

## MAIN STATUTE OF GENERAL DIRECTORATE OF AGRICULTURAL ENTERPRISES

### FIRST SECTION

#### General Provisions

##### Purpose and Scope

**ARTICLE 1-** The purpose of this Main Statute is to regulate the formation, purpose, fields of activity, its organization structure and the relations with its affiliates and other related matters of State Economic Enterprise established under the name of the General Directorate of Agricultural Enterprises (TİGEM), which is subject to the provisions of the Decree Law no. 233 on the State Economic Enterprises dated 8.06.1984.

##### Definitions and Abbreviations

**ARTICLE 2-** Definitions within this Main Statute;

**Related Ministry:** The Ministry of Agriculture and Rural Affairs,

**HPC:** The High Planning Council established under Article 4 of the Decree Law No. 540 on the Establishment and Duties of the State Planning Organization dated 19.06.1994.

**Decree:** Decree Law no. 233 on the State Economic Enterprises dated 08.6.1984 and other decree-laws amending this decree

**Enterprise:** The common name of State Economic Enterprise and Public Economic Enterprise,

**Organization:** The State Economic Enterprise whose capital completely belongs to state and founded in order to perform activities according to the commercial rules,

**Institution:** The State Economic Enterprise whose capital completely belongs to state and founded in order to produce and market the goods and services by considering public benefit and whose goods and services are considered as concession due to this public benefit,

**Institution:** Enterprises or collection of enterprises whole capital of which belongs to State Economic Enterprise and Public Economic Enterprise,

**Affiliate:** The corporates more than 50% shares of which belong to the State Economic Enterprise and Public Economic Enterprise,

**Subsidiary:** The incorporated companies in which State Economic Enterprise and Public Economic Enterprise holds at least %15, at most %50 of the shares,

**TİGEM:** General Directorate of Agricultural Enterprises,

**Farm:** The farms and other units where TİGEM is producing goods and services.

## **SECOND SECTION**

### **Foundation, Purpose and Fields of Activity of General Directorate of Agricultural Enterprises**

#### **TİGEM's Foundation**

**ARTICLE 3-** TİGEM, founded in accordance with this Main Statute;

- a) It is an Economic State Enterprise with a legal entity, autonomous in its activities and limited by its capital.
- b) It is not subject to the provisions of the Public Account Law no 26.05.1927 and no 1050 as well as Public Procurement Law dated 08.09.1983 and no 2886 and the Court of Auditors audit.
- c) Headquarters is located in Ankara.
- d) Capital of 20 Trillion Turkish Liras may be changed by the decision of the High Planning Council upon the proposal of the relevant Ministry.
- e) The relevant Ministry may be changed by the proposal of the Prime Ministry and the approval of the Presidency.

#### **TİGEM's purpose**

**ARTICLE 4-** TİGEM; was established to produce all kinds of goods and services needed by agriculture and agriculture industry.

#### **TİGEM's fields of activity**

**ARTICLE 5-** TİGEM's fields of activity are as follows:

- a) Provides the seeds, seedlings and similar goods and the livestock and sperms produced in order to increase, diversify the crops and animal production and to improve the product quality of the country to the breeders and farmers.
- b) Establishes and participates in the establishments to evaluate the products to be obtained from the farmers with the animal and plant products to be obtained in the enterprises.
- c) Carries out researches on plant and animal production, breeding and breeding, and if necessary cooperates with other breeding and research institutions.
- d) Cooperates with the farmers and farmers' organizations for production and promotion purposes in relation to the products and services they produce.
- e) Obtains all kinds of goods and services that it needs to realize its objectives and activities from domestic and foreign markets.
- f) Provides all kinds of goods and services by cooperating with domestic and foreign individuals and organizations, prepares them for the market and evaluates them in domestic and foreign markets.
- g) Leases and rents the land from natural and legal persons to perform production and operation activities and establish their facilities.

h) Leases the poultry house, barn, warehouse, porch and similar buildings, which have lost their function in business units over time, to private or legal persons, in order not to harm the integrity of the Company, in order not to leave the buildings to wear and to get into the economy.

i) To cooperate with domestic and foreign private and legal persons and companies to establish production and processing facilities related to its activities, it establishes partnerships.

j) Makes patent, license, technical skills and similar agreements with domestic and foreign companies, sells and buys information and technology according to the legislation.

k) Makes and executes engineering management, project, research, feasibility and similar engineering services.

l) Organize or holds skills-making seminars and courses on study subjects.

