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From : PEKİN & PEKİN

To : Professor Robert G. Eccles

December 10, 2014

Dear Sirs/Madams

We have been requested to provide a memorandum to Professor Robert G. Eccles ("**Eccles**"), with the support of the United Nations Global Compact ("**UN Global Compact**"), based on the template research queries provided by Eccles, and developed in collaboration with the UN Global Compact, with the purpose of assisting on the analysis of the viability of an Annual Board "Statement of Significant Audiences and Materiality".

Based upon the foregoing, please find below our responses to the template research queries.

RESPONSES TO TEMPLATE RESEARCH QUERIES

Setting the legal landscape

1. **Briefly explain the broader legal landscape regarding the obligations that a company has to its stakeholders or with regard to its impact on stakeholders, and in particular whether its primary duty is or is not to shareholders over all other stakeholders.**

The Turkish Commercial Code (Law No. 6102, *published in the Official Gazette dated February 14, 2011 and numbered 27846*) (the "**TCC**") regulates various types of legal entities in the Republic of Turkiye ("**Turkiye**"). The joint stock company (anonim sirket) and the limited liability company (limited sirket) are the most commonly used legal entity forms in Turkiye. Joint stock companies are managed by their board of directors; while limited liability companies are managed by their managers. The duties of the directors and managers, as further explained below, are principally towards the company and its shareholders.

The Communiqué No. II-17.1 on Corporate Governance (*published in the Official Gazette dated January 3, 2014, No. 28871*) ("**Communiqué No. II-17.1**"), regarding operations and management of publicly-held companies, includes some non-mandatory provisions regarding stakeholders (including employees, customers, suppliers, and civil society organizations). For instance, publicly-held companies are advised to protect the rights of stakeholders and implement an effective and rapid compensation mechanism for times when the rights of stakeholders are violated. Moreover, as per Article 3.2.1 of the Corporate Governance Principles attached to the Communiqué No. II-17.1 ("**Corporate Governance Principles**"), publicly-held companies are advised to build business models supporting the participation of stakeholders in the management of the company and to obtain stakeholders' opinions regarding decisions affecting stakeholders.

Regulatory Framework

2. To what legal tradition does the jurisdiction belong, i.e. civil/common law, mixed?

The Turkish legal system belongs to civil law. The main source of law in Turkiye is codified legislation.

3. Are corporate/securities laws regulated federally/nationally, provincially or both?

Turkish legislation, including corporate/securities laws, is applied nationally.

4. Who are the government corporate/securities regulators and what are their respective powers (in summary only)?

Under Turkish law, the main pieces of legislation are the laws which are enacted by the Turkish parliament. However, certain governmental authorities are authorized to promulgate secondary legislation (e.g., regulations, communiqués, directives, etc.) in their relevant fields/sectors. In this respect, the Ministry of Customs and Trade is entitled to issue secondary legislation on corporate matters. The Ministry of Customs and Trade and its relevant departments are also responsible for monitoring certain activities of corporations and applying sanctions described under the relevant laws.

The Capital Market Board (the "**CMB**") is the securities regulator in Turkiye. The CMB is authorized to monitor all of the capital market activities within the borders of Turkiye and to ensure the fair and efficient operation of the capital markets. In this regard, the CMB determines procedures and principles regarding capital market instruments and capital market institutions, gives incorporation and operation permissions for the institutions carrying out activities in capital markets and permissions for the public offering of shares and other capital market instruments, ensures timely and accurate public disclosure, monitors compliance with the Capital Market Law (Law No. 6362) (*published in the Official Gazette dated December 30, 2012, No. 28513*) (the "**Capital Market Law**"), regulations and communiqués, and imposes administrative sanctions on the persons and institutions who do not comply with the aforementioned legislation.

5. Does the jurisdiction have a stock exchange(s)?

Yes. Borsa Istanbul A.Ş. (the "**BIST**") is the stock exchange of Turkiye, which operates markets in facilitating trading, provides liquidity and price discovery for capital markets instruments, and offers markets to issuers, investors, intermediaries, and other stakeholders. Shares, securities, derivative instruments, and other capital market instruments are listed and traded at the BIST.

Incorporation and listing

6. Do the concepts of "limited liability" and "separate legal personality" exist?

The concepts of limited liability and separate legal personality exist under Turkish law. Both of the two most common types of legal entities in Turkiye, joint stock company (*anonim sirket*) and limited liability company (*limited sirket*) are limited liability company forms and have separate legal personality.

