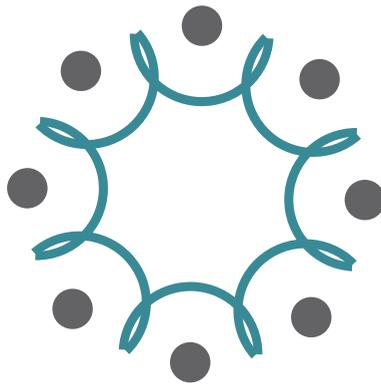


Articles of Incorporation



DEVELOPMENT
WORKSHOP



DEVELOPMENT WORKSHOP

DEVELOPMENT WORKSHOP SCIENCE CULTURE TRAINING RESEARCH
IMPLEMENTATION PRODUCTION AND ENTERPRISE COOPERATIVE

Articles of Incorporation

October 2020

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CHAPTER ONE

ESTABLISHMENT, ACQUIRING LEGAL ENTITY AND AMENDMENT OF ARTICLES OF INCORPORATION, TITLE, HEADQUARTERS AND BRANCHES, DURATION, PURPOSE

Establishment

- Article 1** Development Workshop Science Culture Training Research Implementation Production and Enterprise Cooperative; Science, Culture, Education, Research, Application, Production and Operation Cooperative with variable shareholders, variable capital was established according to the provisions of the Cooperatives Law No. 1163 with names, nationalities, residential addresses and capital shares addressed in this Articles of Incorporation.

Acquiring Legal Entity and Amendment of Articles of Incorporation

- Article 2** The cooperative shall acquire the legal identity through registration with the Trade Registry Office. The persons acting for and on behalf of the cooperative before registration shall be personally and successively responsible for their actions. The amendment of the articles of Incorporation shall be based on the procedures of the organization.

Title

- Article 3** **Title of The Cooperative:** Development Workshop Science Culture Training Research Implementation Production and Enterprise Cooperative

Headquarters and Branches

- Article 4** Branch offices of the cooperative: Cooperatives can establish branch offices within and out of the country, should they deem it necessary. Branch offices shall be registered with the local registry authorities of the city they are established in, with reference to the registered head office thereof.

Term

- Article 5** The Cooperative is indefinite.

Purpose and the Field of Activities

- Article 6** The main purpose of the Cooperative;
Among its main objectives are the protection of the natural environment, strengthening the position of women, combating child labor, contributing to the

European Union integration process, developing cooperation with non-governmental organizations in the neighboring countries, and sharing development experiences in these countries. In short, it foresees that the social, economic and ecological dimensions of development should be addressed at national and international level.

For this purpose, the Cooperative will perform the following tasks:

1. The cooperative develops and implements development plans, programs and projects for disadvantaged groups and prepares various reports in this context, based on information and data through research and field studies.
2. The cooperative shares various plans and projects designed for development with related public and private organizations, explores possible collaboration and partnership opportunities in projects and conducts joint implementation studies,
3. The cooperative implements the development plans and programs developed by the cooperative itself or other organizations, with its own means or with institutions and organizations with similar purposes.
4. Acting collaboratively and executing projects jointly with others by fulfilling the terms stipulated by the legal arrangements, including programs and projects aimed at direct humanitarian assistance and immediate aid or improvement of conditions, alongside international institutions which support developmental projects of several types in Turkey, such as those within the scope of the European Union, the World Bank, the United Nations or other development institutions and organizations abroad; and receiving technical aid or grants from said institutions.
5. The cooperative publishes the results of all its national and international activities (research, training, implementation, etc.) in the form of books, magazines, journals, circulars, encyclopedias, bulletins, articles, etc. as well as in the form of postcards, posters, CDs (VDC, DVDs), video cassettes, disks and calendars.
6. The cooperative organizes meetings, panels, open sessions, memorial evenings, courses and training activities, seminaries, forums, conferences and slideshows, and exhibitions related to its aims. In this context, members and representatives of it are assigned at national or international meetings.
7. The cooperative organizes summer schools for national and international participants, organizes study trips in accordance with certain programs.
8. The cooperative carries out all kinds of cooperation with international institutions, regional and national associations and foundations, occupational organizations and non-governmental organizations, universities and public institutions in line with its objectives.

9. The cooperative carries out all kinds of social, legal and technical consultancy services that its members and their close associates may need.
10. The cooperative organizes all kinds of consultancy services such as social, legal and technical that their members and their close associates may need.
11. The cooperative carries out activities aimed at solving common problems such as landscaping, cleaning and greening, water, sewage and arrangement of common areas.
12. The cooperative organizes food and general aid campaigns or similar activities in order to fulfill its aims.
13. The Cooperative accepts grants and aid - in cash and in kind – from all kinds of national and international organizations, persons and institutions, and receives loans, and utilizes them for the purposes of the Cooperative.
14. The Cooperative organizes activities in line with its objectives such as domestic and foreign fairs, expos, festivals, exhibitions; partakes in similar activities organized by others, and allows its members and representatives to take part in.
15. The Cooperative engages in revenue-generating commercial activities, and participates in, establishes and operates commercial enterprises in line with its objectives.
16. The Cooperative acquires moveable and immovable properties; buys, sells, rents land plots and buildings, or constructs buildings; partakes in similar savings and transactions; establishes real rights, takes over the business, and decides on the construction of facilities deemed necessary for the Cooperative's own investments.
17. The Cooperative establishes social facilities, library, guesthouse, dormitory, camp and similar facilities in line with its objectives.

SECTION TWO

CAPITAL AND SHARES

Capital¹

- Article 7** The capital of the cooperative consists of the total amount of shares committed by the shareholders, and it varies. However, the minimum limit of the capital is 700 TL. During the establishment phase, it is obligatory to commit all of this capital and to pay 1/4 of it in advance. Capital in kind can be added. The Cooperative can take over an existing business or **valuable assets**. In case of capital in kind, 21st and 22nd articles of the Cooperatives Law No. 1163 shall be applied.

No capital in kind can be added.

Shares

- Article 8** The value of a share is 100 TL. Shareholders can commit at most 5000 (five thousand) shares. However, each shareholder must commit at least 1 share. The shares are shown in the share certificate issued according to Article 19 of this Articles of Incorporation. The shares not represented by certificate shall be regarded as equivalent to 100 (one hundred) TL.

Payment of Shares

- Article 9** The committed shares shall be paid within one year; at least the one fourth in advance and rest in equal installments to be determined by the Board of Directors.

SECTION THREE

TRANSACTIONS BETWEEN SHAREHOLDERS

Terms and Conditions

- Article 10** In order to be a shareholder of the Cooperative, the following qualifications and conditions are required;

¹ In accordance with the Council of Ministers Decision No. 2009/15233, published in the Official Gazette No. 27297, dated July 23, 2009; In the cooperatives affiliated with the Cooperatives Law No. 1163, the value of a share has been increased to 100 (one hundred) Turkish Liras.

being natural persons with the capacity to exercise civil rights or legal entities defined in the 9th article of the Cooperative Law No. 1163.²

Admission

- Article 11** Those who meet the necessary conditions and want to become a shareholder in the Cooperative apply in written to the Board of Directors. In this application, it is clearly stated that all provisions of the Articles of Incorporation and their obligations are accepted. Admission to the membership takes place with the decision of the Board of Directors. The Board of Directors has to investigate whether the members and applicants for membership meet the conditions specified in Article 10 of the Articles of Incorporation. The decision to accept or reject is notified in writing within 15 days. Within one month following the notification, new shareholders pay the installment of the capital commitment already paid by other shareholders and the amount equal to the amount paid by other shareholders until that date. Except for those who are accepted to the membership through transfer pursuant to Article 17, it is possible to request an amount above or below the amount stated above, if the General Assembly decides.