The General Directorate fulfils its aims and activities directly by itself, enterprises and other units.

The objectives and activities of TIGEM can be changed by the decision of the High Planning Council.

### **THIRD SECTION**

#### **General Directorate of Agricultural Enterprises**

##### **TIGEM's Bodies**

**ARTICLE 6-** TIGEM's bodies are; Board of Directors and General Directorate.

##### **Board of Directors**

**ARTICLE 7-** The establishment, duties and authorities of the Board of Directors of TIGEM and the appointments, qualifications, terms of office of the members of the Board of Directors and other relevant matters are also subject to the provisions of the Decree.

The Board of Directors takes all necessary decisions regarding the realization and management of TIGEM's objectives and activities.

The General Director is the Chairman of the Board of Directors. In the absence of the General Manager, the Deputy General Director to be appointed by the General Director among the members of the Board of Directors shall act as the Chairman of the Board of Directors.

Those who are appointed as members of the Board of Directors to remain in the capacity of a public office cannot serve as a member of the Board of Directors and Supervisory Board in any other undertaking, subsidiary or affiliate.

##### **Board of Directors meeting and decision quorum**

**ARTICLE 8-** Meeting of the Board of Directors of the General Directorate and quorum for meetings;

a) The decision of the Board of Directors shall be requested by the General Manager. The agenda of the meeting is determined by the Chairman of the Board of Directors and distributed to the members at least twenty-four hours in advance. The Board of Directors may change the agenda.

b) The members of the Board of Directors may also make proposals regarding the discussion and resolution of the issues deemed necessary to take a decision of the Board. If deemed appropriate by

the Board of Directors, this proposal shall be included in the agenda of the first Board of Directors meeting.

c) The Board of Directors convenes at least twice a month as required by the works of TIGEM. Meeting shall be subject to the request of the Chairman or the existence of joint written proposals of at least two members.

d) The meeting place is the centre of TIGEM. The Board of Directors may convene elsewhere, provided that it is decided beforehand.

e) The Board of Directors shall convene with the absolute majority of the total number of members (with at least four people) and takes decisions with the absolute majority of the total number of members. In case of equality of votes, the chairman shall be deemed to have achieved majority.

f) In the Board of Directors, votes are refused or accepted. No abstaining vote is used. Under the decision of the member who uses the refusal vote sign the reason for refusal.

g) The members who do not attend the meeting cannot vote in writing or by assigning a proxy.

h) The Chairman and the members of the Board of Directors are required to attend all meetings. The members of the Board of Directors must notify the Chairman of the Board of Directors of their excuses before the meeting. Members who fail to attend four meetings in succession or ten consecutive meetings without any excuses are deemed to have resigned. They are assigned to others by written procedure.

i) Decisions of the Board of Directors shall be written under the date and order number of the decision book approved by the notary public at the place where TIGEM is located. Each page of the decision book is signed by the members attending the meeting.

j) Decisions should be written to the decision book within one month at the latest and the signature process must be completed.

k) The Board of Directors may convene in extraordinary cases upon the invitation of the General Manager regardless of the meeting and agenda conditions mentioned in the above paragraphs.

#### **General Directorate of Agricultural Enterprises**

**ARTICLE 9-** TIGEM; is composed of General Director, Deputy General Directors and organizational units.

#### **General Director of Agricultural Enterprises**

**ARTICLE 10-** The provisions of the Decree Law no. 233 and 399 shall apply to the appointment, qualifications and conditions, duties, authorities and responsibilities of the General Director of Agricultural Enterprises.

TIGEM General Director may delegate some of its powers to its subordinates and lesser authorities, provided that its limits are explicitly declared, except for the powers granted by the Board of Directors which cannot be transferred to the subordinates. However, the transfer of authority does not remove the responsibility of the General Director.

In accordance with the rules of legislation, this power delegation is made after receipt of a permit on the subjects which entail permissions from concerned authorities.

## **Deputy General Directors of Agricultural Enterprises**

**ARTICLE 11-** The provisions of the Decree Law No. 233 and Law No. 399 shall apply on the appointment, qualifications, conditions, duties, powers, responsibilities and other matters of the TIGEM Deputy General Directors.