With regard to limited liability, shareholders/owners of limited liability companies and joint stock companies shall be personally liable for the company's debts only up to their respective capital contribution amount. With regard to separate legal personality, both joint stock companies and limited liability companies have a separate legal personality. Legal personality implies that the companies have their own assets and liabilities. It is worthy to note that shareholders of limited liability companies (*limited sirket*) can be held personally liable, in proportion to their shareholding ratio, for public receivables (e.g., tax, social security contributions etc.) in case such receivables cannot be collected from company.

7. Did incorporation or listing historically, or does it today, require any recognition by the company or its directors of a duty to society, an obligation to take account of the company's social or environmental impacts, or to respect its stakeholders?

Generally, incorporation of a company does not and, to our knowledge, has not required recognition of a duty to society or stakeholders.

Corporate Governance Principles are applicable to publicly-held companies. Corporate Governance Principles provides that publicly-held companies, in their transactions and activities,

shall protect the rights of the stakeholders which have been regulated in legislation and reciprocal contracts. In case the rights of the stakeholders are not protected by the relevant legislation and reciprocal contracts, the rights of the stakeholders shall be protected within the framework of bona fides principles and within the capabilities of the corporation. Moreover, as per Article 3.5 of the Corporate Governance Principles, the publicly-held companies are advised to be sensitive towards its social responsibilities and comply with the regulations and ethical rules with respect to environment, consumers and public health. Furthermore, publicly-held companies shall support and respect the internationally recognized human rights and combat against any kind of corruption including embezzlement and bribery.

8. Do any stock exchanges have a responsible investment index, and is participation voluntary? (See e.g. FTSE4Good[1], Dow Jones Sustainability Index[2], the Johannesburg Stock Exchange's Socially Responsible Investment Index[3].)

BIST has recently launched the BIST Sustainability Index under BIST Stock Indices which aims to provide a benchmark for the BIST companies with high performance on corporate sustainability and to increase the awareness, knowledge, and practice of sustainability in Turkiye. Moreover the index is intended to constitute a platform for institutional investors to demonstrate their commitment to companies, which highly perform in respect of environmental, social and governance issues.

Directors' Duties

9. To who are directors' duties generally owed?

Directors' duties are generally owed to companies they manage. Pursuant to Article 369 of the TCC, directors shall carry out their duty with the due diligence of a prudent businessman and shall protect the interests of the company in good faith.

However, with respect to liability, Article 553 of the TCC provides that, in the event members of the board of directors breach their liabilities defined under the articles of association of the

[1] http://www.ftse.com/products/indices/FTSE4Good
[2] http://www.sustainability-indices.com/
[3] https://www.jse.co.za/services/market-data/indices/socially-responsible-investment-index

company and the laws due to their fault, they shall be deemed liable for damages incurred by the company, its shareholders and creditors. The same article also provides that no one can be held responsible for any non-compliance with the articles of association or the laws under circumstances beyond their control.

Regarding publicly-held companies, in addition to the above, as per the Corporate Governance Principles, the publicly-held companies' directors are advised to protect the stakeholders' interests.

10. What are the duties owed by directors – please state briefly. Please indicate if there are express or implied duties to avoid damage to the company's reputation?

In addition to the general duties (please refer to question 9), the TCC also sets out specific duties for managers (of limited liability companies) and directors (of joint stock companies).

With respect to joint stock companies, the following are some specific duties of the board of directors, non-compliance with which may result in the liability of the directors as per Article 553 and 369 of the TCC:

- Equal treatment of shareholders (*Article 357*);
- Setting up an early alert control committee to identify, mitigate, and manage risks that may endanger the existence, development, and continuity of the company (*Article 378*);
- Preparing by-laws outlining the principles of the shareholders' general assembly meetings (*Article 419*);
- Providing true and accurate information to shareholders who ask for information on company business at the general assembly meeting (*Article 437*);
- Printing bearer share certificates and delivering them to holders (*Article 357*).

With respect to limited liability companies, Article 625 of the TCC sets forth the non-delegable and indispensable duties and powers of the managers as follows:

- High-level management of the company and the giving of necessary instructions;
- Determination of the management body of the company within the framework of the law and the articles of association;
- Formation of accounting, financial auditing, and financial planning if required, for the management of the company;
- Supervision of persons who have been assigned certain responsibilities in the management of the company in order to determine whether they acted in compliance with the laws, articles of association of the company, internal regulations, and instructions;
- Early detection of risks and formation of a risk management committee;
- Arrangement of financial statements and an annual activity report of the company and financial statements and an annual activity report of the group company if required;
- Organization of the general assembly meeting and execution of the general assembly resolutions;
- Informing the court of the insolvency of the company.