Number of Shareholders

- Article 12** The number of members of The Cooperative is at least 7 persons.

Withdrawal

- Article 13** Each shareholder can withdraw from the Cooperative by applying to the Board of Directors in writing at least one month before the end of the fiscal year. If, despite the request to be made in accordance with this provision, the Board of Directors abstain from accepting the withdrawal request within one month after the written application is entered into the cooperative registries, the shareholder notifies the Board of Directors about his/her withdrawal through a notary public. Withdrawal takes place **as of the date of such notice**.

Dismissal

- Article 14** Those whose conditions are as follows are being dismissed with the decision of the Board of Directors;
- 1 Those who lost the shareholder conditions stated in Article 10 of the Articles of Incorporation,

² Article 9th of the Cooperatives Law No. 1163 (Amended Article 21/04/2004 - 5140 S.K. / 2 Article): legal entities can assist, lead and become shareholder in the establishment of the cooperatives they are interested in for their purposes.

- 2 Shareholders who delay their monetary obligations for 30 days are notified by the Board of Directors through a notary public. A second notice is made to those who fail to fulfill these obligations within 10 days following the first notice. Those who do not fulfill their obligations within one month following the second notice,
- 3 Those who are convicted of crimes committed on the money, property and documents of the Cooperative.

The decision for dismissal shall be written with cause in the minutes as well as in the shareholders' book. The attested copy of the decision shall be delivered to the notary public within ten days, for being notified to the dismissed shareholder. The said shareholder may file an action for objection within three months as of the date of notification. If the notified decision has been made by the Board of Directors, the shareholder may also forward his/her objection to the General Assembly within the three-month period. This objection shall be raised through a notarized notice in writing to the Board of Directors, for being submitted to the first meeting of the General Assembly. Where the objection is forwarded to the General Assembly, an action for objection cannot be initiated against the decision of dismissal by the Board of Directors. The right to file an action for objection against the decision to be made by the General Assembly is hereby reserved.

The decisions of dismissal against which no objections are raised either to the General Assembly or to the courts within a three-month period shall become conclusive and final. The members, against whom the decisions of dismissal have not become conclusive, cannot be replaced with new ones. The shareholder rights and liabilities of such persons shall continue to be valid until the decisions of dismissal about them become final.

Settlement with Withdrawn Shareholder

- Article 15** Capital and other receivables of those whose shareholder ends for a reason other than transfer is calculated according to the balance sheet of the year and are paid back within one month after the balance sheet date. However, if the new shareholder is replaced, installments paid in accordance with Article 21 shall be returned immediately to the former shareholder. Leaving shareholders cannot claim a right on the reserve funds of the Cooperative. The period of limitation for receivables and rights is five years.

Status of Deceased Shareholder

- Article 16** In the event that the legal heirs of the deceased shareholder designate a representative within three months and inform the Cooperative, the rights and

obligations shall continue in favor of their legal heirs. In case the heirs do not appoint a representative or do not want to continue the shareholder, the debts and receivables of the deceased shareholder are liquidated according to the provisions of Article 15.

Transfer of Shareholding

- Article 17** The shareholding may be transferred to persons meeting the conditions of being shareholder in Article 10, by notifying the Board of Directors in writing. The Board of Directors cannot avoid accepting the person who has taken over the shareholding in this way. In the event of transfer, all rights and obligations of the former shareholder to the cooperative pass to the new shareholder, and the cooperative cannot be asked to make an additional payment from the parties due to this transfer.

Re-entering the Shareholding

- Article 18** Those whose shareholding was terminated may become shareholder again if their reasons for leaving disappear. Those whose shareholding was terminated in accordance with the third paragraph of Article 14 of this Articles of Incorporation will not be readmitted to the Cooperative.

Shareholder Certificate

- Article 19** It is obligatory for the shareholding rights of each shareholder to be represented with a certificate issued to the name. The title of the Cooperative, the name and surname and business and residence addresses of the owner, and the dates of entering into and parting from the Cooperative shall be included in the said certificate. These matters are signed by the owner and the persons authorized to represent the cooperative. The funds deposited or withdrawn by the shareholder are recorded in chronological order. If these records are related to the money paid by the cooperative, the shareholder shall sign the related documents. The signed certificate shall be regarded as a receipt for payment. The said certificate may be prepared in the form of a shareholder account book, on the condition that it includes the Articles of Incorporation. The certificate shall not be regarded as valuable assets, but only as documentary evidence.

Personal Responsibilities of the Shareholders

- Article 20** Each shareholder shall be liable for the debts of the Cooperative as much as the amount of the share committed. The responsibility of the shareholder who have been dismissed from the Cooperative shall continue for two years from the date of departure. Any shareholder newly entering the Cooperative shall become equally

responsible as the other shareholders for the debts previously incurred. The provisions regarding the responsibilities of the members of the Board of Directors and the auditing board are reserved.

Payments Other Than Share

- Article 21** In addition to the committed share, the shareholders are obliged to pay an amount to be determined by the general assembly in order to achieve the objectives of the Cooperative. These decisions shall require the quorum specified in the second paragraph of Article 33 of the Articles of Incorporation. Additional payment may be requested from the shareholders to be used to close the balance sheet deficits. Additional payments are decided by the Cooperative's general assembly.

CHAPTER FOUR

STRUCTURE AND MANAGEMENT OF THE COOPERATIVE

Structure of the Cooperative

- Article 22** The structure of the Cooperative are as follows;
- 1 General Assembly,
 - 2 Board of Directors,
 - 3 Board of Auditors

Duties and Powers of the General Assembly

- Article 23** The duties and powers of the general assembly, which is the highest authority representing all shareholders, are as follows;
- 1 Reviewing the balance sheet, the balance sheet accounts, income and expense difference accounts and the reports issued by the Board of Directors and auditors, accepting or rejecting them, and deciding on the distribution of the income-expense difference,
 - 2 To elect, release or decide the responsibilities of the members of the Board of Directors and the members of the Board of Auditors, and dismiss them when necessary,
 - 3 To discuss and decide on the monthly wages, attendance fee and travel allowance amount to be given to the members of the Board of Directors and auditors and the budget of the Cooperative,

- 4 Reviewing and resolving the objections related to the decision for dismissal of a shareholder by the Board of Directors,
- 5 Deciding whether to cancel the resolutions of the Board of Directors, which are alleged to be contrary to the Law, Articles of Incorporation and the principles of goodwill and the resolutions of the General Assembly,
- 6 To decide to join the cooperative unions and to elect the representatives to be assigned to these organizations,
- 7 To decide on the amendments to be made in the Articles of Incorporation,
- 8 To determine the nature, location and maximum price of the real estate to be purchased, and the minimum price of the real estate to be sold, with the procedure to be followed in the purchase and sale of real estate,
- 9 To decide the procedure for the construction works,
- 10 Deciding to open branches and to participate in related undertakings,
- 11 To decide whether additional payment will be requested from the shareholders to be used in closing the balance sheet deficits,
- 12 To decide on the dissolution of the Cooperative, to elect the liquidation committee,
- 13 To determine the installment and payment principles of the capital increase and payments to be collected from the shareholders,
- 14 To decide on the aims and activities of the Cooperative as stipulated in the Law and the Articles of Incorporation,
- 15 The General Assembly may not transfer or renounce from above mentioned powers and duties, as well as decide on any activity related to the objectives of the Cooperative.

