



## 2013 Corporate Governance Principles Compliance Report

### 1. Corporate Governance Principles: Compliance Statement

The Company has provided in detail below the assessment and findings on the level of compliance with the Corporate Governance Principles and our comments on the potential improvement areas related to compliance in scope and quality.

The Company also plans to implement those principles that have not been implemented yet as soon as possible, although there have not been any conflicts of interest among shareholders due to the limited number of corporate governance principles implemented to date.

Pursuant to Capital Markets Board Communiqué and Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communiqué released on 1.3.2014 issuance of a “Corporate Governance Compliance Report” and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST).

Accordingly, the Company has resolved that the requirements imposed by the CMB be strictly followed, and the Company has also completed all the work necessary for compliance with the other principles specified in the Communiqué.

The Company has also disclosed the following Corporate Governance Principles Compliance Report to the public via the website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

### PART I – SHAREHOLDERS

#### 2. Investor Relations Unit

The Company’s relations with shareholders are handled by the Investor Relations Unit and coordinated by the Financial Affairs Department. The Unit processes any and all written or online inquiries submitted by our shareholders and attends all local and international investor conferences.

Contact information for the Investor Relations Department follows:

İlhan Turan Usta

Director of Financial Affairs

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Özgür Kalyoncu

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The Investor Relations Unit holds meetings with local and international investors and participates in investor conferences in Turkey and abroad. As a result, the Investor Relations Unit meets directly with various domestic and international investors.

Relations with shareholders are coordinated by the Financial Affairs Department. The Financial Affairs Department manages the public disclosures as required to the BIST, the Capital Markets Board, and the Central Registry Agency and other communications with these agencies. In addition to organizing the ordinary and extraordinary general assembly meetings, the Investor Relations Unit may organize other ad-hoc meetings held at the request of shareholders.

### 3. Shareholders' Right to Information

Except for information considered either commercial secret or insider information, all written or verbal requests from our investors for information in the period were met. We provided our shareholders with all the information as required under their rights as shareholders via the annual report, material disclosures, and replies to individual inquiries. In accordance with Article 1524 of the Turkish Commercial Code No: 6102, dated January 13, 2011, the Company has also shared all necessary information and announcements with shareholders on its corporate website, [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr), under the section "Investor Relations," subsection "News and Announcements."

Auditing principles and procedures are described in Article 20 of the Company's Articles of Association. In 2013, shareholders did not call for any private audits.

### 4. General Assembly Meetings

Pursuant to Article 1527 of the Turkish Commercial Code No. 6102 dated January 13, 2011, which stipulates that online participation in general assembly meetings, making proposals and statements online, and online voting shall have the same legal effects in all aspects as participating and voting in any general assembly meeting in person; and that all companies traded on the stock exchange are required to set up and maintain a system allowing online participation in general assembly meetings and voting; the online general assembly convenes on the same date and with a parallel agenda as the physical general assembly.

The Ordinary General Assembly of 2012 was convened on March 28, 2013.

The 2012 Ordinary General Assembly of the Company convened at Barcelo Eresin Topkapı Hotel at Millet Caddesi No:186 Topkapı – ISTANBUL with the participation of shareholders representing almost 86% of the paid-in capital of TL 342,000,000. No stakeholders or media representatives were present at the meeting.

The invitation for the General Assembly, which stated the date and agenda of the meeting, was published in the Turkish Trade Registry Gazette No. 8272 dated March 6, 2013 and in the daily Dünya Newspaper dated March 6, 2013 and on the Ülker Bisküvi Sanayi A.Ş. website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr) as specified by law and the Articles of Association within the prescribed time limit.

The Company makes the financial statements and reports, including the annual report, dividend proposal, memo on the proposed agenda to be discussed at the General Assembly, and other supporting documents for items of the agenda, the current version of the Articles of Association, and proposed amendments to the Articles of Association, if any, and the rationale thereof available for review by our shareholders at the headquarters and branches of the Company starting from the date of the invitation for the General Assembly.

