

Discover Ülker's journey to sustainability and global market leadership



Ülker Bisküvi, a leading Turkish food company and a part of the pladis group, operates under the ownership of Yıldız Holding. Specializing in high-quality biscuits, chocolates, and cakes, Ülker manages production facilities in Turkey, Egypt, Saudi Arabia, and Kazakhstan, offering hundreds of product varieties to both domestic and international markets. Renowned for its commitment to innovation, sustainability, and strong financial performance, Ülker has firmly established itself as a key player in the food industry. In November of this year, Ülker Bisküvi established a company to manage the sales, distribution, and marketing activities of our product portfolio in Uzbekistan.

What is Ülker Bisküvi's overall perspective on sustainability?

In 2014, Ülker established a framework for sustainable business practices based on four core pillars:

i) Planet, ii) Value Chain, iii) Employees, and iv) Community. We aim to manage our environmental and social impacts by implementing regenerative and sustainable practices in collaboration with stakeholders. In 2022, we identified key topics to guide our sustainability strategy, including: i) climate crisis, ii) water, iii) waste and wastewater, iv) packaging, v) raw material supply, and vi) food quality and safety. Committed to this sustainability approach, Ülker aims to achieve net zero emissions by 2050.

We regularly share our progress on this sustainability journey with all stakeholders through our sustainability reports. Recently, we published our ninth report, demonstrating our ongoing commitment to transparency. To strengthen our culture, our sustainability department works closely with all of our departments to prioritise sustainability in all of our operations.

By updating our key priorities through a 'double materiality' approach, we have expanded the scope of the sustainability information we disclose. This approach allows us to transparently communicate not only the financial impact of climate change on our company, but also the effects our operations have on the environment, society, and the economy. We understand that addressing climate change and reaching our sustainability goals is vital to our long-term success. That's why we have integrated climate-related risks and opportunities into our strategic planning and risk management processes, aiming to safeguard both our financial strength and our environmental and social responsibilities.

Guided by our zero-waste company culture, we are working towards achieving net zero and implementing circular production practices, keeping sustainability at the heart of our operations. In line with the European Union Green Deal, we aim to source 100% of the electricity consumed in all our factories and warehouses from renewable energy by 2030, and to reduce all carbon emissions to achieve "net zero" by 2050.

Through the Life Cycle Assessment (LCA) studies conducted on our products, we carefully examine our entire environmental footprint from farm to table, developing new sustainability criteria for our product designs. As part of the circular economy principles, which are a key element of green transformation, we recycle and recover all our waste. In recognition of this, all our factories in Türkiye have been awarded the "Zero Waste to Landfill" certification.

This past year has seen us make significant progress. We began to clearly see the positive social impacts of our initiatives, and were honoured through recognition from national and international platforms for both our financial performance and sustainable efforts.



What initiatives does Ülker Bisküvi implement to support agriculture and farmers, particularly in terms of sustainable practices?

We place great importance on stakeholder engagement and collaboration in every region where we operate. By working closely with one of our key stakeholders—farmers—we focus on sustainable agricultural practices, empowering farmers and reducing our environmental impact. In line with our goal to ensure that our critical suppliers fully comply with Ülker Bisküvi's Responsible Supply Chain Policy by 2030, we launched the 'Supplier ESG Programme'.

Wheat constitutes 37% of our main raw materials, holding the largest share. In this regard, ensuring a stable supply of wheat suitable for biscuit production is among our top priorities, and we invest in projects that aim to sustain wheat varieties.

In 2007, we initiated the Aliağa Biscuit Wheat project with the Bahri Dağdaş International Agricultural Research Institute to develop a wheat which is suitable for biscuit flour production. Through this project, we have introduced a local, national wheat variety that is resistant to drought, diseases, and climate change, while being high-yielding and of high-quality.

The wheat harvested in October 2022 began to be used in Ülker Bisküvi products. In 2023, approximately 120,000 decares of land were planted in the same provinces. About 30,000 tonnes of Aliağa wheat were contracted in the 2023 harvest, and we continue to use all of the wheat turned into flour in our products. For the 2024 harvest, we have planted across 50,000 decares of land in 11 cities. We are continuing our efforts to expand the use of productive and resilient wheat seeds. We have received positive feedback from farmers who are pleased with the spread of productive wheat seeds and the resulting high yields. In this context, we continue our 'Biscuit Wheat Development Programme' with the Bahri Dağdaş International Agricultural Research Institute to develop new biscuit wheat varieties.