Right to Vote and Representation in the General Assembly

Article 24 Each shareholder has the right to attend the General Assembly, except those who are not shareholders three months before the meeting date. Each shareholder has only one vote, and a shareholder may designate another shareholder to cast votes with written permission.

When the number of shareholders exceeds 1000, each shareholder can represent more than 9 shareholders. Shareholder in representation is not sought for spouses and first-degree relatives (child, parents, spouse's parents of the shareholder). The chairman and members of the Board of Directors and persons authorized to represent the Cooperative cannot vote by proxy. The chairman and members

of the Board of Directors and those who have participated in the conduct of the Cooperative affairs in any way cannot participate in the voting for the decisions regarding the release of the Board of Directors. This provision does not apply to the Board of Auditors. Auditors may not vote in their own release.

None of the shareholders may cast vote in the discussions about a personal business matter, or a case between the cooperative and himself/herself or his/her spouse or ancestors and descendants.

General Assembly Meeting Methods and Time

- Article 25** The General Assembly shall convene in two ways: ordinary and extraordinary.
- The ordinary General Assembly meeting must be held within the first six months of each year.
- The extraordinary General Assembly shall convene as and when required by the provisions of the Cooperative and the Articles of Incorporation.

General Assembly Meeting Place

- Article 26** The General Assembly shall convene at the place where the Cooperative headquarters is located.

Authorized Organs to Call the General Assembly

- Article 27** The General Assembly is called for a meeting by the Board of Directors.
- When necessary, the board of auditors, the union/league of which the cooperative is a member, and the liquidators are authorized to call the General Assembly to a meeting.
- However, in case the General Assembly is failed to meet in the foregoing manner, the Ministry concerned shall be entitled to call the General Assembly for a meeting³.
- The General Assembly shall be called for a meeting by the Boards of Directors with the request of at least 10% of the number of shareholders, on the condition that such number is not less than four shareholder. This request must be submitted jointly and through a public notary.
- In case the General Assembly does not comply with this request within a minimum of ten days, the General Assembly may be convoked upon the application of the requestors or directly by the Ministry concerned. If the General Assembly does not

³ Activities related to cooperatives are carried out by the General Directorate of Tradesmen, Craftsmen and Cooperatives in line with Presidential Decree No. 27 published on January 10, 2019.

still meet, the requestors may resort to the local court to obtain a permission to call the General Assembly for a meeting in person.

Type of Call

Article 28 Invitation to ordinary and extraordinary meetings can be done by registered letters, if necessary, by using newspapers and in places where there are no newspapers through announcements which are done by local customs. The call can only be made in writing, in return for signature.

It is obligatory to make the call at least 30 days before the meeting date, within two months at the most, and to notify the date, time, place, agenda of the meeting. In case the majority cannot be achieved in the first meeting, the date, time and place of the next meetings to be held shall be announced to the shareholders at once without the need for a new notification. There should be a minimum of 7 and a maximum of 30 days between meetings. The announcement and meeting days cannot be included in the calculation of the periods. In the case of the Articles of Incorporation are to be changed, it is sufficient to write the numbers of the articles to be changed in the announcement.

Presence of All Shareholders at the General Assembly

Article 29 The presence of all shareholders or representatives of the Cooperative and in case of absence, other provisions regarding General Assembly meetings shall be reserved and decisions may be taken even though the provisions on calling the meeting have not been complied with. However, in order for the decisions taken to be valid, necessary actions must be taken for the ministry representative to participate in the meeting.

Decisions taken in accordance with the above paragraph shall be signed by the representatives to be unanimously elected.

Application and Documents to be Sent to the Ministry for the General Assembly

Article 30 The date, place and agenda of the General Assembly are notified in writing to the Provincial Trade Directorate under the Ministry of Trade of the province where the cooperative is registered, at least 15 days before the meeting.

In this notification, a document indicating that the amount of the representative fee determined by the Ministry is deposited in the relevant financial cashier shall be attached and requested to have a representative in the meeting.

Agenda of the General Assembly

- Article 31** The following issues shall be written to the agenda of the ordinary General Assembly meeting:
- 1 Reading the reports given by the Board of Directors and the Board of Auditors.
 - 2 Review, approve or reject balance sheet, inventory, income-expense difference accounts.
 - 3 Release of Board of Directors and auditors.
 - 4 Electing new members to replace members of the Board of Directors and auditors whose term has expired.
 - 5 Discussing and deciding next year's budget and work program.
 - 6 Other issues deemed necessary.

The agenda of the extraordinary general meeting is determined according to the purpose of the call.

At least 1/10 of the shareholders, not less than four, must be jointly and notified by a public notary at least 20 days before the date of the General Assembly meeting.

Issues that are not on the agenda, are not discussed. However, if at least 1/10 of the shareholders of the Cooperative make a written proposal before the discussion of the agenda items, the election of the Board of Auditors, withdrawal of the balance sheet review and release, the decision of the shareholders who have been issued or removed, the General Assembly is invited to a new meeting and the law, the cancellation of the Board of Directors decisions, which are alleged to be contrary to the Articles of Incorporation and the principles of goodwill and the General Assembly, the dismissal of the Board of Directors and auditors and the election of new ones in place, shall be considered in the event that more than half of the participants of the General Assembly are accepted.

General Assembly Members List

- Article 32** The Board of Directors; before each General Assembly meeting, is obliged to prepare a signed list showing the shareholding numbers, names and the residence of all shareholders and the places to be signed in person and by proxy.

This list shall be signed separately by the attendants and the chairman of the General Assembly and representatives of the Ministry.

General Assembly Meeting and Decision Quorum

Article 33 In order for the General Assembly to convene and discuss the issues on the agenda, at least ½ of the registered members who have the right to participate in the General Assembly must be present at the meeting in person or on behalf of the registered member. If the quorum is not obtained in the first meeting, no quorum is required in the second meeting.

Decisions at the General Assembly are taken with more than half of the votes of the members. However, the Cooperative's dissolution, merger with another cooperative or decisions concerning the amendment of the Articles of Incorporation shall be signed by the 2/3 majority.

The General Assembly resolutions on the amendment of the provisions of liability are done according to the Cooperatives Law No. 1163.⁴

Opening and Presiding Committee of the General Assembly

Article 34 The General Assembly Meeting is called to order by the persons authorized by the organ that conveys the meeting upon the determination of meeting quorum and identification that representative of the Ministry is duly appointed in accordance with Article 87⁵ of the Cooperative Law no.1163. Subsequently, a general assembly

4 2. Increasing the shares of partners Article 52: For the decisions upon the hardening of the personal responsibilities of the shareholders or the introduction of additional payment obligations, the consent of three fourth of the whole shareholders shall be required. However, this condition shall not be sought for the decisions to be made for the purpose of benefiting from the increase in the amount of credit, for the cooperatives obtaining credits from state institutions, and the provisions dictated in paragraph 1 of Article 51 shall apply. These decisions shall not bind the shareholders who have not participated in the decision-making process and who have notified the cooperative that they have withdrawn from the cooperative within three months as of the date of relevant notice. Under such circumstances, the declaration regarding withdrawal from the cooperative shall take effect as of the effective date of the decision. The exercise of the right of withdrawal from the cooperative in this manner cannot be related to the payment of withdrawal indemnity.