Amendments to the Articles of Association related to the cancellation of the privileges of registered shares in terms of presenting candidates to the Board of Directors, as pursuant to the Turkish Commercial Code No: 6102 and Capital Market Law No: 6362, and the relocation of the Head Office have been approved. With this amendment, all privileges have been revoked.

Items on the agenda are expressed in an unbiased and detailed manner at the General Assembly and shall be clear and intelligible. Shareholders are provided with equal opportunity to express their opinions, and raise any questions to create a healthy atmosphere for discussion. No shareholder asked any question at the 2011 General Assembly nor made any suggestions except for those related to the items in the agenda.

The amount of contributions and donations made by the Company during the fiscal period have been discussed at the General Assembly meeting as a separate agenda item and shareholders have been informed about same.

Prior to the General Assembly meeting, the Company shared with the shareholders the meeting agenda, a sample proxy form, informational document, balance sheet, profit-loss statements, independent auditor's report and footnotes, auditor's report, Board of Directors' resolution on profit distribution, the annual report, and the resolution on the selection of an independent audit company, via the corporate website, [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

## 5. Voting and Minority Rights

According to the Articles of Association, each share carries the right to one vote.

Any shareholder, who is entitled to attend General Assembly meetings, may attend the meetings via electronic communication means in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the Regulation on the General Assembly of Joint Stock Companies to be Held via Electronic Means, the Company may set up an electronic General Assembly system or procure any system developed for this purpose so that shareholders are able to attend, express their views, make suggestions, and cast their votes via electronic communication means. Pursuant to the relevant provision in the Articles of Association, shareholders and their proxies are allowed to exercise their respective rights at any General Assembly meeting, under the referenced regulations via the electronic system set up for this purpose.

The Company does not grant any privileges to share groups or other shares. None of our shareholders controls, or is controlled by, the Company. Cumulative voting is not practiced in the Company.

As per Article 27 of the Company's Articles of Association, shareholders representing one-twentieth (1/20) of the share capital can exercise minority rights.

The Articles of Association do not contain any provision prohibiting voting by proxy, who is not a shareholder of the Company.

## 6. Dividend Rights

Our Board of Directors has adopted the profit distribution policy in accordance with the Corporate Governance Principles published by the CMB:

The Company distributes profit in accordance with the Turkish Commercial Code, Capital Market Law, Tax Law, other applicable legislation and the articles related to profit distribution in the Company's Articles of Association.

The Board of Directors' profit distribution proposal, which complies with the Company's profit distribution policy and the Capital Markets Board's Corporate Governance Principles, is included in the annual report and is submitted for the approval of shareholders at the General Assembly; detailed information on the history of profit distribution and capital increases is disclosed to the general public via the corporate web site.

The Company has set its profit distribution policy in accordance with the Capital Market Law and Articles of Association, taking into consideration the Company's operational performance, financial situation and market developments. Starting from the earnings of fiscal year 2012, the Company will distribute a minimum of 70% of its net distributable profit for each accounting period in cash, upon the proposal of the Board of Directors and the approval of the General Assembly, with any changes made by these entities, in accordance with Turkish legislation, and after due consideration of the Company's cash flow requirements.

This policy will be reviewed each year by the Board of Directors, taking into account any negative developments in domestic and global economic conditions, the situation of current projects and the Company's financial resources.

In accordance with the profit distribution policy, dividends are equally distributed to all shares in the relevant accounting period, and no privileges are granted.

Again, the Articles of Association provides for advanced dividend payment, but the Company has not made any advanced dividend payment so far.

Shareholders were informed of the Company's profit distribution policy at the General Assembly, and the profit distribution policy has been disclosed to the public and included in our annual reports, and is also available on the Company's website.

## 7. Share Transfer

Following the approval of the amendments to the Articles of Association at the Ordinary General Assembly meeting held on March 28, 2013, the Company shall not issue any registered shares.