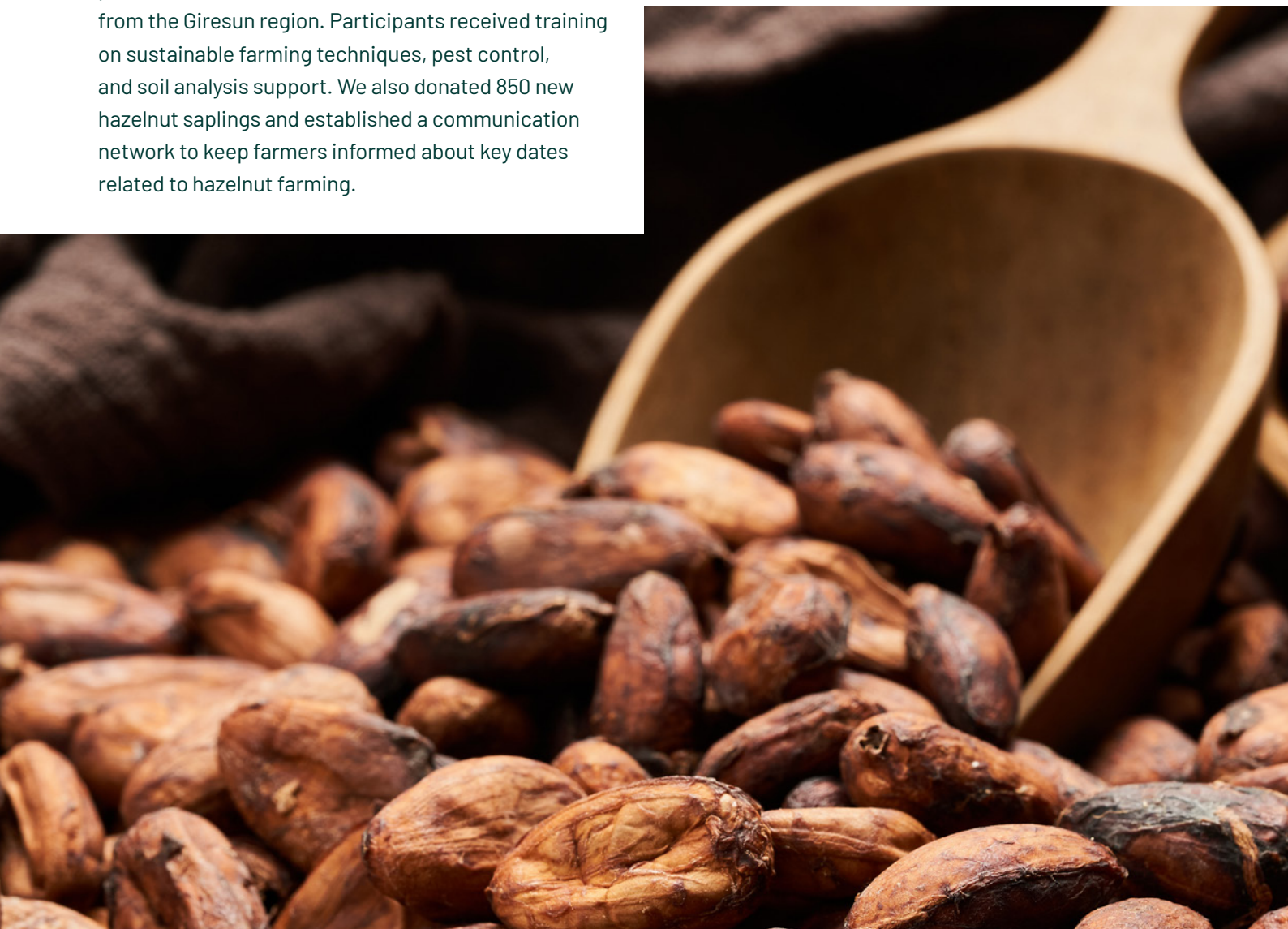


This year, we are working to embed sustainability into our raw material supply chain by integrating our suppliers into our fight against the climate crisis. The Environmental, Social, and Governance (ESG) programme, evaluates the environmental, social, and governance risks of our suppliers through projects like Beyond Cocoa and Beyond Hazelnut, which support sustainable raw material sourcing. As part of Beyond Cocoa project, we are closely collaborating with the cooperatives from which we directly source in Ivory Coast, ensuring long-term responsible procurement. In addition to combating child labour and empowering women and young people, we are also promoting good agricultural practices that enhance both the sustainability of farmland and the productivity of farmers.

Similarly, our Beyond Hazelnut project promotes sustainable and good farming practices in hazelnut production and supports local economies, especially female hazelnut farmers, while making the supply chain more resilient to climate change. Under the project, we provided training in good agricultural practices to 100 farmers, 25 of whom were women from the Giresun region. Participants received training on sustainable farming techniques, pest control, and soil analysis support. We also donated 850 new hazelnut saplings and established a communication network to keep farmers informed about key dates related to hazelnut farming.

Climate change is increasingly putting pressure on water resources, and it is predicted that floods and droughts will become more severe in the coming years. Fully aware of this challenge, we became the main sponsor of the Water Risk Project, carried out in collaboration with the BCSD Türkiye and Ankara University's Water Management Institute, to study the effects on water resources and develop efficient irrigation systems in agriculture. The project demonstrated that drip irrigation in wheat production could achieve at least 30% water savings and at least a 20% increase in wheat yield.

In another significant collaboration this year, we supported the biofortification project with Sabanci University, aimed at enriching wheat and wheat products with zinc and selenium in the field. The project, conducted in Akyurt, Ankara, aimed to increase these micronutrients to nutritionally significant levels through foliar fertilisation. As a result, we achieved increases in zinc and selenium levels in flour and biscuit samples. The second phase of the project is ongoing.



Why do you believe sustainability-linked loans and bonds are important for businesses today, and how do they impact financial performance?