5 Article 87 – The related Ministry shall assign a representative to be present at the General Assembly meetings of the cooperatives, cooperative unions, central unions of cooperatives and the Turkish National Cooperatives Union.

The General Assembly meetings shall be opened and continued in the presence of a representative from the Ministry.

The administration shall ensure the presence of a representative on the day notified.

The representatives shall be in charge of supervising and ensuring the execution of the meeting in compliance with the laws, Memorandum of Incorporation, and agenda. A compensation to be designated by the related Ministry at an amount not to exceed twice the local daily allowance of the senior first degree officials shall be paid to each of such representatives. This fee shall be deposited in the treasury of the financial office by the cooperatives and superior authorities thereof prior to the General Assembly meeting in order to be delivered to the assigned representative.

The representatives shall sign the minutes including the decisions of the General Assembly and the list of those attending the meeting. Any representative shall be required in the General Assembly to state, in the

chairman and members of the secretary and, if necessary, vote collectors shall be elected. The candidates with the most votes in the election are considered elected.

The chairman and members of the General Assembly shall be selected among the members or the representatives of union/leagues organizations of the Cooperative.

Voting in the General Assembly

- Article 35** Votes shall be held by raising hands. However, with the decision taken by more than half of the participants, secret voting can be applied. The elections of the Board of Directors and auditors are held by secret ballot.

Approval and Release of the Balance Sheet at the General Assembly

- Article 36** The decision of the General Assembly regarding the approval of the balance sheet covers the release of the Board of Directors and the board of auditors. However, if some issues are not shown in the balance sheet or if the balance sheet is arranged incorrectly, these bodies will not be released with the approval of the balance sheet.

The decision regarding the acceptance of the balance sheet and accounts before the reading of the report by the Board of Auditors is not valid.

The members of the Board of Directors and the Board of Auditors who are not released cannot be re-elected.

In order to be able to file a lawsuit for compensation against the non-released Board of Auditors, decision shall be taken at the General Assembly. Cooperative auditors is obliged to file a case within one month from the date of the General Assembly. With this period passed, the right to sue does not fall. In case of rejection of the case, the members of the Board of Directors cannot claim for damage.

Effect of Decisions

- Article 37** Decisions taken at the General Assembly convened in accordance with the Cooperative Law and the Articles of Incorporation, are also binding for those who have not attended the meeting or cast vote against.

minutes, his/her opinion on the decisions conflicting with the law and the Memorandum of Incorporation. The qualifications and duties of the representatives shall be specified under the Statutes.

However, in case the representative fails to attend the meeting though an application is duly filed, the local top administrative officer shall be notified of this situation for ensuring the execution of the meeting. If the representative still fails to attend the meeting, the meeting shall be initiated after an hour.

Cancellation of the General Assembly Resolutions

- Article 38** The persons listed below may apply to the court where the Cooperative center is located within one month, starting from the day following the meeting, against the decisions of the General Assembly with the claim that it is against the law, the provisions of the Articles of Incorporation and the principles of good faith.
- 1 The shareholders who were present at the meeting but were against the decisions and who caused the recording of such situation in the form of minutes, who were unjustly prevented from casting their votes and who claim that the invitation to the General Assembly meeting was not performed in compliance with the procedures, that the agenda was not announced or notified as it should have been, or that some of the people supporting the decision were not authorized to attend the General Assembly meeting
 - 2 The Board of Directors
 - 3 Each of the members of the Board of Directors and the auditors, in case the fulfillment of the decisions necessitates their personal responsibility
- The date on which the action for cancellation is filed and the trial will be held shall be duly announced by the Board of Directors. The cancellation of a decision shall apply to all members. In case the decision of annulment becomes final, the decision regarding this issue is registered and announced.

Minutes of the General Assembly

- Article 39** In order for the General Assembly meetings to be valid, a minute is prepared containing the statements made by the shareholders and the reasons for the opposition of the opponents, the elections and the decisions made. In this minute, the number of participants attending the meeting in person or by proxy and the number of votes cast are also shown.
- The minutes of the General Assembly are signed by the president and members of the General Assembly and the ministry representative.

Registration and Announcement of the General Assembly Resolutions

- Article 40** The documents showing that the invitation to the meeting is duly made and the list of shareholders and the minutes of the General Assembly are submitted to the Trade Registry Office within 15 days following the date of the meeting.

Documents to be Sent to the Ministry

- Article 41** At the latest one month after the date of the meeting, an approved copy of the reports of the Board of Directors and the board of auditors, balance sheet and income-

expense tables, the minutes of the General Assembly meeting and shareholders' documents and any other documents that may be requested shall be submitted to the Provincial Directorate of Industry and Trade in the place where the Cooperative is registered in the trade registry.

Election and Term of the Board of Directors

Article 42 The Board of Directors is elected by the General Assembly for at least one and a maximum of 4 years and consists of at least three members. If such a period is not determined by the General Assembly, it is deemed to have been elected for one year.

Substitute members are elected as well as the number of members elected to the Board of Directors.

The principal and substitute members of the Board of Directors are determined by voting among the ones who have received the majority of the votes from the General Assembly. In case of equality of votes, ballot shall be applied.

Expired members can be re-elected. If the General Assembly deems necessary, it can change the members of the Board of Directors at any time.

Conditions for Election of the Board of Directors

Article 43 The following conditions shall be sought for the members of the Board of Directors;

- 1 Being a citizen of the Republic of Turkey.
- 2 To be a shareholder and to have the license to use civil rights.
- 3 Not being a board member of another cooperative of the same type.
- 4 Not to be convicted in accordance with the provisions of the Turkish Criminal Code regarding embezzlement, bankruptcy, extortion, bribery, abuse of office, theft, fraud, fraudulent bankruptcy, misappropriation and crimes against the personality of the state and the Cooperatives Law No. 1163.
- 5 Not being an auditor in the Cooperative.

The legal entities selected as member of the Board of Directors are represented by natural persons who meet the above requirements.

The conditions for selection are investigated by the Board of Auditors. The duties of those who do not meet these conditions and those who are subsequently lost are terminated by the Board of Directors.

Although the duties of those who have been prosecuted in relation to the above offenses continue until the first General Assembly meeting, an item shall be included in the agenda of the first General Assembly to be held by the Board of Directors for the dismissal or continuation of the duty of such members by the General Assembly.

Duties and Powers

Article 44 The Board of Directors is the executive organ that manages and represents the activities of the Cooperative within the provisions of the law and the Articles of Incorporation.

The main duties and powers of the Board of Directors are as follows;

- 1 To ensure the organization and execution of the works listed in Article 6, which regulates the aims and activities of the cooperative in order to meet the needs of the partners,
- 2 To ensure preparation of annual balance sheet, income-expense account and budget,
- 3 To call the General Assembly for a meeting in accordance with the periods and procedures specified in the Cooperative Law and the Articles of Incorporation,
- 4 To use the donations made to the Cooperative and the income of the Cooperative in the works in accordance with the purpose of the Cooperative,
- 5 To submit all kinds of papers and documents to be requested by the Ministry, to provide information and to show the necessary convenience to the authorities sent for inspection,
- 6 Representing the Cooperative in official offices, courts and against third parties,
- 7 To file a lawsuit, to settle or to give up the case,
- 8 Selling and pledging the movable and immovable property of the cooperative with the permission of the General Assembly
- 9 To authorize one or more persons among the shareholders of the Cooperative or from third parties to act to bind the Cooperative or to represent the Cooperative in certain affairs, the responsibility of which belongs to the Board of Directors,
- 10 To fulfill the other duties assigned to the Board of Directors by the Cooperative Law and the Articles of Incorporation,
- 11 To take the necessary measures and decisions for the realization of the objectives of the Cooperative.