## **PART II – PUBLIC DISCLOSURE AND TRANSPARENCY**

### **8. Company's Disclosure Policy**

The Company's Information Policy is implemented in accordance with CMB legislation and rules specified in the relevant Communiqué. The Company has drafted a written document on its public disclosure and information policies, which is made available to shareholders and the public on the Company's website upon the approval by Board of Directors. In addition, it is our basic principle that any information which is already in the public domain is made available to any person inquiring for such information.

In the case of any inquiry for information by any shareholder, the Company provides a written or verbal reply. In the event there is any material change during the period, a related material change disclosure is promptly made. The annual report is prepared in a manner to ensure public access to all kinds of information regarding the Company's activities.

### **Material Event Disclosure**

The Company has made 27 material event disclosures in accordance with CMB regulations between January and December 2013. All material event disclosures have been made within prescribed time limits.

### **9. Company's Website and Contents Thereof**

The Company website at [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr) is available in Turkish and English.

The following information is available for the purpose of disclosure to our shareholders:

- Company's Vision
- Code of Conduct
- Information on the Board of Directors and Executive Management
- Company's Shareholding Structure
- Organizational Chart
- Social Responsibility
- Registration Information and Company Profile
- Articles of Association
- Financial Statements and Notes
- Annual Reports
- Material Event Disclosures
- Report on Compliance with Corporate Governance Principles
- Information on the General Assembly (Agenda, Proceedings, List of Attendees and Proxy Form Template)
- Company's Information Policy
- Committees
- News and Announcements (Invitations to the General Assembly, and the like)
- List of Corporate Insiders
- Ratings Reports
- Ülker on the BIST (Ratios and Charts related to the Company's Shares)
- List of Monitoring Analysts and Investor Presentations

## 10. Annual Report

The Company's annual reports are prepared in Turkish in accordance with the Capital Markets Board (CMB) Communiqué on Corporate Governance Principles Compliance Report and the Regulation on the Determination of the Minimum Content of Companies' Annual Reports issued by the Turkish Ministry of Customs and Trade on August 28, 2012, and published in the Official Gazette Issue: 28395. The Company's annual reports are submitted for the approval of the Board of Directors and then published on the website [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr), under the section "Investor Relations," subsection "Annual Reports."

The Company has taken every action and measure to prevent insider trading; an online list of Company executives and other individuals/institutions that provide services to the Company, who have the opportunity to access to non-public information that may have material impact on the value of the shares, is maintained and regularly updated. The list of Company executives and other individuals/institutions that provide services to the Company, who have the opportunity to access to non-public information that may have material impact on the value of the securities, as specified in the annual report follows.

## PART III – STAKEHOLDERS

### 11. Information to Stakeholders

In the event there is not any regulation in laws or contracts regarding rights of stakeholders, the Company endeavors to protect their rights in good faith and within means available to the Company with due consideration given to the reputation of the Company.

In addition, all employees have access to internal circulars and memos through the Company's Intranet and receive certain important announcements through e-mail.

There are no restrictions that prevent stakeholders from contacting the Corporate Governance Committee or the Audit Committee about any Company transactions they deem either unethical or contrary to regulations. Stakeholders may contact these committees by any communication means they prefer.

### 12. Participation of Stakeholders in Management

According to the Articles of Association, the Board of Directors has at least seven members who are elected by the General Assembly upon nomination by shareholders of different share classes in accordance with the Articles of Association. The Board of Directors has nine members, including three independent directors.

The Company does not have any practices related to stakeholders' participation in management.

### 13. Human Resources Policy

The main purpose of the Company's human resources policy is to build a team of high performance employees by improving and developing the human capital on the basis of the things done so far.

The human resources policy adopted by the Company is fundamentally that of Yıldız Holding's, and is available at [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr). The Company has never received any complaints that its human resources policy is discriminatory.