Sustainability-linked loans and bonds are structured to tie borrowing costs directly to a company's achievement of specific sustainability targets. This alignment encourages businesses to set and meet ambitious ESG goals, fostering a culture of accountability and transparency. By incentivising performance in areas such as carbon emissions reduction, resource efficiency, and social equity, these financial products help companies embed sustainability into their core strategies. As a result, organisations become more attuned to the broader societal and environmental contexts in which they operate, ultimately leading to a more responsible approach to business.

As the global investment landscape shifts toward sustainability, companies that demonstrate a commitment to ESG principles find it increasingly easier to secure financing. Investors are increasingly prioritising sustainable investments, seeking opportunities that align with their values. Sustainability-linked loans and bonds can attract a broader base of investors, including those who are specifically focused on responsible investment strategies. This increased access to capital not only supports the company's immediate financial needs but also enables long-term strategic initiatives that contribute to sustainable growth.



One of the most significant financial benefits of sustainability-linked financing is the potential for reduced costs. Companies that successfully meet their sustainability targets often enjoy lower interest rates or more favourable terms on their loans and bonds. This reduction in the cost of capital can translate into significant savings over time, positively impacting a company's overall financial performance. By incentivising sustainability efforts, these financial products create a tangible economic benefit that can enhance profitability and support further investments in sustainable practices.

One of the most significant financial benefits of sustainability-linked financing is the potential for reduced costs. Companies that successfully meet their sustainability targets often enjoy lower interest rates or more favourable terms on their loans and bonds. This reduction in the cost of capital can translate into significant savings over time, positively impacting a company's overall financial performance. By incentivising sustainability efforts, these financial products create a tangible economic benefit that can enhance profitability and support further investments in sustainable practices.

Integrating sustainability into financial decision-making processes helps businesses identify and mitigate various risks, particularly those associated with climate change and evolving regulatory frameworks. Companies that proactively address sustainability issues are better positioned to navigate potential disruptions, thereby enhancing their long-term stability and resilience. For instance, by investing in renewable energy or sustainable supply chains, businesses can reduce their exposure to fluctuations in resource availability and regulatory compliance costs.