Distribution of Roles and Meetings of the Board of Directors

Article 45 In the first meeting to be held after the election, the members of the Board of Directors elect a chairman, a second chairman, and if necessary, a clerk and accountant member from among them.

In the absence of the chairman of the Board of Directors, the board meeting convenes upon the call of the vice chairman. The meeting is held at least once a month with the participation of more than half of the members. Decisions are taken by the majority of those present at the meeting. In case of equality of votes, the decision shall be left to the next meeting. If again equal votes are received, the proposal shall be deemed rejected.

Votes cannot be used to represent the members who are not present at the meeting. Members cannot attend the meeting during the discussion of matters concerning their personal interests.

Members who do not attend three consecutive meetings without excuse are deemed to have withdrawn.

Meetings are held in the head quarters of the Cooperative. However, it can be done anywhere else with the approval of the majority of the members.

The decisions taken are recorded in the board decision book in the order of date and number. The names of all members are written at the beginning of the decision, and the names of the participants are written and signed at the bottom.

Members who oppose the decision made and abstain, write down the reasons for their opposition or abstaining from the decision and sign it.

Representation and Binding of the Cooperative

Article 46 In order for the documents to be issued on behalf of the Cooperative to be valid or binding on the Cooperative, the signature of two persons authorized to represent the Cooperative under the title of Cooperative is required.

The Board of Directors determines the persons authorized to represent the cooperative or to sign on behalf of the cooperative by decision, and a notarized copy of the decision is submitted to the Trade Registry Office for registration with the signatures.

If necessary, the persons authorized to sign can be changed by acting in accordance with the above paragraph.

Vacancy of the Board of Directors

Article 47 Members of the Board of Directors can always withdraw by resignation.

In case of any vacancy in the membership of the Board of Directors for any reason, substitute members are called by the Board of Directors according to the votes they have received. A lot is drawn between those who receive equal votes.

If the Board of Directors loses the quorum, sufficient substitute members are called to the vacated board memberships without delay by the Board of Auditors. In case the Board of Directors cannot be completed with substitute members, if the Board of Directors has not lost the meeting quorum, action shall be taken in accordance with the first paragraph of article 315⁶ of the Turkish Commercial Code. If the Board of Directors has fallen below the meeting quorum, the General Assembly shall be convened immediately by the Board of Auditors to make the elections.

Liability and Legal Procedures

Article 48 The Board of Directors shall exercise due diligence for the management of the business of the Cooperative and shall make every effort to ensure the success and development of the Cooperative.

Members are obliged to keep the trade or business secrets they have learned during their activities in the Board of Directors.

The Board of Directors is responsible for preparing, and keeping the necessary books and documents, General Assembly documents and common lists and keeping the

6 315th Article of the Turkish Commercial Code, no 6762, was arranged as 363rd Article of the Turkish Commercial Code, no 6102, which was approved and came into effect on.

315th Article, Turkish Commerce Law, No 6762

Notwithstanding the provision of the 215th article, if a membership is opened, the administrative board will temporarily choose a person who befits the legal requirements and will request a decision from the first general assembly to be gathered after the appointment. The member chosen by this means will diligently perform his/her tasks until said gathering of the general assembly.

Turkish Commercial Code no 6102

II – Discharge of Membership

ARTICLE 363 – (1) Besides the stipulations of the 315th article, if for whatever reason a membership is discharged, the Board of Directors will choose someone fulfilling the legal requirements for the membership of the Board of Directors temporarily, and will be duly submitted for the approval of the general assembly. The member chosen in such manner will perform his/her duties until the meeting of the first general assembly in which he/she is presented and will complete the remaining time and tasks of his/her predecessor with due diligence.

(2) If any of the members of the Board of Directors is either declared to be insolvent, if his/her capacity is impaired, or if he/she loses the qualifications envisaged in the articles of incorporation or the legal conditions required for the membership, the membership of this person will be terminated automatically should there not be any pending task needing to be resolved.

income-expense account and annual balance sheet in accordance with the legal provisions and submitting them to the auditors for examination.

The members of the Board of Directors and the Cooperative officers shall not engage in any commercial transaction in the name of the Cooperative with the Cooperative in person or indirectly on behalf of himself or someone else.

The members of the Board of Directors and the persons authorized to represent cannot use the powers that the general assembly cannot delegate.

Members of the Board of Directors are jointly liable for damages arising from their own defects and are obliged to compensate the Cooperative.

Members who prove that they are not at fault, who oppose the decision and immediately notify the supervisory board in writing or who are not present at the meeting due to their apology are relieved of responsibility.

The responsibility of the expired member for the period of his/her work shall continue for 5 years from the date of departure.

Remuneration of the Board Members

Article 49 Chairman and members of the Board of Directors shall be paid a monthly fee for the service to be performed in this capacity or an attendance fee for the meetings of the Board of Directors to which they will attend and travels for their duty. The amount and the form of payment shall be decided by the General Assembly.

No payment shall be made to the members of the Board of Directors other than the kind and amount specified above by the General Assembly.

Managing Member

Article 50 With the decision of the Board of Directors, one or more of the members may be elected as managing member who is authorized to represent the Cooperative. The election and replacement of the executive members shall be registered in the trade registry.

Manager and Other Personnel

Article 51 The Board of Directors may employ a manager from within or outside of the cooperative and other personnel as required by the cooperative business to carry out the financial and administrative affairs of the cooperative. They are responsible for the damages arising from their own issues. The qualifications and duties of the personnel to be employed are determined by the Board of Directors. Provided that it is included in the budget, these personnel are paid a fee determined by the Board of Directors.

Election and Duration of the Board of Auditors

- Article 52** At least two shareholders and substitutes for the Board of Auditors are selected among shareholders for at least one year period. If the General Assembly does not determine the period, they are selected for one year. Members whose terms have expired can be re-elected. Article 42, paragraphs 3 and 4 of this Articles of Incorporation are being applied for selection.

Conditions for Election to the Board of Auditors

- Madde 53** The following conditions shall be sought for the members of the Board of Auditors;
- 1 To be a citizen of the Republic of Turkey,
 - 2 To be a shareholder and to have the license to exercise the civil rights,
 - 3 Not to be convicted in accordance with the provisions of the Turkish Criminal Code regarding embezzlement, bankruptcy, extortion, bribery, abuse of office, theft, fraud, fraudulent bankruptcy, misappropriation and crimes against the personality of the state and the Cooperatives Law No. 1163
 - 4 At the same time, a member of the Cooperative's Board of Directors, Cooperative staff or members of the Board of Directors, including third degree blood and affinity relatives (he/she and his/her wife/husband, mother, father, child, grandmother, grandfather, grandchild child), not to be a relative, not to have a business partnership with the members of the Board of Directors.