#### 14. Code of Conduct and Social Responsibility

Information on the corporate social responsibility activities of the parent company, Yıldız Holding, is available in our annual reports and on the website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr). Keenly aware of our social responsibility, the Company takes utmost care to adopt policies that support environmental, sports, educational, and health care related projects. The Code of Conduct is also available in a related section on the website. The Company observes the continuity of service quality and standard at all phases of production and maintains trade secrets of customers and suppliers as confidential. Customer satisfaction is one of the main principles of our Company.

Ülker Bisküvi, since its inception, has been a part of a Group of companies that produce quality and healthy products; respect their employees; uphold the rights of their partners and shareholders, and of their suppliers and customers; comply with all applicable laws; recognize social values; and have social responsibility. In addition, the Group of companies' management philosophy pursues the highest level of respect and trust among executives, employees, suppliers, and customers; achieves employee cooperation and high performance of personnel; maintains dignity, consistency and a sense of responsibility in its approach; all the while continually striving to improve this management philosophy.

The Code of Conduct as adopted by Yıldız Holding is generally abided by all Group companies and is disclosed to the public within the scope of the Group's information policy and is available to our shareholders on the website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

### PART IV – BOARD OF DIRECTORS

#### 15. Structure, Organization, and Independent Members of the Board of Directors

The Company's Board of Directors is composed of nine members, three of whom are independent members.

The Board of Directors comprises executive and non-executive members, and a majority of the Board's members are non-executive members. Non-executive members include independent members, who satisfy all of the criteria set out in the Capital Market Law, who have the capacity to perform their duties with impartiality, and who can devote their time to monitor the functioning of the Company and to fulfill all the responsibilities vested to them as independent members.

Details of the Company's Board of Directors are as follows:

Name-Surname	Title	Status	Term of Office
Murat ÜLKER	Chairman of Board Directors	Non-executive	10.05.2011-10.05.2014
Ali ÜLKER	Vice Chairman of Board of Directors	Non-executive	10.05.2011-10.05.2014
Ahmet ÖZOKUR	Member	Executive	10.05.2011-10.05.2014

Mehmet TÜTÜNCÜ	Member	Executive	10.05.2011-10.05.2014
Mahmut Mahir KUŞCULU	Member	Non-executive	10.05.2011-10.05.2014
Cengiz SOLAKOĞLU	Member	Non-executive	10.05.2011-10.05.2014
Alain STRASSER	Member (Independent)	Non-executive	10.05.2011-10.05.2014
Duran AKBULUT (*)	Member (Independent)	Non-executive	10.05.2011-10.05.2014
Ekrem PAKDEMİRLİ (*)	Member (Independent)	Non-executive	10.05.2011-10.05.2014

(\*) Elected by the General Assembly convened on August 9, 2012.

The Chairman of the Board of Directors and the General Manager are two different persons. The Company's CEO is Mr. Mehmet Tütüncü.

Mr. Ekrem Pakdemirli, Mr. Duran Akbulut and Mr. Alain Strasser serve as independent board members. There are no female members on the Company's Board of Directors.

The report on the two independent Board candidates and their compliance with independence criteria has been presented to the Board of Directors. Board membership of these presented candidates have been approved unanimously at the Extraordinary General Assembly meeting held on August 9, 2012.

### **Murat Ülker- Chairman of Board of Directors**

Murat Ülker began his professional career at the Group in 1982 after graduating from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He is married with three children. He is fluent in English and German.

### **Ali Ülker- Member**

Born in 1969, Ali Ülker is married with three children. He is fluent in English and German. His hobbies include fishing, watching movies, reading books, and playing basketball and billiards.

### **Mehmet Tütüncü- Member**

Mehmet Tütüncü was appointed Chairman of the Food and Beverages Group in 2005. As of October 2009, the Gum and Candy companies were incorporated into the Food Group. He was born in 1958 and is married with three children. He likes to travel and collect small hand-crafted boxes.

