

**STATE ECONOMIC ENTERPRISE – MAIN STATUS**  
(Published in the Official Gazette No.18588 dated 27.11.1984)

**GENERAL DIRECTORATE OF TURKISH COAL ENTERPRISES**  
**MAIN STATUS**

**PART ONE**

**General Provisions**

**Goals and Targets**

**Article 1**

Under the name of Turkish Coal Enterprises (TKİ), which operates subject to the Decree-Law on State Economic Enterprises No.233 published in the Official Gazette No.18435 dated 8<sup>th</sup> June 1984, this Main Status aims to regulate the aspects concerning legal structure, organizational structure, purpose and activities of the enterprise, and its relations with the dependent subsidiaries and affiliates.

**Definitions and Abbreviations**

**Article 2**

Phrases and abbreviations stated in the Main Status are defined below.

- 1- *KHK* (Tr) - The Decree-Law (Eng): The Decree-Law on State Economic Enterprises No.233 dated 8<sup>th</sup> June 1984.
- 2- *Kamu iktisadi teşebbüsü* (Tr) - State Economic Enterprise (Eng) "*Teşebbüs* (Tr), Enterprise (Eng)": The common name of state-owned economic enterprises and state-owned enterprises.
- 3- *İktisadi devlet teşekkülü* (Tr) - State-Owned Economic Enterprise (Eng) "*Teşekkül* (Tr), Enterprise (Eng)": The state economic enterprises that are operated based on commercial principles, and whose capital belongs to the state.
- 4- *Kamu iktisadi kuruluşu* (Tr) - State-Owned Enterprise (Eng) "*Kuruluş* (Tr), Enterprise (Eng)": The state economic enterprises in a predominant public service status that are established to produce and market the monopoly products, and the basic goods and services, and whose capital belongs to the state.  
*Kamu iktisadi kuruluşu* (Tr) - State-Owned Enterprise (Eng) "*Kuruluş* (Tr), Enterprise (Eng)": a state economic enterprise whose entire capital belongs to the State, that is established to produce and market the products and the services evaluated in status of monopoly for the public interest, and whose products and services hold privilege since it provides public service. (Revision: 24<sup>th</sup> November 1994 – 4046 s. Y. m. 4)
- 5- *Müessese* (Tr) – Establishment (Eng); dependent enterprise and group of enterprises whose entire capital belongs to a state-owned economic enterprise or state-owned enterprise.
- 6- *Bağlı ortaklık* (Tr) – Subsidiary (Eng); stock companies embodying an enterprise and group of enterprises whose more than half capital belongs to a state-owned economic enterprise or state-owned enterprise.
- 7- *İştirak* (Tr) – Affiliate (Eng); stock companies whose 15 to 50 percent (15 percent at least, 50 percent at most) capital belongs to a state-owned economic enterprise or state-owned enterprise or subsidiary.
- 8- *İşletme* (Tr) – Enterprise (Eng); plants and other units that produce goods and services to the establishments and subsidiaries.
- 9- *Koordinasyon Kurulu* (Tr) – Coordination Committee (Eng); Economic Coordination Committee.
- 10- *Kamu Ortaklığı Kurulu* (Tr) – Public Participation Board (Eng); Mass Housing and Public Participation Board stated in Law No.2983 on Incentives for Savings and Accelerating Public Investments.  
[According to Article-5 in the Decree-Law No.304 dated on 28th December 1987, the phrases of “Mass Housing and Public Participation Board”, “Coordination Committee”, and “Public Participation Board” were changed as “High Planning Council”. ]

## **Legal Structure**

### **Article 3**

- 1- TKI, established in accordance with this Main Status, is a state-owned economic enterprise that is also a legal entity with self-governance in its activities and has a capital limitation of liability.
- 2- TKI is subject to the private law provisions without prejudice to the provisions of KHK and the provisions of the current Main Status.
- 3- According to the General Accounting Law, TKI is not subject to the provisions of Public Procurement Law and the audits of The Court of Accounts.

Our establishment is subject to the Public Procurement Law No.4734 and the Public Procurement Contacts Law No.4735.

[According to the Provisional Article No.4 of the Law No.6085 dated 3<sup>rd</sup> December 2010, any attribution for the Supreme Auditing Board is accounted of the attribution of the Court of Accounts.]

- 4- TKI Headquarter is located in ANKARA. The headquarter location can be changed with the decision of the Coordination Board.
- 5- The capital of TKI is 150 billion TL and is entirely owned by the state. The capital value of TKI can be changed with the decision of the Coordination Board upon this change is offered by the Ministry.  
  