Duties and Powers of the Board of Auditors

- Article 54** The main duties and powers of the supervisory board are as follows;
- 1 To examine the annual balance sheet and final accounts and to report their opinions on this matter to the general assembly, either together or individually,
 - 2 To examine the books of the Cooperative at least once every three months in order to obtain information from the Cooperative operations and to ensure that the necessary records are kept regularly,
 - 3 To check the cash assets and securities of the Cooperative at least once every three months,
 - 4 Auditing the budget, balance sheet, income-expense table,
 - 5 Inviting the General Assembly for ordinary or extraordinary meeting in case of negligence of the Board of Directors,
 - 6 Supervising the members of the Board of Directors to act in accordance with the provisions of the law and Articles of Incorporation and principles of goodwill,

- 7 To investigate whether the members of the Board of Directors meet the required requirements, and to call a sufficient number of substitute members without delay in case of losing the meeting quorum,
- 8 To examine the complaints of the Cooperative shareholders about the members of the Board of Directors and the Cooperative staff and to explain the results of the review in the annual report,
- 9 Placing the proposals they deem appropriate on the agenda of the Board of Directors and general assembly meetings.

The members of the Board of Auditors are obliged to inform the body of those responsible for the deficiencies they see in the execution of the activities within the framework of their duties, the acts contrary to the law and the Articles of Incorporation, and to the general assembly when necessary.

Members of the Board of Auditors may use the duties and powers assigned to them by law and the Articles of Incorporation alone when necessary.

Members of the Board of Auditors attend the meetings of Board of Directors and general assembly. However, they cannot vote at board meetings.

Responsibilities of the Board of Auditors

- Article 55** The members of the Board of Auditors are severally liable for the damages resulting from their failure to perform the duties assigned to them by law and the Articles of Incorporation, unless it is proven that they are faultless.

They cannot disclose what they have learned during their duties and which are expected to harm the Cooperative and its shareholders.

Vacancy of the Board of Auditors

- Article 56** Members of the Board of Auditors can resign at any time.. The membership of those who do not meet the conditions specified in the Law and the Articles of Incorporation or who subsequently lose these conditions will automatically terminate. If the membership becomes vacant for any reason, it will be replaced by the most voted substitutes . In case the number of members falls below the number determined by the general assembly together with the substitutes, the existing member or members shall elect someone to serve until the first general assembly.

If there is a total discharge including the substitutes, action is taken according to the last sentence of Article 351⁷ of the Turkish Commercial Code.

Remuneration of the Members of the Board of Auditors

- Article 57** The amount and form of payment to be paid to the members of the Board of Auditors shall be determined by the general assembly.

CHAPTER FIVE

COOPERATIVE ACCOUNTS AND BOOKS

ACCOUNTS

Accounting Period, Balance Sheet and Operating Accounts

- Article 58** The accounting period of the Cooperative is the calendar year. The accounting period in the year in which it first commences operations begins on the date the cooperative was established and ends on December 31 of the same year.

The makes inventory as of each year, prepares the balance sheet and income and expense accounts and submits them to the members of the Board of Auditors at least one month before the general assembly meeting. The members of the Board of Auditors shall review them within 10 days and return them to the The Board of Directors makes inventory together with the report they will jointly prepare. The balance sheet and the final accounts shall be submitted to the shareholders for review at least 15 days before the general assembly meeting and a copy of each shall be submitted to the shareholders.

Accounting Procedure

- Article 59** The accounts of the Cooperative shall comply with generally accepted accounting principles and procedures. The financial statements are prepared accordingly.

⁷ The last sentence of the Article 351 of the old Turkish Commercial Code no 6762 (which was nullified) is as follows: if the accounting department is comprised of one person and if the appointment of anybody else in his place is necessary by virtue of the existence of said person experiencing the conditions written above, this post is to be appointed by the local courts where the company headquarters are located upon request by any member of the Board of Directors or any individual allottee as long as he/she is incumbent until the following meeting of the general assembly.

Income-Expense Difference and Distribution

Article 60 The income-expense difference is determined according to the annual balance sheet approved by the general assembly. After 20% of the positive income-expense difference is allocated as reserve fund and 1% as the promotion and training fund, the remaining positive difference is divided between the special fund and the relief fund for the shareholders and personnel according to the decision to be taken by the general assembly.

The 1% fund allocated in accordance with the above paragraph shall be deposited to the promotion and training fund account under the Ministry of Trade in accordance with the Article 94 of Cooperative Law No. 1163⁸ within one month following the approval of the balance sheet by the general assembly.

If the income-expense difference is negative, it is met from the open reserves, if not sufficient, from the private fund and the common capital shares. The principles regarding the use of the revenue collected in the special fund are determined by the general assembly. Income-expense difference is not distributed unless negative results are eliminated. Reserves are not distributed to shareholders. **Earnings on capital are not distributed.**

No shares are given to the members of the Board of Directors and the Board of Auditors. The cooperative does business only with its shareholders.

Handover Report

Article 61 The members of the Board of Directors and officers shall be obliged to hand over the assets, money, books, documents and other cooperative assets under their responsibility to the new officers during the assignment and handover.

Advances and Payments

Article 62 No advances are given and payments are not made apart from the aims and activities of the cooperative. The reason, amount, duration, withdrawal conditions, closure of the advance to be given, the maximum amount of money to be kept in the cash register on a daily basis and the method of evaluating the cooperative use the money in accordance with the purposes are determined by the Board of Directors.

Actions to be taken in insolvency of the Cooperative

Article 63 Where there are serious reasons to prove the insolvency of the cooperative, the Board of Directors shall immediately draw up an interim balance sheet on the basis

⁸ Article 94 – (nullified alongside Law no 4629 dated 21.2.2001 published in the duplicated Official Gazette no 24335 dated 3.3.2001).

of the current market prices. In case the last year's balance sheet or a liquidation balance sheet prepared afterwards, or the interim balance sheet referred to above implies that the resources of the cooperative are not sufficient any more to cover the debts, the Board of Directors shall notify the Ministry of Trade thereof and call the General Assembly for an extraordinary meeting. In a cooperative where share promissory notes have been already issued, if half of the resources of the cooperative remains to be bounced within the last year's balance sheet, the Board of Directors shall call the General Assembly for a meeting and address the situation to the information of the members. The Board of Directors shall at the same time notify the court and the Ministry of Trade thereof.⁹ However, in case of cooperatives where the members are obliged with additional payments, if the deficit shown in the balance sheet is not covered up with the additional payments of the members within three months, the Ministry of Trade shall be notified thereof.

9 The 68th Article of the old Turkish Commercial Code, no 6782, was rearranged as Article 82 of the new Turkish Commercial Code

I – Custody of documents, duration of custody

ARTICLE 82 - (1) Every businessperson;

Must keep in custody, in a classified manner, the following: a) Commercial registries, inventories, opening balances, interim balances, financial statements, annual activity reports, aggregate financial statements and their annual activity reports, and working orders which may help make sense of these documents, as well as other corporate documents, b) Received commercial letters, c) Duplicates of sent commercial letters, d) Documents related to the registries made in accordance with the first stipulation of article 64.

(2) Commercial letters, every written document related to each business transaction

(3) Excepting the opening and interim balances, the financial statements and the aggregate financial statements, the documents listed in the first stipulation can be preserved on data or image carriers, provided they comply with Turkish Accounting Standards; on the condition that a) When presented in their readable state, they are equivalent in terms of content to visual and other documents as proof of the retrieved commercial letters and registries; b) The records can be rendered readable for the required time period and accessible at all times during the duration of the custody.

If, in accordance with the second sentence of the fourth stipulation of article 65, the records are to be received to an electronic format, the information can also be preserved as printed hard copies instead of computer files. All documents printed in this manner must be kept in custody in accordance with the first sentence.