### **Ahmet ÖZOKUR- Member**

In 2005, Ahmet Özokur was appointed General Manager of Datateknik, and he was promoted to the position of CEO of Datateknik Informatics Group within the same year. On January 4, 2010, he was appointed General Manager of Sağlam Real Estate Investment Trust. Mr. Özokur's interests include aquatic sports. He is married with one child.

### **Mahmut Mahir KUŞÇULU - Member**

Mahmut Mahir Kuşçulu graduated from Istanbul Erkek High School, and subsequently from Istanbul University, Faculty of Economics. He then received his master's degree in marketing in the US. He founded Kutas Dis Ticaret ve Pazarlama A.Ş. in 1982 and Erdem Dis Ticaret A.Ş. in 1985, and served as director and manager at both enterprises. Mr. Kuşçulu has served on the professional committees of the Istanbul Chamber of Commerce and the Istanbul Chamber of Industry for 20 years. He has been a member of the Assembly of the Istanbul Chamber of Industry for 13 years. Mr. Kuşçulu is married with two children.

### **Cengiz SOLAKOĞLU - Member**

Having worked at Koc Group continuously for 37 years, Cengiz Solakoğlu retired due to the Group's policy for mandatory retirement at age 60. He is among the founders of the Educational Volunteers Foundation of Turkey (TEGV) and the 1907 Fenerbahçe Association. Mr. Solakoğlu was named a Leader of Civil Society by Economist magazine in 2003. He is married with two children.

### **Duran Akbulut - Member (Independent)**

Duran Akbulut was born in the town of Susehri in Sivas in 1937. He completed his primary and secondary education in Susehri, Sivas before moving to Istanbul. He is married with two children.

### **Prof Dr. Ekrem Pakdemirli - Member (Independent)**

Dr. Ekrem Pakdemirli was born in Izmir in 1939. He received a BSc in Mechanical Engineering from Middle East Technical University where he also completed his post graduate studies. He then studied at London Imperial College where he received his PhD. He taught at Bilkent and Baskent Universities between 2003 and 2008. He has been a member of the faculty of Istanbul Commerce University since 2008. He is also a Board member of Albaraka Turk. To date, he has published more than 500 papers and 10 books. He is married with five children.

### **Alain STRASSER - Member (Independent)**

Alain Strasser was born in 1947. He received a BSc degree in mathematics and philosophy in 1964. In 1982, Mr. Strasser, who had become an expert in homecare products, joined Tambrands, and there he served as Sales and Marketing Director for France (1982 - 1983), General Manager for France (1983 - 1987), General Manager for the United Kingdom (1987 - 1989), European Division Deputy Head (1990 - 1993), and International Head (1993 - 1994), respectively.

The common Statement of Independence of the independent Board members follows:

### **STATEMENT OF INDEPENDENCE**

"I have been elected as an independent Board member by the Extraordinary General Assembly of Ülker Bisküvi Sanayi Anonim Şirketi convened on July 9, 2012 in accordance with the criteria specified in the Corporate Governance Principles published by the Capital Markets Board and henceforth I hereby declare that:

Neither I nor my spouse, or any blood or non-blood relatives within the third degree of relationship have had, directly or indirectly, within the last five years, any employment, equity, or otherwise material business relationship with the Company or any of its related parties, or any entity where a shareholder of the Company, which holds, directly or indirectly, 5% or more share in Company, is related with respect to management or equity;

I have not, within the last five years, been employed by any company, in particular those which audited, rated, or consulted with the Company, which carried out whole or part operation and organization of the Company in accordance with agreed terms, nor have I become a Board member of such companies;

I have not, within the last five years, been a shareholder, employee, or Board member of a company which significantly provides services and products to the Company,

I do not hold more than 1% of the share capital of the Company, and that none of these shares are preferential;

I have all the professional education, knowledge, and experience that are necessary for me to fulfill my duties as a member;

I have solid professional ethical standards, dignity, and experience to make a positive contribution to the Company's operations, to enable me to maintain my impartiality in the cases of conflicts of interest among shareholders of the Company and to freely make my decisions by taking into account rights of stakeholders; and

I am able to devote my time to the Company's affairs, to closely attend to the functioning of the Company's operations and to fully perform the duties vested to me."