The capital of TKI was increased to 1,000,000,000 TL. (According to the decision of the High Planning Council No.2009-T-29 dated 29<sup>th</sup> December 2009 and published on the Turkish Trade Registry Gazette No.7493 dated 03<sup>rd</sup> February 2010.)
- 6- The Ministry to which TKI is pertinent is the Ministry of Energy and Natural Resources. The Ministry to which TKI is pertinent can be changed with the proposal of the Prime Ministry and the approval of the Presidency.

## **Purpose and Activities of TKI**

### **Article 4**

TKI aims to evaluate the energy raw materials such as lignite, peat coal, bituminous shale, and asphaltite in accordance with the State's General Energy and Fuel Policy, meet the related needs of the country, and make the maximum contribution to the national economy by developing, following, and organizing plans and proper implementation strategies. In compliance with this purpose, TKI performs the activities given below.

- 1- To operate all kinds of mines for the minerals stated above or to ensure other companies are operating these mines and to carry out exploration programs accordingly,
- 2- To operate asphaltite mines in accordance with the Article-2 of Law No.2840 dated 10<sup>th</sup> June 1983 and carry out the exploration programs accordingly,
- 3- To establish and operate the industrial facilities required within the activity areas,
- 4- To evaluate by-products and waste materials in the activity areas,
- 5- To manage self-conducted or subcontracted works for the required surveying, exploration, and research studies,
- 6- To manage self-conducted or subcontracted works for all kinds of relevant transportation and material hauling operations,
- 7- To engage in all types of commercial activities, including import, export, and insurance agency, and to obtain or sell the real and intellectual rights,
- 8- To carry out expropriation procedures, if necessary, so as to perform its activities,
- 9- To provide and increase the related source capacity for achieving and developing these services,
- 10- To establish or liquidate domestic or international partnerships, if required, or to participate in or leave the partnerships already established or to be established,
- 11- To manage coordination between the establishments and subsidiaries,
- 12- To ensure the compliance of the budgets of the establishments and subsidiaries, price tariff, and

investments with the macroeconomics and the policies related to mining, energy, and fuel.

- 13- In accordance with the technical specifications and regulations to be approved by the Ministry of Energy and Natural Resources, to buy and sell i) the energy raw materials such as lignite, peat coal, and bituminous shale produced by real and legal persons, ii) hard coal products excluding the hard coal sold by Turkish Hard Coal Enterprises as FOB and FOW, and iii) coke coal, briquette coal, and by-products produced by local authorities, municipalities and their affiliated enterprises, public economic enterprises, and real and legal entities.
- 14- To prepare programs for the determination of which produced coal types will be used in which regions and to implement the program following the approval of the Ministry,
- 15- To provide instructive information to the community about the use, storage, and burning processes of the produced coal,
- 16- In compliance with this purpose and the major activities of TKI; buying, selling, and renting real estate, and establishing rights on the pros and cons of mortgage, hypothec, benefits, servitudes, land charges, and similar topics,
- 17- To ensure the implementation of skill acquisition programs organized within the scope of employment development studies,
- 18- To provide administrative and technical guidance to the private organizations in small and medium scale already established or to be established,  
[(Economic Affairs Higher Coordination Council, Decision No.85/30 dated 6<sup>th</sup> December 1985)]
- 19- To produce and trade TKI Hümas (Organic soil conditioner), the derivatives of TKI Hümas with/without additives, and the related cosmetic products (skin mask, shampoo, cream, etc.),  
(According to the decision of TKI Administrative Board with Decision No.7/21 dated 22<sup>nd</sup> February 2017)
- 20- To carry out personnel certification activities for the people employed in the mining sector,  
(According to the decision of TKI Administrative Board with Decision No.31/227 dated 18<sup>th</sup> December 2019)

TKI carries out these purposes and activities directly and through its establishments, subsidiaries, branch banks, and other related units.

The decision of the Coordination Board can change the purpose and activities of TKI.

## **PART TWO**

### **Bodies of TKI**

#### **Article 5**

Bodies of TKI are the Administrative Board and the General Directorate.

### **TKI Administrative Board**

#### **Article 6**

- 1- The Decree-Law (KHK) provisions are applied in the constitution of TKI Administrative Board, determination of its duties and authorities, assignment of the board members, their qualification and conditions, and their removal from the board, and other related aspects.
- 2- The Administrative Board takes all the decisions on realization and management of the purposes and activities of TKI.
- 3- In the absence of the General Manager, Deputy General Manager appointed by the General Manager among the Board Members chairs the Administrative Board.
- 4- Those appointed to the Administrative Board, responsible for performing public service, cannot act as members in any administrative board and supervisor in any other establishment, subsidiary, or affiliate.