The division of jobs between the Deputy General Directors is determined by the General Director of TIGEM.

The number of Deputy General Directors may be changed by the decision of the HPC.

## **TIGEM's units**

**ARTICLE 12-** The units are founded in order to realize its objectives and activities within the framework of the provisions of the Articles of Association and the provisions of this Statute; in the organization chart the upper Units shall be established with the decision of the Board of Directors upon the proposal of the General Manager of the Organization, up to the duties in the first and second stages after the Deputy General Managers.

The establishment of other units of the organization and the units in the establishments and establishments shall be changed upon the request of the relevant upper unit upon the approval of the General Director.

## **FOURTH SECTION**

### **Institutions, Affiliates and Subsidiaries**

#### **Establishment and qualifications of institutions**

**ARTICLE 13 -** Establishment of institutions and determination of their qualifications shall be made in accordance with the provisions of the Decree Law.

Establishment and removal of institutions, changing their status, working subjects, increasing or decreasing the working subjects, increasing or decreasing the capital and merging it with other establishments are made by the decision of TIGEM Board of Directors. The purpose and measure of these decisions are to create savings, profitability, productivity and more investment.

#### **Institution bodies**

**ARTICLE 14-** The bodies of institutions are the institution management committee and institution manager.

#### **Management committee of institution**

**ARTICLE 15-** The formation, duties and powers of the Management Committee, appointment of members, qualifications of the members and terms of office shall be made in accordance with the provisions of the Decree Law.

The head of the management committee is the institution manager. In the absence of the Director, the member to whom the General Manager of the TIGEM shall appoint from the Management Committee or the member of the Management Committee seen as the appropriate member shall chair the Management Committee as Deputy Acting Director.

#### **The number of management committees and decision quorum.**

**ARTICLE 16-** The meeting of the Management Committee and the quorum for decision;

a) The Management Committee convenes on a pre-determined day and at least twice a month. A meeting may be held outside of certain days upon the request of the Chairman or at least two members upon the written proposal showing the subjects of the interview.

b) The venue of the meeting is the institution. With the permission of the General Manager of TİGEM, it may also be at another location.

c) It is essential that the Chairman and members of the Management Committee participate in all meetings. The status of those with excuses shall be determined by the minutes of the meeting.

d) The proposals regarding the issues that require the decision of the Management Committee are brought to the committee by the manager and taken to the agenda.

e) The meeting agenda of the Management Committee is determined by the Chairman and distributed to the members at least twenty-four hours before the meeting. There may be a change in the agenda with the decision of the Management Committee.

f) The Management Committee convenes with the absolute majority of the total number of its members and takes its decisions mostly. In the case of equality in votes, the party to which the chairman favours, shall ensure the majority.

g) If the Director of the Institution considers serious drawbacks in the implementation of any decision of the management committee and the committee insists on this decision, the Board of Directors of the General Directorate of TİGEM first examines the matter and requests that the matter be resolved. In this respect, it is mandatory to follow TİGEM General Manager's instructions or TİGEM Board of Directors decision.

h) In exceptional cases, the points specified in paragraph (e) shall not be complied with.

#### **Institution Director**

**ARTICLE 17-** The provisions of the Decree shall be applicable to the appointment, qualifications and conditions, duties and powers of the Director of the Institution.

#### **Affiliates**

**ARTICLE 18-** The Decree and Main Statute shall apply to the establishment of affiliates, the formation of the Board of Directors of the affiliates, the appointment and election of the members of the Board of Directors and Supervisory Boards, the General Manager and the Deputy General Managers, the qualifications and conditions, the release of the Board of Directors and the Board of Auditors and other matters, and in cases where there is no provision the provisions of the Turkish Commercial Code No. 6762, dated 29.06.1956 are applied.