The internal and external Group duties of each Board member assumed on behalf of the Company and rationale thereof are disclosed for the information of the General Assembly where the election of each Board member is discussed.

There is not any separate committee designated. The duties of a nomination committee are performed by the Corporate Governance Committee.

<b>Name-Surname</b>	<b>Title</b>	<b>External Positions</b>
Murat ÜLKER	Chairman of Board Directors	Chairmanship of Board in Group Companies
Ali ÜLKER	Vice Chairman of Board of Directors	Board Member in Group Companies
Ahmet ÖZOKUR	Member	Board Member in Group Companies
Mehmet TÜTÜNCÜ	Member	Board Member in Group Companies
Mahmut Mahir KUŞCULU	Member	Board Member in Group Companies
Cengiz SOLAKOĞLU	Member	Board Member in Group Companies
Alain STRASSER	Member (Independent)	-
Duran AKBULUT	Member (Independent)	Chairmanship of Board in Büyük Kulüp
Ekrem PAKDEMİRLİ	Member (Independent)	Board Member in Albaraka Türk Katılım Bankası A.Ş.

## 16. Rules of Conduct of the Board of Directors

The Company's Board of Directors held 20 meetings between January and December 2013. Due consideration was given when setting the meeting dates and times so that each and every member is able to attend the meeting. The Board of Directors meets regularly and as often as necessary to conduct its business and affairs effectively.

The Board of Directors shall convene once a month when it is deemed necessary due to the Company operations and transactions. The Board of Directors must also convene when it is deemed necessary by the Chairman or one-third of the Board members. The meetings of the Board of Directors may be held at the headquarters of the Company or at a convenient location in the city where the headquarters is located or in another city by resolution of the Board of Directors. The Board of Directors may, upon resolution, determine whether or not they will have a distribution of responsibilities among the Board members.

An invitation for the meeting must be made by a seven-day prior notice and include the agenda and documentation related to the call for the meeting.

In principle, members participate in a Board of Directors meeting in person. However, it is possible that Board members may participate in a Board of Directors meeting by means of electronic communication. Written stipulations of a member who does not participate in a Board meeting but submits his/her comments on the agenda in writing shall be presented to the other members.

Any discussion and resolution of Board of Directors must be recorded in written minutes, which must be signed by each member present at the meeting and then recorded in the book of resolutions. Any member with a dissenting vote must also state his/her rationale for his/her dissenting vote before signing the minutes of that meeting. Minutes of meetings and related documents and correspondence related therewith shall be regularly archived by the Secretariat of the Board of Directors. The Board of Directors shall meet with a quorum of at least more than one-half of the number of members and resolve by a majority of members present at the meeting. In the event there is a tie in the votes, the voted issue shall be discussed at the next meeting. The proposal shall be deemed rejected if it is not approved by a majority vote at the next meeting. Each Board member has one voting right regardless of his/her title and area of duty.

The names, duties and responsibilities of members of the Board of Directors are clearly specified in the Articles of Association which is available on our website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

While carrying out their responsibilities, the members of the Board Directors are furnished all the information necessary for them to fully perform their duties and act prudently and in good faith.

No objection has been raised against any resolution adopted by the Board of Directors during 2013.

Nor has there been any material transaction with respect to related party transactions which were presented to independent members for approval.

Any material information which must be disclosed to the public is promptly disclosed after the end of each meeting.