## **Meeting of TKI Administrative Board**

### **Article 7**

- 1- Administrative Board is called for a meeting by the General Manager. The meeting agenda, which shows the meeting date and time, is determined by the General Manager and sent to the members at least twenty-four hours before the meeting time. The agenda can be modified with the decision of the Administrative Board.

The Board Members can also propose discussing the topics that require a resolution of the board and need to be decreed. If deemed appropriate by the Administrative Board, this proposal is included in the next Administrative Board Meeting agenda.

- 2- Administrative Board meetings can be carried out whenever TKI activities need a board meeting. In any case, the meeting must be organized at least twice a month. The meeting is arranged by the request of the Board Chair or written motion of at least two board members. The meeting place is the headquarter of TKI. The meeting place can be modified provided that a decision is taken before the meeting.
- 3- Administrative Board convenes with at least four members, who are the absolute majority of the total number of members. The decisions are taken with the absolute majority of the total number of members. However, if the board convenes with the total number of members and votes are equal, the board chair's group is deemed to achieve the absolute majority.
- 4- The voting process in the board is realized with ayes and noes. Abstaining vote is not used. A member who votes against must write and sign the reason for rejection.
- 5- A member who does not attend the meeting cannot vote with a written document or by appointing another person as deputy.
- 6- The board chair and members are required to attend all meetings. Board members who have excuses must report their excuses to the board chair before the meeting time. The members with unexcused nonparticipation for four consecutive meetings or unexcused nonparticipation for a total of ten meetings in a year are considered to be resigned. Other people are appointed in their positions in accordance with the written procedures in the Decree-Law.
- 7- Writing date and sequence number, the board decisions are recorded on decision book or cashbook approved by the notary of the place where TKI is located. The board members sign every page of the decision book.
- 8- Board decisions must be written in the decision book within one month at the latest, and the signature process must be completed.
- 9- In case of exceptional circumstances, a board meeting can be organized by invitation of the General Manager regardless of meeting and agenda conditions stated in the items above.

## **General Directorate of TKI**

### **Article 8**

The General Directorate of TKI comprises General Manager, Vice General Managers, and the organizational units.

## **General Manager of TKI**

### **Article 9**

Provisions of the Decree-Law are applied in the general manager's appointment, determination of his/her qualifications, duties and authorities, and the other aspects.

Except for the authority given by the Administrative Board and that cannot be transferred to those at the subordinate positions, the General Manager of TKI may delegate some of his/her authority to those at superior or subordinate positions provided that the boundaries of the transferred authority must be clearly defined. However, the delegation of authority does not eliminate the responsibility of the General Manager.

If the delegation of authority requires permission from other authorities in accordance with the provisions of the related law and by-law, it is fulfilled after receiving the consent.

## **Vice General Managers of TKI**

### **Article 10**

- 1- The Decree-Law provisions are applied in appointing the vice general managers and determining his/her qualifications, duties and authorities, and the other aspects.
- 2- The General Manager of TKI determines the division of labor among the vice general managers.
- 3- The number of the TKI Vice General Managers can be changed with the decision of the Coordination Committee.

## **TKI Units**

### **Article 11**

- 1- Units of the General Directorate, organized at the first level and the second level after the vice general managers according to the main organizational scheme of TKI, are established with the decision of the Administrative Board following the proposal of the TKI General Manager. These units aim to fulfill the purpose and activities of TKI within the boundary of the provisions of Decree-Law and this Main Status.
- 2- Establishing the other TKI units and the units in the other directorates of TKI, and modification in the units or their removal, if required, are done with the approval of the TKI General Manager after the proposal of the related superior unit.

## **PART THREE**

## **Founding the Establishments and Their Features**

### **Article 12**

- 1- The provisions of the Decree-Law are applied in founding the establishments and determining their features.
- 2- The decisions such as founding and removing the establishments, changing their status, extending or narrowing their activity areas, increasing or decreasing their capitals, and merging different establishments are taken in the TKI Administrative Board.

The purpose and measures regarded in the decisions are to provide savings, profitability, efficiency, and an additional source of investment.

## **Bodies of the Establishment**

### **Article 13**

Bodies of the Establishments consist of governance committees and directorates of the establishments.