There are no specific duties set forth for the managers (of limited liability companies) and the directors (of joint stock companies) to avoid damage to the company's reputation. However, Article 369 of the TCC provides that the Board members shall be required to perform their duties with the care of a prudent manager and to protect the company's interest by acting in good faith. Also, Article 626 of the TCC indicates that the managers and the officers shall perform their duties in due care, and shall protect the company's interest by acting in good faith. In our view, these general duties, to a certain extent, cover the duty to avoid damage to the company's reputation.

In addition to the above, in relation to the publicly-held companies, pursuant to Articles 4.2.3 and 4.2.7 of the Corporate Governance Principles, the board of directors is advised to constitute internal control systems that include risk management and information systems and procedures

in order to mitigate the risks, which may affect shareholders and stakeholders. Furthermore, the board of directors is advised to play an active role in providing effective communication and in settling the conflicts that arise between the company and its shareholders, and be in cooperation with the corporate governance committee and investment relations unit.

11. **More generally, are directors required or permitted to consider the company's impacts on non-shareholders, including impacts on the individuals and communities affected by the company's operations? Is the answer the same where the impacts occur outside the jurisdiction? Can or must directors consider such impacts by subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction? (See e.g. s. 172 UK Companies Act 2006, and in particular, ss.(1)4)?**

Although the TCC requires managers/directors to act as prudent businessmen, there are no specific rules that require managers/directors to consider the company's impact on non-shareholders for privately held companies. However, as specified under question 13 below, the directors/managers shall be responsible for the damages incurred by the company, its shareholders and creditors due to breach of their duty arising from the law and the articles of association by fault.

With respect to publicly-held companies, please refer to our answer to the Question 10 above.

12. **If directors are required or permitted to consider impacts on non-shareholders to what extent do they have discretion in determining how to balance different factors including such impacts? What, additional liabilities, if any, do the board or individual directors assume in exercising such discretion?**

Not applicable. Please refer to question 11 above.

[4] http://www.legislation.gov.uk/ukpga/2006/46/section/172

13. What are the legal consequences for failing to fulfil any duties described above; and who may take action to initiate them? What defenses are available? Can these issues given rise to other causes of action or regulatory routes whereby a stakeholder can exert pressure on a company with regard to its actions?

For a manager/director to be held liable under in terms of Article 553 of the TCC, there must be a damage which can be attributed to the relevant director/manager's faulty actions and such manager/director must be responsible for any non-compliance with the articles of association or the TCC, if such non-compliance is within their control. In that respect, a manager/director cannot be held liable for the damages suffered by the company, the shareholders or the creditors of such company if such damage was not caused due to the faulty actions of the relevant manager/director or if such damage is beyond such manager's/director's control. As per Article 553 of the TCC, this "differential liability" principle cannot be surpassed relying solely on the general obligation of the director/manager of supervision, duty of care, and diligence.

As per Article 555 of the TCC, the company or any shareholder may apply to a court and claim compensation for the damages incurred by the company (e.g. when the board of directors fail to convene the general assembly in case of technical insolvency to take measures such as capital replenishment).

In addition to cases which lead to civil liability of managers/directors, the TCC also stipulates criminal liability and lists sanctions, including administrative fines and imprisonment for managers/directors, due to breach of certain duties some of which are as follows:

- **Inadequate documents and declarations:**

Article 549 of the TCC provides that if the documents, prospectuses, circulars, representations, and warranties regarding corporate transactions (such as: incorporation, capital increase, capital decrease, merger, division and conversion and issuance of securities) are found to be false, incorrect, fraudulent, deceptive or misleading; those who are responsible for preparing, making, and providing such documents, prospectuses, circulars, representations, and warranties shall be held liable for damages sustained as a result of this. The liability is also applicable to those

"individuals involved" if they are found to be at fault. Furthermore, Article 562(8) of the TCC stipulates that whoever acts in violation of Article 549 above shall be punished by imprisonment of between one to three years.