(5) The documents stipulated in the clauses (a) up to (d) of the first article must be kept in custody for ten years.

(6) The custody period starts with the conclusion of the calendar year in which the commercial books were recorded for the last time, inventories were carried out, interim balances, end-of-the-year financial statements and consolidated financial statements were prepared, commercial writings were made or accounting documents were written.

(7) If the documents and books a businessperson is obliged to preserve are lost during the legal custody period due to a disaster like a fire, a flood or an earthquake, or because of a robbery, the businessperson may want to himself/herself solicit a document from the authorized courts of the locale in which his/her business operation is located. This suit is to be filed uncontestably. The court may also order the gathering of any evidence deemed necessary.

(8) In the event of the death of the businessperson, as a real person, and should the business activity be abandoned, his/her heirs are responsible for the custody of books and papers as mandatorily stipulated in the first article. In the event of the liquidation of the inheritance or if the juridical person has expired, the books and papers will be kept

Where it is deemed possible that the financial situation can be rectified, the court may delay the filing of an action for bankruptcy, upon the request of either the Board of Directors or one of the creditors, in which case it shall take the necessary precautions related to the protection and the maintenance of the resources of the cooperative, such as keeping the assets book or the appointment of an administrator (trustee).

LEDGERS

Books to be Kept

- Article 64** It is obligatory to keep the following books in the Cooperative.
- 1 Cash Booter
 - 2 General Ledger
 - 3 Inventory Book
 - 4 Decision Book
 - 5 Shareholders Book

In addition to these books, the cash register and other books required by the nature and importance of the work are kept in the Cooperative.

Obligation to Verify Books

- Article 65** The cash looter, the general ledger, the inventory book and two decision books that the Cooperative is obliged to keep are submitted to the notary before they are used. The public notary certifies these books with seal and signature.

Storing Books and Documents

- Article 66** Documents such as official writings, letters, telegrams, invoices, bills, receipts, minutes, specifications, projects, progress payments, vouchers and documents showing payments, contracts, commitments, surety, other guarantees and court orders related to the cooperative are archived properly.

These documents and books are kept until 10 years have passed since the last registration date. In case of termination of the Cooperative, the related documents shall be deposited with a public notary or one of the shareholders in accordance with Article 68 of the Turkish Commercial Code.

SECTION SIX

DISSOLUTION AND LIQUIDATION

Merger and Transfer

- Article 67** The General Assembly may decide to merge the Cooperative with another cooperative in relation to its subjects and objectives or to transfer it to a public legal entity or any association. In such cases, the transactions shall be carried out in accordance with Article 84 and Article 85 of the Cooperative Law No. 1163.¹⁰

10 D) DISSOLUTION THROUGH MERGER:

Article 84 – Where any cooperative is dissolved by being absorbed into another cooperative with all its assets and liabilities, the following provisions shall apply:

1. The Board of Directors of the absorbing cooperative shall invite the dissolving cooperative to notify its receivables in accordance with the provisions regarding liquidation.
2. The property of the dissolved cooperative shall be administered separately, until its debts are arranged subject to payments or guarantees. The administration shall be taken over by the Board of Directors of the absorbing cooperative.
3. The Board of Directors of the absorbing cooperative shall be severally and successively responsible to the creditors for the separate execution of the administration.
4. Within the period of such separate administration of the property, the cases to be filed against the dissolved cooperative shall be prosecuted by the court which has been already authorized in this matter before liquidation.
5. As for the relations between the creditors of the dissolved cooperative and the absorbing cooperative and creditors thereof, the properties taken over shall be considered to belong to the dissolved cooperative within the same period. In case of bankruptcy of the absorbing cooperative, however, these properties shall account for a different item, which, where necessary, shall be used only to pay the debts of the dissolved cooperative.
6. The property of both cooperatives can only be amalgamated from the time when it is possible to make disposition of the properties of the dissolved cooperative.
7. The registration of dissolution of the cooperative shall be requested from the Trade Registry Office. Following the settlement or taking under guarantee of the debts, the entry of the cooperative shall be deleted.
8. Upon the registration of the dissolution of the cooperative, the members shall also join the absorbing cooperative, along with all their rights and liabilities.
9. Insofar as its property is administered separately, the members of the dissolved cooperative may only be pursued for the debts of the dissolved cooperative and subject to principles regarding their responsibilities until then.
10. To the extent that the burden of responsibilities or the additional payment obligations of the members of the dissolved cooperative is mitigated as a result of the merger within the same period, this mitigation may not be put forward against the creditors of the dissolved cooperative.
11. If, as a result of the merger, personal responsibilities or additional payment burden arise or exacerbate for the members of the dissolved cooperative, the decision for merger may only be made by the consent of three-fourth majority of all members. The provisions imposing responsibility and the additional payment burden shall not apply to the members with a dissenting opinion against the decision for merger and in addition to those who have notified their withdrawal from the cooperative within three months as of the date of notice of the decision.

COOPERATIVE TO BE ABSORBED BY A PUBLIC LEGAL ENTITY

Article 85: The assets of a cooperative may also be taken over by a municipality, a State economic enterprise, a public enterprise, or societies or associations working for the good of the public, in which case

Reasons for Dissolution

- Article 68** The Cooperative shall be dissolved or liquidate:
- 1 When the number of shareholders falls below 7,
 - 2 By the decision of the General Assembly,
 - 3 By filing an action for bankruptcy,
 - 4 Upon a judgment to be provided by the Ministry of Trade from a court, in case of other circumstances provided for by law
 - 5 Due to merger with or absorption into another cooperative,
 - 6 Where the ordinary General Assembly meeting has not been held for three consecutive years,
 - 7 With the decision of the court based on the determination of the Ministry of Trade, where it is not possible to achieve its purpose,

Liquidation Board

- Article 69** The liquidation committee shall consist of at least two persons to be elected by the general assembly. The General Assembly may appoint the Board of Directors in this regard. Unless an election or appointment is made by the general assembly for the liquidation board, the liquidation works are executed by the Board of Directors. These may be dismissed at any time by the General Assembly and may be replaced by new ones.

If it is not possible to establish the liquidation board in accordance with the above paragraph, upon the application of one of the shareholders, the court may appoint liquidation officers or, upon the request of the shareholder, it may be decided to appoint the new liquidators for liquidation due to justifiable reasons.

it is necessary for the decision to be taken by the General Assembly to be registered and announced in accordance with the provisions regarding liquidation.

Where the assets of such a cooperative are taken over by a municipality, a State economic enterprise, a public enterprise, or societies or associations, the General Assembly may make a decision not to apply liquidation.

The assets and liabilities of the cooperative shall have been transferred to the possession of the absorbing entity as of the notification of the decision for transfer. The name of the dissolved cooperative shall be removed from the trade registry, which shall also be announced separately.

Each of the creditors of the merging establishment and the cooperative may raise an objection to such merger by resorting to a competent court within three months as of the date of relevant notice. The merger shall not be in effect unless and until the right of objection is given up or a decision made by the court refusing the objection becomes conclusive or the guarantee to be appreciated by the court is submitted by the establishment or the cooperative.

The provisions of paragraphs of Article 56 in 3/1¹¹ and Article of 62¹² the amended Cooperative Law No. 1163 apply to the members of the liquidation committee.

The members of the liquidation board shall be paid an amount to be determined by the appointing authority.

The Board of Directors shall register and announce the liquidators to the Trade Registry.