Engaging in sustainability-linked financing can significantly improve a company's reputation among consumers, investors, and stakeholders. In today's market, a strong commitment to sustainability is increasingly viewed as a competitive advantage. Consumers are more likely to support brands that demonstrate social responsibility, leading to increased customer loyalty and brand strength. Furthermore, as businesses differentiate themselves through their sustainability initiatives, they can capture new market opportunities and drive revenue growth. This enhanced reputation and market differentiation are essential for long-term success in a rapidly evolving business landscape.

In 2023, Ülker Bisküvi secured a substantial financing agreement valued at \$410 million, led by Bank of America, Coöperatieve Rabobank U.A., and Emirates NBD Bank Capital Limited. The agreement also included participation from JP Morgan Chase Bank, N.A., Sharjah Islamic Bank PJSC, and Gulf Bank, alongside the renewal of the EBRD loan agreement and the International Finance Corporation's involvement in 2024. This marks the company's inaugural sustainability-linked syndicated loan.

Furthermore, this year, Ülker Bisküvi successfully issued a 7-year bond valued at \$550 million in the international market. The bond issuance was authorised by J.P. Morgan Securities plc, Merrill Lynch International, Emirates NBD Bank PJSC, HSBC Bank plc, and Rabo Securities, attracting over 100 international investors from 20 countries. This was our inaugural sustainability-linked bond issuance.

Throughout all these agreements, our strong focus on sustainability has not only attracted significant interest from foreign investors but has also positioned Ülker Bisküvi as a leader in sustainable practices within the industry.

Our strategic initiatives and partnerships in this area enhance our operational resilience, contributing to building a more sustainable future. This success is a testament to our dedication to sustainability and the confidence that investors place in our vision and practices.

With our waste-free corporate culture, we continue to pursue sustainability initiatives. We leverage innovation not only to enhance our product range but also in digitalisation, supply chain management, and strengthening our distribution network. As we move forward in 2024, we remain committed to maintaining strong performance and contributing to our country, the economy, our employees, consumers, and all stakeholders.



How did investors respond to this issuance? What are the benefits of using this format?

Sustainability-linked Eurobonds offer several key benefits

1. Attract investment

These bonds appeal to socially responsible investors who prioritise environmental, social, and governance (ESG) criteria, potentially broadening the investor base.

2. Lower borrowing costs

Cost of Capital Issuers may benefit from lower borrowing costs if they meet sustainability targets, aligning financial incentives with sustainable practices.

3. Positive reputation

Issuing sustainability-linked bonds enhances an issuer's reputation, demonstrating commitment to sustainable development and responsible business practices.

4. Market differentiation

Companies can distinguish themselves in a competitive market, showcasing their dedication to sustainability, which can enhance brand loyalty.

5. Access to new markets

As sustainability becomes more important, these bonds can open doors to new markets and investment opportunities, particularly in the EU and beyond.

6. Regulatory compliance

They can help companies align with evolving regulations focused on sustainability, making compliance easier and potentially avoiding penalties.

7. Stakeholder engagement

These bonds can facilitate engagement with stakeholders, including investors, customers, and communities, by demonstrating a commitment to long-term sustainable goals.

8. Flexibility in use of proceeds

Unlike green bonds, which require proceeds to be allocated to specific projects, sustainability-linked bonds offer flexibility in how funds are used, as long as sustainability targets are met.



Overall, sustainability-linked Eurobonds can play a pivotal role in financing the transition to a more sustainable economy while providing financial and reputational benefits to issuers.

Appreciated by the investment community. We would like to mention some transaction highlights which was a concrete proof of the appetite of investment community and this transaction was appreciated.

The lowest yield for a six year or longer issue of a non-investment grade Turkish corporate in over five years (since March 2019).

Pricing with almost one half of the UST spread compared to Ülker's debut transaction notwithstanding a longer seven year maturity (five year debut transaction priced at a spread of 660bps to USTs in October 2020). This is the first sustainability linked issue from Türkiye in two and a half years (since January 2022).