## 17. Number, Structure, and Independency of Committees Formed by the Board of Directors

### Audit Committee:

The Audit Committee, which was established by a resolution of the Board of Directors on May 22, 2006, was restructured by a resolution of the Board of Directors dated August 5, 2008 in accordance with Communiqué No. 22 Serial No.: X of the Capital Markets Board. The Audit Committee ensures that the Company's financial and operational functions are monitored in a reliable manner. The purpose of the Committee, which reports directly to the Board of Directors, is to oversee the Company's accounting system, audit and disclosure of financial information, and the functioning and effectiveness of the internal audit system. This Committee meets as necessary, but at least four times each year. The new members of the Audit Committee as selected by the resolution of the Board of Directors dated October 15, 2012 are as follows:

Name-Surname	Title	Position In Company
Duran AKBULUT	Chairman of Committee	Member of Board of Directors (Independent)
Ekrem PAKDEMİRLİ	Committee Member	Member of Board of Directors (Independent)

### Corporate Governance Committee:

The Company established a Corporate Governance Committee by resolution of the Board of Directors dated August 5, 2008 in accordance with the Corporate Governance Principles published by the Capital Markets Board. This Committee reports directly to the Board of Directors and meets as necessary but at least three times each year. The new members of the Audit Committee as selected by resolution of the Board of Directors dated October 15, 2010 are as follows:

Name-Surname	Title	Position In Company
Duran AKBULUT	Chairman of Committee	Member of Board of Directors (Independent)
Alain STRASSER	Committee Member	Member of Board of Directors (Independent)
Hafize Nurtaç ZİYAL	Committee Member	General Manager of M&A, Business Development and Investor Relations

### Risk Committee:

The Company established a Risk Committee in accordance with the Corporate Governance Principles published by the Capital Markets Board. This Committee reports directly to the Board

of Directors and meets as necessary. The new members of the Audit Committee as selected by resolution of the Board of Directors dated October 16, 2012 are as follows:

<b>Name-Surname</b>	<b>Title</b>	<b>Position In Company</b>
Ekrem PAKDEMİRLİ	Chairman of Committee	Member of Board of Directors (Independent)
Necdet BUZBAŞ	Committee Member	-

Any independent member may be a member of more than one committee, but s/he may be selected as chairman of only one committee. The Board of Directors may appoint an independent member as a committee member for more than one committee in accordance with the Corporate Governance Principles.

## **18. Risk Management and Internal Audit Mechanism**

The Company's activities with regard to risk management are carried out by the Risk Committee. The Company is also audited regularly by the auditing units of Yıldız Holding A.Ş., which is the majority shareholder of the Company, and an independent audit firm. The findings of these audits are communicated to the members of the Audit Committee and to the Board of Directors. The business flows, and procedures of the Company, and authorities and responsibilities of employees are controlled within the framework of risk management and are subject to continuous monitoring and checks.

## **19. Strategic Objectives of the Company**

Mission, Vision, and Strategic Objectives of the Company

The Company and all subsidiaries of Yıldız Holding were founded on the philosophy that "every person has the right to a nice childhood regardless of the country s/he lives in." The vision of Ülker Bisküvi is to further strengthen and advance its brand reputation, which is the most preferred brand by consumers particularly in bakery products, and become one of the top five companies in Turkey within the next 10 years.

The vision and mission of Yıldız Holding and our Company is disclosed to the public and is available on the websites: [www.ulker.com.tr](http://www.ulker.com.tr) and [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).

## **20. Remuneration**

Remuneration of each member of the Board is determined separately by the General Assembly depending on the financial position of the Company at that time. The General Assembly has resolved that each Board member is paid TL 2,599.21 per month in 2012 and each independent member who was elected on August 9, 2012 be paid TL 5,304.50 per month.

No loan was extended to any member or executive officer during the period, nor extended, directly or through a third party, any personal loan or given any collateral on their behalf, such as a surety.

Principles for remuneration regarding interests of executive management and the Board of Directors are explained in detail on the website: [www.ulkerbiskuvi.com.tr](http://www.ulkerbiskuvi.com.tr).