- **Inaccurate declarations with respect to the capital:** Pursuant to Article 550 of the TCC, individuals, including the managers of the limited liability companies, if they are found to be at fault, who have misrepresented the capital as fully subscribed or paid, shall be held liable severally for the payment of the relevant unpaid shares, together with the interest, as well as for the damages occurred. It has been also stated that the individuals who are fully aware that a person who has subscribed to pay a portion of the capital is unable to do so, and if nevertheless approve such subscription, shall be held liable for the damages sustained as a result of such unpaid debt. Article 562(9) of the TCC stipulates that whoever acts in violation of Article 550 shall be punished by imprisonment of between three months to two years or by a judicial fine.

- **Fraud Involving false valuation:** Pursuant to Article 551 of the TCC, those who deliberately overvalue any non-monetary assets to be contributed as capital or business to be acquired and who misrepresent the status and conditions of such assets or business shall be held liable for the damages sustained as a result thereof. In light of the foregoing provision, Article 562(10) of the TCC stipulates that whoever acts in violation of Article 551 shall be sanctioned by a judicial fine of no less than 90 (ninety) days.

- **Violation of the restriction to take loan from the company:** Whoever acts in violation of the first and second sentence of paragraph 2 of Article 395 of the TCC mentioned above (in relation to taking loan from the company), shall be punished by an administrative fine of at least 300 (three hundred) days.

In respect of publicly-held companies, Article 5 of the Communiqué No. II-17.1 provides a list of Corporate Governance Principles, which are mandatory to be applied by the publicly-held companies. The remaining principles are advisory; however, annual reports of publicly-held companies shall include information as to whether set for under Corporate Governance Principles are implemented and, if not, it shall include a reasoned explanation in this regard as well as explanations with respect to conflict of interest arising from non-compliance with these

principles and whether the company has an amendment plan in the future within the framework of such principles.

14. Are there any other directors' duties which are relevant to the interests of stakeholders?

Please refer to questions 10 and 13 for details on duties of managers (of limited liability companies) and directors (of joint stock companies).

15. For all of the above, if these exist in your jurisdiction, does the law provide guidance about the role of supervisory boards in cases of two tier board structures. What obligations are owed by senior management who are not board directors? Is this determined by law if no specific contractual provision applies?

The concept of a two-tier board structure does not exist in Turkiye.

Reporting

16. Are companies required or permitted to disclose the impacts of their operations (including stakeholder impacts) on non-shareholders, as well as any action taken or intended to address those impacts? Is this required as part of financial reporting obligations or pursuant to a separate reporting regime? Please specify for each reporting route whether it is mandatory or voluntary. Please describe any mandatory reporting requirement, major voluntary initiative or trend towards voluntary reporting with regard to transparency (for example, payments to government or state-owned entities, reports on government orders to undertake surveillance or interception, reports on tax payments etc.).

There are both mandatory and voluntary disclosures of information by companies depending on the type of the company (e.g., limited liability company, joint stock company) whether it is publicly held and the sectors the company operates in.

As per the TCC, certain resolutions of limited liability companies and joint stock companies are subject to registration by the Trade Registry and publication in the Turkish Trade Registry

Gazette. Such registration and publication requirement is applicable for certain general assembly meeting resolutions and resolutions of board of directors (e.g., appointment of directors and/or authorized signatories) and extraordinary general assembly resolutions of limited liability companies. Thus, such resolutions are disclosed to the public and always available for review by any third party.

Furthermore, according to the TCC, companies which are subject to independent audit (due to being a publicly-held company and/or exceeding the thresholds on size of assets, income, or number of employees) are obliged to open a website and publish all information and notifications foreseen by the law on the relevant website. Unless otherwise stipulated by the law, any content uploaded to the website shall remain for a period of at least six months.

As per Article 10 the Communiqué No. II-14.1 on the Principles Regarding Financial Reporting in the Capital Markets (*published in the Official Gazette dated June 13, 2013, No. 28676*), the companies, the capital market instruments of which are traded on the stock exchange, and/or other organized markets are obliged to disclose their annual and interim period financial reports in the Public Disclosure Platform and publish such reports on their websites.

Furthermore, separate from the disclosure obligation regarding financial reports, according to Communiqué No. II-15.1 on Material Events (*published in the Official Gazette dated January 23, 2014, No. 28891*) ("**Communiqué No. II-15.1**") issuers or related parties are required to disclose information, events, and developments which could affect the value and price of the capital market instruments or the investment decisions of investors in the Public Disclosure Platform.