## **Governance Committee of Establishments**

### **Article 14**

- 1- The Decree-Law provisions are applied in determining the governance committee of establishments, appointing the duties and authorities of the committee members, and designating the qualifications and conditions.
- 2- In the absence of the Manager of Establishment, a person to be appointed among the Governance Committee by the TKI General Manager or a person to be selected among the TKI members by the TKI Administrative Board will chair the Governance Committee.

## **Meeting of the Establishment Governance Committee**

### **Article 15**

- 1- The meeting must be organized on a prespecified day and at least twice a month. The meeting can be arranged out of this prespecified day by the request of the Committee Chair or the written motion of at least two committee members that states the meeting topics.

- 2- The meeting place is the headquarter of the establishment. The meeting place can be modified with the permission of the TKI General Manager.
- 3- The committee chair and members are required to attend all meetings. The conditions of persons who have excuses not to participate in the meeting are stated in the meeting record.
- 4- The proposals that require a governance committee decision are offered to the committee by the establishment's manager and put on the agenda.
- 5- The committee chair determines the meeting agenda and sends it to the members at least twenty-four hours before the meeting time. The agenda can be modified with the decision of the Governance Committee.
- 6- The Governance Committee convenes with the absolute majority of the total number of members, and the decisions are taken with the absolute majority. If votes are equal, then the party that includes the committee chair is deemed to constitute a majority.
- 7- In cases where the establishment manager finds the implementation of a governance committee decision very risky and the committee insists on this decision, the topic may be asked to be examined first by the General Manager of TKI. If required, the General Manager may want the issue to be resolved with a final decision after the TKI Administrative Board's examination. In this respect, the governance committee's decision is not implemented until receiving instruction from the TKI General Manager or until delivering any decision from the TKI Administrative Board. It is obligatory to comply with the instruction of the TKI General Manager or the decision of the TKI Administrative Board.
- 8- In a state of emergency, the aspects specified in Article 5 are not applied.

### **Manager of Establishment**

#### **Article 16**

The provisions of the Decree-Law are applied in appointing the establishment manager and determining his/her duties, authorities, required qualifications, and conditions.

## **PART FOUR**

### **Subsidiaries and Affiliates**

### **Provisions Applicable to Subsidiaries**

#### **Article 17**

- 1- In case that Decree-Law and the current Main Status do not have the related provisions, the provisions of the Turkish Commercial Code is applied in establishing Subsidiaries, determining Administrative Board, appointing or selecting Board Member, Auditor, General Manager, and Vice General Managers, and designating their qualifications and conditions, and the other topics.
- 2- If a private company has a share in the subsidiary varying between 20% and 40%, it has a right to have one member on the administrative board. If the share is more than and equal to 40%, then the company will have the right to have at most two members on the board.
- 3- Except for the general manager of the subsidiary, all the members of the Administrative Board appointed to represent TKI's share, and the auditors cannot be a member of another subsidiary's administrative board, board of supervisors, and liquidation board.
- 4- The obligation of issuing stock by those, who will serve as a member of the subsidiary's administrative board on behalf of TKI, is fulfilled by TKI.
- 5- Main Status and Turkish Commercial Code Provisions are applied for the administrative board meetings and other related aspects.
- 6- The general manager of the subsidiary is obligated to implement the decisions taken by TKI and the subsidiary administrative board with the necessary effort and foresight and is responsible for his/her opposite attitudes.

The subsidiary acts in accordance with the main investment, planning, and marketing targets determined by the TKI Administrative Board.

## **Provisions Applicable to Affiliates**

### **Article 18**

- 1- Provisions of the Decree-Law, Main Status, and Master Contract with the company are applied in establishing the affiliates, determining its qualifications and management, and all other aspects. In case that they do not have the related provisions, the provisions of the Turkish Commercial Code are applied.
- 2- There should be at least one member for every 15% share in the administrative boards of the affiliates connected to enterprises and subsidiaries. Provisions of temporary Article-2 of the Decree-Law are reserved.
- 3- If TKI or its subsidiary has a share of 20% or less, then there should be at least one auditor. If the share is more than 20%, there should be at least two auditors.

## **Reporting by the Members of the Administrative Board**

### **Article 19**

Representatives of TKI report to TKI about the activities and financial situation of the stock company of which they are members of the administrative board, in accordance with the procedures in the by-law.

## **PART FIVE**

## **Financial Provisions, Liquidation, and Audit**

### **Article 20**

The provisions of the Decree-Law are applied in the topics of the plan, programme and budget, preparation of investment projects, investment and financing programme, small completion, maintenance and replacement investments, price and tariff, accounting systems, financial statement, final account, and activity report, profit distribution, liquidation, and audit.