#### **Provisions to be applied to affiliates**

**ARTICLE 19-** The provisions to be applied to the affiliates are as follows.

a) If the shares of the private sector are between 20% to 40% they will be entitled to have one member and if it is more than 40% they will be entitled to have two members in the Board of Directors.

b) All members of the Board of Directors and Auditors who are appointed to represent the share of TİGEM, except for the General Manager of Subsidiaries, may not be members of the Board of Directors, Auditors and Liquidators in another subsidiary or subsidiary.

c) TİGEM is responsible for the issuance of share certificates of the members serving as the Board Members of the affiliates.

d) The provisions of the Articles of Association and the provisions of the Turkish Commercial Code No. 6762 are applied for the gathering of the Board of Directors and other matters.

e) The General Manager of the affiliate is responsible for the implementation of the decisions taken by the Board of Directors of TİGEM and its affiliates and the necessary efforts and credibility in the management of the affiliate.

f) The affiliate acts in accordance with the main objectives of the investment, planning and marketing determined by the Board of Directors of TİGEM.

### **Subsidiaries**

**ARTICLE 20-** These are the incorporated companies in which TİGEM holds at least %15, at most %50 of the shares.

### **Provisions applicable to subsidiaries**

**ARTICLE 21-** The provisions to be applied to the subsidiaries are as follows.

a) Decree shall apply on the composition, qualifications, management and other matters of subsidiaries and the provisions of the Turkish Commercial Code shall apply on the subjects not stated in this main statute and Articles of Association a of the Company.

b) The Board of Directors of the TİGEM subsidiaries shall have at least one member for each 15% of the shares representing TİGEM.

c) If there is at least one and more than 20% of the shares of TİGEM in the participation of at least 20% and less, at least two auditors shall be available.

### **Board Members' Forwarding Reports**

**ARTICLE 22-** The representatives of TİGEM provides reports to the TİGEM Board about the activities and financial status of the incorporated companies of which they are member in accordance with the rules defined in the concerned legislation.

## **FIFTH SECTION**

### **Financial Provisions**

#### **TİGEM's plan, program and budget**

**ARTICLE 23-** The relevant provisions of the Law shall apply in respect of plans, programs and budgets, preparation of investment projects, investment and financing programs, small completion, maintenance and renewal investments, prices and tariffs, accounting systems, balance sheets, final accounts and activity reports, profit distribution, liquidation and audit.

TİGEM is obliged to carry out investment and operating activities based on plans, programs and budgets and to ensure that its subsidiaries comply with the same principles.

TİGEM's annual general investment and financing program is decided by the Council of Ministers at least seventy-five days before the beginning of the calendar year.

The operating budgets of TIGEM are prepared on the basis of the targets in the annual general investment and financing program for each accounting period and approved by the Boards of Directors.

In case of any change in the annual investment and financing program, necessary adjustments are made in the operating budgets in accordance with this change.

A sample of the annual general investment and financing programs of TIGEM and its subsidiaries is sent to the Undersecretary of Treasury, the State Planning Organization, the Prime Ministry High Auditing Board and the related Ministry.

TIGEM; according to the Development Plan, prepares the projects in a timely manner by making the financial, economic and technical studies related to the investments required and sends them to the Ministry and State Planning Organization seven months before the beginning of the calendar year.

The relevant Ministry sends to the State Planning Organization and the Under secretariat of the Treasury to perform the necessary inspections on the projects of TIGEM and its subsidiaries and to be included in the annual general investment and financing program by the end of June of the same year.

The project cannot be started if the project is not ready.

## **SIXTH SECTION**

### **Miscellaneous Provisions**

#### **Provisions Regarding Personnel**

**ARTICLE 24-** The provisions of the Decree Law No 399 shall apply to the forms of employment of TIGEM including appointing, assigning, dismissal, duties and responsibilities, staff determination, wages, premiums, bonuses, sending abroad, prohibition of political activity, distribution of attorney's fees and the remuneration and rights of board members, auditors and liquidation committee members.

#### **Other Rights and Duties**

**ARTICLE 25-** The provisions of concerned Decree shall be applied for the purposes and scope of activity of TIGEM, shares transferred to the Treasury, deed of state property, other rights, bond issue and other matters.

## **SEVENTH SECTION**

### **Final Provisions**

#### **Application**

**ARTICLE 26-** The provisions of the relevant Laws and Decrees shall apply in matters which are not in this Statute.

#### **Abolition**

**ARTICLE 27-** With the entry into force of this Main Statute, the Main Statute published in the Official Gazette dated 14 December 1984 and numbered 18605 shall be repealed.

#### **Enforcement**

**ARTICLE 28-** This Main Statute is put into enforcement when it is published on the Official Gazette.