

**Announcement of the Final Decision regarding the Investigation about Frito Lay
Gıda Sanayi ve Ticaret AŞ according to Article 49 of the Act no 4054 on the
Protection of Competition**

According to the Report prepared and the Additional Opinion, evidence collected, written pleas, the explanations made during the oral hearing and the scope of the file examined regarding the investigation conducted per the Board decision dated 21.03.2024 and numbered 24-14/291-M, it has been decided UNANIMOUSLY that

- I- Frito Lay Gıda San. ve Tic. violated article 4 of the Act no 4054 on the Protection of Competition by means of restricting competition by applying exclusivity in the packaged chips market in traditional channel retail outlets,
- II- Taking into account the fact that with the Competition Board decision dated 04.05.2004 and numbered 04-32/377-95, it was found that the exclusive sales system which the undertaking applied in final outlets in the market through written contracts and de facto did not carry out the conditions specified in the Block Exemption Communiqué no 2002/2 on Vertical Agreements and thus article 5 of the Act no 4054, and it was decided that the exemption granted to the undertaking shall be withdrawn according to article 6 of the Communiqué and 13 of the Act; within this framework, practices such as giving products for free or giving various presents, making discounts or rebates, would be carried out without depending on exclusivity condition and in a way not to create de facto exclusivity and the exclusivity provisions in written contracts shall be amended, and the relevant market as well as the effects of the conduct in terms of FRITO LAY's direct and indirect exclusivity practices about outlets, there are not any developments that could change the evaluation in the said decision; therefore, the said practices cannot benefit from exemption under article 5 of the Act no 4054,
- III- Thus, due to the said practices, FRITO LAY shall be imposed administrative fines according to 16(3) of the Act no 4054, within this scope, according to article 4, article 5(1), 5(2), 5(3)(d) and 6(1) of the "Regulation On Fines to Apply in Cases of Agreements, Concerted Practices And Decisions Limiting Competition, and Abuse of Dominant Position", which was published in the Official Gazette dated 27.12.2024 and numbered 32765, based on the gross revenues in 2023, by discretion, 1.365.467.533,01-TL administrative fines shall be imposed,
- IV- According to article 9(1) of the Act no 4054, behavioral remedies shall be imposed regarding the following issues for terminating the violation and establishing efficient competition in the packaged chips market,
 - 1. To be implemented within one month starting from the notification of the reasoned decision and documented to the Competition Board on the date determined for the information obligation in point 2 stated below,
 - i. In terms of the products sold by FRITO LAY or its distributors in the packaged chips market, except standard purchasing transactions in return for trade made with retail outlets in the traditional channel, any kind of rebates, additional discounts, privileges as well as financial benefits called *Dükkan Senin* points and/or financial benefits similar

to those shall be ended and

- ii. The precondition that no action shall be taken in terms of availability and visibility of competing products at sales points and the employees of FRITO LAY and/or its distributors can give recommendations to the sales points about only the products they sell shall be added to FRITO LAY's employee premium system, within this scope, employees shall be informed regularly and the necessary in-house measures shall be taken to monitor the precondition,
2. The informing letters, which are prepared after taking the consent of the relevant Department of the Competition Authority in order to increase the efficiency of the behavioral remedies stipulated above and to serve as a complement with regard to compliance with competition rules in the packaged chips market by considering the provisions in the decision of the Competition Board dated 04.05.2004 and numbered 04-32/377-95 about FRITO LAY, shall be delivered physically to undertaking's consumers in the traditional channel; the first one shall be completed and documented to the Board within six months as of the notification of the reasoned decision, others shall be prepared biennially corresponding to the same month of the year, totally there shall be five informing letters,
3. The following obligations shall be valid for sales points with a closed sales area below 200 m², the arrangements shall be made by taking into account the net basket (shelf) width of the stall where the products are placed and be applied in the same way for each basket without any exceptions:
 - The areas apart from the stall such as checkout, etc. shall not be used for calculating the basket area allocated for competing products.
 - The basket area to be allocated to competing products in stalls shall be arranged in the same vertical level in a way to be visible by the consumers. The basket area to be allocated shall be in single piece and placed at the leftmost or rightmost side of the stall.
 - In line with this,
- i. Frito Lay can only place one stall in outlets.
 - ii. In addition to only one stall, there shall be one hanger or similar additional display material at the most and products shall be placed in single file in an outlet.
 - iii. In case there is not at least one stall wider than 80 cm belonging to a competing producer at the outlet, 30% of Frito Lay's stall, not smaller than 35 cm per basket vertically, shall be allocated for competitors. The allocated part shall be divided by a separator and carry a sticker stating "*This part is allocated to competing chips products*" readably on each basket. In cases where competing products are not available/are sold out in the outlet, the area allocated for competing products shall not be used for Frito Lay products.
 - iv. Even if there is a stall belonging to another undertaking apart from Frito Lay at the sales point, upon the request of the competing producer, within one week at the latest, within the framework of the criteria stated

above, 30% of Frito Lay's stall, not smaller than 35 cm per basket vertically, shall be opened for other competing producers who do not have their own stall in the outlet.

- v. Regardless of whether there are competitors' stalls in the outlet, 30% of the part, which is related to the products that are the subject of the investigation and which is visible for the consumers in the same vertical level, in PO1 or similar integrated stalls, regardless of their name where different product groups are displayed, shall be opened to competing products, if there are not any competing products for any reason, this part shall be left empty. Likewise, this area shall be separated from Frito Lay products with a separator and the baskets in the separated area shall carry a sticker stating "*This part is allocated to competing chips products*".
- vi. To be valid for all stalls, competing producers can attach the visuals of their own products on the part corresponding to the area allocated for competitors on brand/advertisement areas on the stall if they request, in a way not to distort the integrity of the stall.

- Frito Lay or Frito Lay dealers/distributors, shall not provide any suggestion or direction to outlets especially with respect to competing products, placement of competing products or the location of competing stalls in the outlet directly or indirectly.
- Frito Lay is obliged to take any measures contractually to ensure that the outlet complies with the abovementioned issues. Frito Lay shall notify the outlets, dealers/distributors of the terms of use for stalls under the scope of this decision in writing.
- All obligations, which are stated above and whose due date is not specified, shall be realized and documented to the Authority within 90 days as of the notification of the reasoned decision at the latest.
- During the period following the documentation, the measurement changes in all stalls in outlets shall be reported to the Authority every six months together with the reason of the change and the first report shall cover the stall inventory in all outlets.
- The arrangements about stall shall be reviewed two years after the notification of the reasoned decision and additional arrangements can be made for the sake of making the market more competitive.
- The Presidency shall monitor regularly the issues examined under the scope of this file.

V- Article 4 and/or 6 of the Act no 4054 was not violated by the other actions of FRITO LAY examined under the scope of the file,

with the decision subject to appeal before Ankara Administrative Courts within 60 days as of the notification of the reasoned decision.