Moreover, Communiqué No. II-15.1 includes the share disclosure requirement. Pursuant to Article 12 of the Communiqué No. II-15.1, individuals and legal entities (who are Turkish residents or non-residents), who directly or indirectly own the legal title of shares or voting rights of a Turkish listed company must make a disclosure if the shares or voting rights they own, acting solely or jointly with others, reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% and 95% of the total issued share capital or voting rights of such Turkish listed company.

The disclosures which fall under the scope of the Communiqué No. II-15.1 shall also be announced by the issuers on their website on the business day following the disclosure, at the latest.

17. Do legal reporting obligations extend to such impacts outside the jurisdiction; to the impacts of subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction?

No. Since Turkish laws have no extraterritorial effect, legal reporting obligations do not extend to the impacts outside the jurisdiction.

18. Who must verify these reports; who can access reports; and what are the legal or regulatory consequences of failing to report or misrepresentation? Is there a regulator tasked with investigating complaints of misreporting?

Public disclosures shall be verified by the Public Disclosure Platform and made available to the public on the website of the Public Disclosure Platform.

Failure to comply with the disclosure obligation is subject to Article 103 of the Capital Market Law. Accordingly, persons who do not comply with the rules and regulations of the CMB (including the public disclosure rules) shall be imposed an administrative fine from TL 22,407 to TL 280,091. Such administrative fines are imposed by the CMB.

19. What is the external assurance regime for reporting on a company's impacts on stakeholders? Please specify any mandatory requirements and also where reporting is voluntary what the current market practice is as regards third party assurance. Please summarise any regulatory guidance on reporting that relates to impacts on non-shareholder stakeholders.

There are no relevant rules under Turkish law in connection with external assurance regime for reporting on companies' impacts on stakeholders.

Stakeholder engagement

20. Are there any restrictions on circulating shareholder proposals which deal with impacts on non-shareholders, including stakeholder impacts?

No, there are not restrictions on circulating proposals for shareholders' general assembly meeting.

21. Are institutional investors, including pension funds, required or permitted to consider such impacts in their investment decisions? What is legal duty that pension funds owe with regard to investment decisions in this regard? How does the legal duty of the fund align with term and contractual performance criteria of fund managers – does this facilitate or deter consideration of such impacts?

There is no particular regulation in this regard; however regarding investment funds and pension funds, pursuant to Article 9 of the Communiqué No. III-52.1 on the Principles Regarding Investment Funds (*published in the Official Gazette dated July 9, 2013, No. 28702*) ("**Communiqué No. III-52.1**"), the founder, which is a portfolio management company, the main activity of which is founding and management of investment funds is liable for the representation, management, supervision of the management of the fund and carrying out the activities in compliance with provisions of the by-laws and prospectus. Furthermore, according to Article 5 of the Communiqué No. III-52.1, the fund shall be managed by the portfolio managers in line with the management strategy of the fund and in favour of the investors and in a way to look after the investors' best interest. In the event that the portfolio management service is outsourced by the founder, this does not remove the liability of the founder arising from being the founder of the relevant fund.

In respect of pension funds, according to Article 4 of the Regulation Regarding the Incorporation and Operation Principles of Pension Funds (*published in the Official Gazette dated March 13, 2013, No. 28586*), pension funds shall be founded by pension companies. As per Article 11 of the Law Regarding Pension System (*published in the Official Gazette dated April 7, 2001; No. 24366*) (the "**Pension System Law**"), the pension company is liable for avoiding any activities

which may jeopardize the rights and interests of the participants and the operation of the pension system, carrying out activities in compliance with the legislation and the principles of operation plan, giving reasonable advices, acting in good faith, and taking measures to ensure that pension brokers will act in line with these principles. According to Article 18 of the Pension System Law, the portfolio of the pension fund shall be managed by the portfolio managers. In this regard, pursuant to Article 11 of the Pension System Law, the pension company is also liable for ensuring that the portfolio managers manage the portfolio in line with the general fund management strategy and decisions of the pension company.

22. Can non-shareholders address companies' annual general meeting? What is the minimum shareholding required for a shareholder to raise a question at a company's AGM?

Only shareholders may attend the shareholders' general assembly meeting. A shareholder may attend any meeting of the shareholders' general assembly in person or may be represented by another person, who may not be a shareholder of the company. Other than shareholders, at least one member of the board of directors has to be present at the shareholders' general assembly meeting. Other members of the board of directors also have the right to attend the shareholders' general assembly meeting.