In 2023, Ülker Bisküvi secured a substantial financing agreement valued at \$410 million, led by Bank of America, Coöperatieve Rabobank U.A., and Emirates NBD Bank Capital Limited. The agreement also included participation from JP Morgan Chase Bank, N.A., Sharjah Islamic Bank PJSC, and Gulf Bank, alongside the renewal of the EBRD loan agreement and the International Finance Corporation's involvement in 2024. This marks the company's inaugural sustainability-linked syndicated loan.

How does your sustainability strategy integrate with Ülker Bisküvi's overall business strategy?

At Ülker Bisküvi, our sustainability strategy is intricately woven into the fabric of our overall business strategy, serving as a fundamental driver of both our financial performance and long-term vision. Sustainability is at the core of everything we do, guiding our decision-making processes and shaping our operational practices.

By aligning our sustainability initiatives with our business objectives, we ensure that every project contributes to our financial health while fostering responsible practices. This integration allows us to enhance our product offerings, optimise resource usage, and reduce costs. Our focus on sustainability encourages innovation across our operations, from sourcing raw materials to production and distribution. By minimising waste and energy consumption, we not only contribute to a healthier planet but also gain a competitive edge in the marketplace.

Engagement with our stakeholders is another critical aspect of our approach. We actively communicate our sustainability goals and achievements to customers, suppliers, and investors, building trust and strengthening relationships that contribute positively to our financial performance. This transparency fosters a sense of community and shared purpose, ensuring that our stakeholders feel invested in our journey toward sustainability.



Incorporating sustainability into our business strategy also helps us identify and mitigate risks associated with environmental and social challenges. By proactively addressing these issues, we ensure the long-term viability of our operations and protect our brand reputation. This risk management approach positions us to respond effectively to changing market dynamics and consumer expectations.

Our commitment to sustainability is reflected in our financial results. By implementing efficient practices that reduce operational costs and appealing to the growing consumer demand for sustainable products, we have positioned ourselves for growth and resilience in the market.

We concluded a challenging year—2023—with significant achievements and milestones that underscore our commitment to sustainability. At the beginning of the year, we completed Ülker Bisküvi's first sustainability-linked credit agreement, with a notional amount of \$330 million. This strategic move reflects our dedication to integrating sustainability at the core of our business model and financial practices.

Our sustainability approach extends beyond financial agreements; it encompasses our entire supply chain. We expanded our efforts in sustainable raw material sourcing through initiatives like the "Water Risks and Beyond Hazelnut" project. These initiatives not only demonstrate our commitment to responsible sourcing but also ensure that our operations are resilient in the face of environmental challenges.

The international financial analysis and reporting organisation LSEG (London Stock Exchange Group) has once again ranked us as the global leader in our category as of January 2025, following our first achievement in January 2024, placing us at the top among 484 companies evaluated. This recognition highlights the effectiveness of our sustainability strategies and reinforces our position as a leader in responsible business practices.

Looking ahead to 2024, we remain dedicated to maintaining our strong performance while making meaningful contributions to our country, economy, employees, consumers, and all stakeholders. Our commitment to a waste-free corporate culture will guide our operations, ensuring that we minimise our environmental footprint at every step. Innovation will

continue to be a priority, not only in enhancing our product range but also in areas such as digitalisation, sustainable product supply, and strengthening our distribution network.

In this way, our sustainability strategy is not just an aspect of our business; it is the foundation upon which we build our future. By integrating sustainable practices across all facets of our operations, we aim to create lasting value for our stakeholders and contribute positively to the world around us.



Shaping capital markets for future generations



This publication is for information purposes only and is not a recommendation to engage in investment activities. This publication is provided “as is” without representation or warranty of any kind. Whilst all reasonable care has been taken to ensure the accuracy of the content, Euronext does not guarantee its accuracy or completeness. Euronext will not be held liable for any loss or damages of any nature ensuing from using, trusting or acting on information provided. No information set out or referred to in this publication shall form the basis of any contract. The creation of rights and obligations in respect of financial products that are traded on the exchanges operated by Euronext’s subsidiaries shall depend solely on the applicable rules of the market operator. All proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced in any form without the prior written permission of Euronext.

Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at euronext.com/terms-use.

© 2024, Euronext N.V. - All rights reserved.