Duties of the Liquidation Board and Execution of Liquidation

Article 70 The liquidation board shall be obliged to work for the completion of the liquidation works as soon as possible and shall carry out its duties regarding the liquidation process as follows:

- 1 The dissolution is registered with the Trade Registry when the liquidation is established and the creditors are notified of the liquidation and invited to declare their receivables within a year by announcements made three times in the Trade Registry Gazette and in a local newspaper.
- 2 During the liquidation, the Cooperative title is used by adding the phrase in Liquidation.
- 3 Unless the Cooperative general assembly decides otherwise, liquidators may sell securities by bargaining or auctioning. The sale of the real estates is determined by the decision of the general assembly.

11 Article 56 of the Law on Cooperatives no 1163, 1st Paragraph, Third Clause

3. Not being convicted, according to the provisions of this Law, of offenses against the security of the state, offenses against the constitutional order and its proper functioning, offenses against the national defense, offenses against the secrets of the state and attempts at espionage; or crimes of embezzlement, corruption, bribery, theft, fraud, counterfeiting, abuse of confidence, fraudulent bankruptcy, bid ridding, using trickery in the fulfillment of the execution, laundering of the values of assets in a criminal manner or smuggling/contraband (modification of the 338th of Article 338 of Law no 5728).

12 5. Responsibilities of the members and their expected diligence (modification of the 339th article of Law n°5728)

Article 62 –The Board of Directors shall show due diligence for the administration of the cooperative works and shall make its best efforts for the success and the development of the cooperative.

The Board of Directors shall be responsible for the due preparation, keeping and the maintenance of its own minutes, the minutes of the General Assembly, the necessary books and the list of the shareholders, and for presenting to the Board of Auditors the operating account and the balance sheets prepared in accordance with the legal provisions for inspection purposes.

The members of the Board of Directors and the officials of the cooperative shall be responsible for the losses attributable to their own faults. Such persons shall be punished in a manner similar to the ‘Civil Servants’ with regard to the actions and behaviors deemed as a crime, and especially for the crimes they have committed on money and properties, balance sheets, minutes, reports and other papers, books and documents of the cooperative.

- 4 When the liquidators take office, they shall examine the situation of the Cooperative at the date of the decision to dissolve and they prepare an inventory book and opening balance sheet showing the assets, receivables, debts. In addition, the current shareholders of the Cooperative and their receivable and debt status are drawn up.
- 5 Among the previously started but not yet completed works of the cooperative, those that are possible to be completed are completed, the commitments are fulfilled, the receivables and unpaid capital are collected when necessary.
- 6 In the event that the debts of the Cooperative are more than the existing ones, the liquidators shall inform the court.
- 7 During the liquidation, a liquidation book containing the decisions of the liquidation shall be kept. In case the liquidation is carried out by the Board of Directors, the decision book of the Board of Directors is used as the liquidation book.
- 8 In case of long-term liquidation, interim balance sheets for each year-end and final balance sheet at the end of liquidation are prepared and submitted to the general assembly.
- 9 The provisions of the first paragraph of Article 33 shall apply to the quorum to be sought at the General Assembly meetings to be held during the liquidation.
- 10 The amount of the receivable of those known to be creditor from the Cooperative and the amount corresponding to the due and controversial debts shall be deposited to the public notary.
- 11 The amount remaining after payment of the Cooperative's debts and share amounts shall be distributed in proportion to their paid-in capital among the registered shareholders or legal successors at the time of dissolution.
- 12 Upon the termination of the liquidation, the liquidation officers shall request from the registrar to delete the Cooperative title from the register.

CHAPTER SEVEN

MISCELLANEOUS PROVISIONS

Supervision of the Ministry and Other Institutions and Organizations

Article 71 The Cooperative is subject to the supervision of the Ministry of Trade. The Ministry may assign the Cooperative's supreme organizations (union/leagues), related institutions and independent audit institutions to supervise the Cooperative.

Cooperative officials are obliged to make available the properties, money, securities, and the books and documents related to these, even if confidential, to the inspectors, cooperative controllers and the auditing officials of the credit institutions, if required, to assist in the counting and examining processes, to deliver the requested information in a proper and complete manner and to make correct statements.

Application of the Provisions of the Cooperative Law

Article 72 In cases where there is no clarity in this Articles of Incorporation, the provisions of Cooperatives Law No. 1163 and Turkish Commercial Code concerning joint stock companies shall apply.

First Members of the Board of Directors

Article 73 The following founding shareholders have been elected as members of the Board of Directors to serve until the first general meeting.

Members of the Board of Auditors

Article 74 Until the first general meeting, the following founding shareholders have been elected as members of the Board of Auditors.

Founders

Article 75 Having the following names, nationalities, addresses, commitments and capital shares and signatures;

- 1 The founding shareholders meet the shareholder requirements set out in Article 10 of this Articles of Incorporation,
- 2 The first members of the Board of Directors and the Board of Auditors declare that they meet the conditions of election specified in Articles 43 and 53 of this Articles of Incorporation.

Name-Surname	Nationality	Address	Commitment	Payment
Tanju Kuruöz	Turkish	Tepebaşı Mah. Aksaray Cad. No: 15/12 Keçiören - ANKARA	100 Turkish Liras	100 Turkish Liras
Tuğba Atalar	Turkish	Yaprak Sok. No: 27/6 Küçükesat / ANKARA	100 Turkish Liras	100 Turkish Liras
Can Gül	Turkish	İnönü Mah. 1. Cad. 33. Sok. Güvengir Lider Sitesi No: 31 Batıkent / ANKARA	100 Turkish Liras	100 Turkish Liras
Alper Acar	Turkish	78. Sok. No: 8 / 10 Emek / ANKARA	100 Turkish Liras	100 Turkish Liras
Yıldray Lise	Turkish	Bahçelievler Mah. Kiremitlik Mevkii Paksan Sok. No: 1 Marmaraereğlisi / TEKİRDAĞ	100 Turkish Liras	100 Turkish Liras
Özgür Çetinkaya	Turkish	Hoşbeş Sok. No: 1/1 Keçiören / ANKARA	100 Turkish Liras	100 Turkish Liras
Ertan Karabıyık	Turkish	Oyak 8. Kısım 13. Blok, D: 8 Çayyolu / ANKARA	100 Turkish Liras	100 Turkish Liras

Founding Shareholders, Member of the Board of Directors

1. Can Gül / 2. Ertan Karabıyık / 3. Tanju Kuruöz

Founding Shareholders, Member of the Board of Auditors

1. Alper Acar / 2. Yıldray Lise

Cooperatives around the world operate according to the same set of core principles and values, adopted by the International Co-operative Alliance. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844. These principles are a key reason that America's electric cooperatives operate differently from other electric utilities, putting the needs of their members first.

- 1. Open and Voluntary Membership:** Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender, or economic circumstances.
- 2. Democratic Member Control:** Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors/trustees) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.
- 3. Members' Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the Cooperative. Members allocate surpluses for

any or all of the following purposes: developing the Cooperative; setting up reserves; benefiting members in proportion to their transactions with the Cooperative; and supporting other activities approved by the membership.

- 4. Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.
- 5. Education, Training, and Information:** Education and training for members, elected representatives (directors/trustees), CEOs, and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.
- 6. Cooperation Among Cooperatives:** By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.
- 7. Concern for Community:** Cooperatives work for the sustainable development of their communities through policies supported by the membership.

Source: http://www.turkiye2012koop.org/index.php?option=com_content&view=article&id=89&Itemid=484