Liquid 10 Ex Banks indices acquires or is acquired by a company that is out of the index, then the market in which the resulting company will be included is examined. If the resulting or surviving company remains in the eligible market, it remains within the scope of the index. If it does not included in an eligible market, it is excluded from the index and replaced with substitute stocks, effective from the distribution date of the stocks issued as a result of the acquisition.
- 7.14. If a constituent company of BIST Corporate Governance Index acquires another company or companies, it remains in the scope of the index.
- 7.15. If a constituent company of BIST Corporate Governance Index is acquired by another company which is not a constituent of the index, it is excluded from the index effective from the distribution date of the stocks issued as a result of the acquisition.
- 7.16. In case of mergers and acquisitions of companies whose stocks are included in BIST City Indices, the condition of the new company after the merger or the acquiring company is reevaluated.

- 7.17. If a company, included in BIST 30, BIST 50, BIST 100, BIST Liquid 10 Ex Banks or BIST Dividend 25 indices spins-off into two or more companies, then the company with the highest free float market value amongst the resulting companies remains within the index until the end of the Index Period if it is included in an eligible market.
- 7.18. If a company included in BIST Dividend and BIST Dividend 25 Indices acquires or is acquired by a company that is out of the index, then the market in which the resulting company will be included is examined. If the resulting company is included in an eligible market, it remains within the scope of the index; if it is not included in an eligible market, it is excluded from the index, effective from the distribution date of stocks to the shareholders of the acquired company. A substitute stock is included in BIST Dividend 25 Index in place of the excluded stock.
- 7.19. A constituent company is excluded from the BIST IPO index on the first workday of the 25th month following its first trading day.
- 7.20. If a constituent company of the BIST IPO Index acquires another company or companies from the same index, it remains in the index.
- 7.21. If a constituent company of the BIST IPO Index is acquired by another company which is not in the index, it is excluded from the index, effective from the distribution date of the stocks to the shareholders of the acquired company.
- 7.22. In case of mergers and acquisitions of companies whose stocks are included in BIST SME Industrial Index, the condition of the new company after the merger or the acquiring company is reevaluated.
- 7.23. In case of mergers and acquisitions of companies where both stocks are included in BIST Sustainability Index, stocks of the new company remains in the index.
- 7.24. If a company whose stocks are included in BIST Sustainability Index acquires another company or companies, it remains in the index.
- 7.25. If a company whose stocks are included in BIST Sustainability Index is acquired by another company that is not included in the index, it is excluded from the index effective from the distribution date of the stocks issued as a result of the acquisition.

8. MONITORING AND ADMINISTRATION OF INDICES

- 8.1. Index Department is responsible for monitoring and administration of indices.
- 8.2. At periodic reviews, the stocks to be included in the indices or substitute lists are determined by the Index Department, subject to the approval of Borsa Istanbul Management.
- 8.3. Borsa Istanbul Management is authorized with regard to issues that are not stipulated by BIST Stock Indices Ground Rules.

Annex 2:

Pillar	Category	Theme	Data Points
Environment	Emissions	Emissions	500+ Data Points
		Waste	
		Biodiversity	
		Environmental Management Systems	
	Innovation	Product Innovation	
		Green Revenues/R&D/Capex	
	Resource Use	Water	
		Energy	
		Sustainable Packaging	
		Environmental Supply Chain	
Governance	CSR Strategy	CSR Strategy	
		ESG Reporting and Transparency	
	Management	Structure (Independence, Diversity, Committees)	
		Compensation	
	Shareholders	Shareholder Rights	
		Takeover defenses	
Social	Community	Equally important to all industry groups, hence a median weight of 5 is assigned to all industry groups	
	Human Rights	Human Rights	
	Product Responsibility	Responsible Marketing	
		Product Quality	
		Data Privacy	
	Workforce	Diversity and Inclusion	
		Career Development and Training	
		Working Conditions	
		Health and Safety	