There is no minimum shareholding required for raising a question at the general assembly meeting. Pursuant to Article 437 of the TCC, any shareholder who attends the general assembly meeting is entitled to address the board of directors and request information on the company's business. The responses to be provided by the board of directors shall be accurate and diligent in terms of principles of accountability and good faith. The board of directors may only refuse to provide a response in case providing a response would lead to disclosure of company secrets and jeopardize company interests.

Regarding publicly-held companies, notwithstanding the right to vote can only be exercised by the shareholders or their representatives, as per Article 1.3.11 of the Corporate Governance Principles, general assembly meetings may be conducted open to the public so as to include stakeholders and the media. However, such persons do not have the right to raise questions in the

general assembly meeting. A provision may be added to the articles of association of the company to stipulate requirements in this regard.

23. Are there any other laws, policies, codes or guidelines or standards applied in the context of particular contractual relationships (for example project finance) or through adherence to particular sustainability principles (for example the UN Global Compact, the OECD Guidelines for Multinational Enterprises etc.), related to corporate governance that might encourage companies to consider in a structured way their impacts upon and the interests of their wider stakeholders including through a stakeholder engagement process?

There are no other laws, policies, codes, or guidelines or standards applied in this context.

24. Are there any laws requiring representation of particular stakeholder constituencies (i.e. employees, representatives of affected communities) on company boards?

There are no laws requiring representation of other stakeholder constituencies (i.e., employees, representatives of affected communities, etc.) by the board of directors.

25. Are there any laws requiring gender, racial/ethnic, religious or other stakeholder representation; or non-discrimination generally, on company boards?

Pursuant to Article 10 of the Constitution of Republic of Turkiye (*published in the Official Gazette dated November 9, 1982 and numbered 17863*), people are equal before the law regardless of their language, ethnicity, colour, political opinion, philosophical belief, religion, sect, and other reasons. This non-discrimination rule shall also apply to company boards.

As per the Corporate Governance Principles, publicly-held companies shall determine a target percentage of female members in the board of directors of not less than 25%. Furthermore, publicly-held companies shall determine a time and policy in order to reach such target.

26. In your jurisdiction is there any legal route whereby a parent company can incur liability with regard to the impacts that one of its subsidiaries has had on stakeholders groups? Are there any serious proposals to impose such responsibility?

There are no specific legal routes through which a parent company can incur liability for impacts that one of its subsidiaries has had on stakeholders, unless such impact has occurred due to the parent company's instruction[5].

Pursuant to Article 202 of the TCC, the controlling company may not exercise its control in a manner which deliberately causes its subsidiaries to sustain a loss. Specifically, it may not exercise control over its subsidiary in such a manner so as to compel it:

- To perform legal transactions such as transfer of business, assets, funds, staff, receivables and debts;
- To decrease or transfer its profit;
- To restrict its assets through real or personal rights;
- To enter into obligations such as providing surety, guarantee or security;
- To make payments on others' behalf; or
- To take decisions or actions which would adversely affect its operations or productivity, such as decisions or measures which aim to avoid renovation of facilities or to obstruct investments, or to take measures or refrain from taking measures in a manner which adversely affects the furtherance of the subsidiary, without any legitimate reason;

unless the actual compensation for the subsidiary's loss is provided for by the end of the respective financial year.

If compensation is not duly provided, each shareholder of the subsidiary company may require the controlling company and its directors who have responsibility for the loss incurred to

[5] The explanations regarding parent company and controlled company under this question are with respect to joint stock companies (*anonim sirket*) and limited liability companies (*limited sirket*).

indemnify the subsidiary and hold it not liable for the loss incurred. Certain stakeholders (e.g. creditors of the company) shall also be entitled to request compensation for the loss.

27. **Are you aware of any incoming law or proposals that are relevant to the issues raised in this questionnaire? If so please describe, providing an indication of the anticipated date the legislation will come into force or be adopted.**

There are no incoming laws or proposals that we are aware of which are relevant to the issues raised in this questionnaire.

This memorandum of law relates solely to matters of Turkish law (as in force at the date hereof) and does not consider the impact of the laws of other jurisdictions. This memorandum of law is strictly limited to the matters stated in it and does not apply, by implication, to other matters. We have not been requested nor are we required to update this memorandum of law after the date hereof, nor are we required to opine on matters of fact.

Yours sincerely

PEKİN & PEKİN

Ahmed Pekin