TKI is responsible for carrying out the investment and operating activities according to plans, programmes, and budgets. TKI is also responsible for ensuring that its subsidiaries comply with the same principles.

The annual general investment and financing programme, including the subsidiaries of the enterprises, is decided by the Council of Ministers at least seventy-five days before the beginning of the calendar year.

The operating budgets of TKI and its subsidiaries are prepared for each accounting year based on the targets stated in the annual investment and financing programme and approved by the administrative board.

If the annual investment and financing programme is modified, necessary adjustments are made in the operating budgets to comply with this modification.

TKI and its subsidiaries deliver the copies of finalized annual general investment and financing programme to the Ministry to which the Undersecretariat of Foreign Trade is affiliated, State Planning Organization, Supreme Auditing Board of the Prime Ministry, and its related Ministry. Besides, the copies of the operating budgets are delivered to the related Ministry and Supreme Auditing Board of the Prime Ministry.

According to its development plan, TKI prepares the projects by completing the financial, economic, and technical studies on time and delivers these projects, including projects prepared by the subsidiaries within the boundary of the same principles, to the related Ministry and State Planning Organization seven months before the beginning of the calendar year.

The subsidiary may receive assistance from the establishment for a project preparation process.

After the project reviewing process, the relevant Ministry delivers the annual general investment and financing programme, including the projects of TKI and its subsidiaries, to the State Planning Organization and the Ministry, which the Undersecretariat of Treasury and Foreign Trade is affiliated to, until the end of the June within the same year.

An investment whose project is not prepared cannot be started.



## **PART SIX**

### **Miscellaneous Provisions**

#### **Provisions Regarding Personnel**

##### **Article 21**

Provisions of the Decree-Law and the personnel-related provisions of the State Economic Enterprises enacted in compliance with the Decree-Law are applied on the following topics of TKI Enterprises and its subsidiaries: Types of employment, appointment, dismissal, obligations, and liabilities, staffing, wages, premiums, bonuses, foreign mission, prohibition of political activity, distribution of retainer, and salaries and rights of management board members, auditors and liquidation board members.

## **PART SEVEN**

#### **Temporary and Final Provisions**

##### **Temporary Article 1**

Transfer or liquidation of the participation shares, out of activity areas of the establishments and subsidiaries and can be disposable in normal market conditions, is completed within one year following the effective date of the Decree-Law. However, those intending to prevent monopolism or producing strategic products and services may be excluded from this application by the decision of the Coordination Committee.

If the affiliates, available when the Decree-Law goes in effect and evaluated within the establishment activity, have a participation share of less than 10 percent but are with a continuation of public interest or economic benefit, they are preserved with the Coordination Committee decision.

##### **Temporary Article 2**

- 1- The participation shares of the available affiliates of the Treasury or various state institutions and organizations are transferred to the establishments or subsidiaries with the most similar activity area. Transfer procedures are completed within one year following the effective date of the Decree-Law.
- 2- The Undersecretariat of Treasury and Foreign Trade is authorized to increase the affiliates' capitals to a sufficient level and carry out the required accounting process for the transfer process stated in the first paragraph. Ministry of Finance and Customs is authorized to record revenue into the annual operating budget, allocate allowance for the current and re-activated schemes, and record as a cost item, according to the processes carried out by the Undersecretariat of Treasury and Foreign Trade.
- 3- Nominal values are regarded in the transfer processes of participation shares, according to the current article.
- 4- According to the current article, the five-partner condition stated in Article 277 of the Turkish Commercial Code is not valid in the transfer processes of participation shares.

##### **Temporary Article 3**

Participation shares of the affiliates whose connected establishments are changed are transferred to their new establishments or Treasury.

##### **Temporary Article 4**

Available regulations, circulars, and notices of TKI, which are not incongruent to this Main Status, will continue to be applied until new ones are constituted.

##### **Temporary Article 5**

Titles, duties, authorities, and responsibilities available for all TKI organizations and their personnel remain active until a change is made under the scope of related legislation.

##### **Temporary Article 6**

Until the Personnel Law proposed in the Decree-Law is enacted, the existing provisions will continue to



be applied.

### **Implementation of the Decree-Law**

#### **Article 22**

The Decree-Law is applied for the aspects not covered in this Main Status.

### **Validity**

#### **Article 23**

This Main Status becomes valid with the establishment of the administrative board.