

## Environment & Sustainability

# The importance of protecting and informing consumers

### Using environment-friendly materials and technologies

All operations taking place at Pınar Süt facilities are carried out in compliance with the requirements of the company's ISO 14001 Environmental Management System certification. To this end, the company seeks to comply with current environmental laws applicable to its business activities and with local regulations concerning environmental matters to which it is subject, to make productive use of natural resources, to control and reduce waste that causes environmental harm or else render it harmless, and to take other measures necessary to prevent pollution.

In addition, the company has set up a supplier evaluation system by means of which, suppliers are assigned points based on their having and complying with environment management systems. As a requirement of environment management system certification, environmental impact inventories have been drawn up in all units and environmental impact files have been developed in which the seriousness of environmental impact results are compared against these inventories.

Under the annual environment management plan and programs whose performance is monitored all year long, the company seeks to achieve improvements in its efforts to reduce resource consumption. Some of the specific results of these efforts are summarized below.

- Energy savings were achieved and carbon emissions were reduced by installing economizers on steam boilers.
- Energy savings were achieved by replacing the ammonia refrigerant systems used in cold storage warehouses with iced-water systems.



Pınar Communication Center

- Energy savings were achieved by using illuminated panels and high-efficiency lighting fixtures in newly constructed units.
- The company expanded its program of replacing low-efficiency electrical motors with new high-efficiency EFF1 units.
- Fuel economies were achieved by overhauling plants' boiler combustion systems.
- Investments were made in a next generation UHT system and in machinery which is more energy-efficient and environment-friendly and which creates fewer carbon emissions.

### Efforts to reduce the environmental impact of company products

Pınar Süt products themselves cause no direct harm to the environment whatsoever. Ongoing efforts are made to minimize the environmental impact resulting from raw materials and from manufacturing activities.

100% of the hazardous waste resulting from production and maintenance activities is collected in a temporary holding area within the confines of facilities that fully complies with the requirements of laws and regulations. Such waste is carried away by means of the vehicles of licensed firms for disposal or for recycling by licensed firms as appropriate.

In the same way, both organic waste from production activities and domestic waste are collected in a holding area within the confines of facilities that fully comply with the requirements of laws and regulations. It is then disposed of at location which have been designated by local authorities and which are licensed by the Ministry of Environment and Forestry.



A record-breaking number of 887,660 submissions were entered in the 29th Pınar Kido Art Competition.

All waste water generated by plants is sent to waste water treatment facilities where it is treated by means of appropriate methods and discharged into the receiving environment in compliance with legally recognized discharge standards.

**Product packaging from recoverable materials**

Pınar Süt only works with firms that are licensed by the ministry to collect and recycle all packaging waste materials. The company is a member of and works with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) to fulfill contractual obligations set forth in a packaging waste management plan which has been submitted to the ministry for approval. According to this plan, at-source waste sorting and segregation, recovery, and recycling activities are carried out by ÇEVKO, which also engages in public education campaigns that are aimed at both individuals and municipalities.

Designing and executing the packaging of its products with the issues of reusability and recoverability in mind, Pınar Süt gives attention to ways in which to minimize waste and to

create packaging materials that will cause as little harm to the environment as possible from the initial concept stage to final production and post-use.

**The Pınar Süt approach to quality**

The most important factor making up the core of Pınar's corporate culture is the Pınar approach to quality. For Pınar Süt, quality is also one of the most efficient tools that it wields in its efforts to do better.

Pınar Süt seeks to maintain the quality of its products while operating within the framework of occupational health and safety rules, minimizing the adverse impact it makes on the environment, and continuously contributing to society.

Pınar Süt gives great importance to protecting and informing consumers, one of the most critical of issues nowadays. For this reason, full control is maintained over Pınar products at every stage of their journey from raw materials to points of sale in keeping with the company's "From Farm To Table" concept.

**The amounts of packaging waste that were recovered from products sold by Pınar Süt are shown below, broken down by type and year.**

Type of Packaging	2007 (%)	2008 (%)	2009 (%)	2010 (%)
Paper & cardboard	35	35	36	37
Plastic	35	35	36	37



**Since the day it was founded, Pınar Süt has sought to contribute towards the physical and mental development of its consumers and to ensure the wellbeing of future generations through the products that it makes and the services that it provides.**



Because it concentrates so much on food safety, Pınar Süt set up its first Hazard Analysis and Critical Control Points (HACCP) teams in 1996, at which time it also analyzed the risks inherent in all of its products, identified critical control points in detail, and formulated its HACCP plans. Since 2007, the company's HACCP practices have been carried out within the framework of its ISO 22000 Food Safety Management System.

Under the heading of quality assurance, Pınar Süt has made the changeover to the ISO 9001:2008 version of the Quality Management System and it is now engaging in process management in all of its activities.

#### **Operational Cost Improvement System**

The underlying goal of Operational Cost Improvement (OCI) is to reduce costs. This is achieved essentially by asking individuals to report problems related to their own functions, soliciting ideas to deal with the problems, and implementing solutions that are approved by management. The OCI system is supported by a program of rewards for those whose projects are successful.

When they were originally introduced in the 1990s, OCI projects were dealt with individually. As IT infrastructure continued to make progress and with the changeover to SAP, a more systematic management of these projects began in 2003. To date, OCI projects have generated savings on the order of TL 14.2 million.

### Lean Six Sigma

Lean Six Sigma activities were introduced at the Yaşar Holding Food & Beverages Group in October 2007. In their second and third wave projects, the members of the group focused on reducing energy consumption, lowering production costs, and streamlining the supply chain.

Two other objectives of Lean Six Sigma are to promote its development as a shared company culture through widespread training and to create human resources who have brought their own work habits into line with the Lean Six Sigma philosophy. Taking this as the starting-point, a customer-focused quality approach comes to be recognized by employees throughout the organization while activities that enhance customer satisfaction become a part of everyday life.

### Pınar Communication Center

Adhering to a customer-focused business approach, Pınar Süt carefully examines and gives importance to requests and suggestions received from consumers. As part of ongoing efforts in this direction, the Pınar Communication Center on 444 7627 was launched in 2009.

Live operators on duty at the Pınar Communication Center on 444 7627 respond to incoming calls between the hours of 7:00 and 23:00 every day. Their job is to ensure that callers are provided with the information that they need as quickly as possible.

A satisfaction survey is conducted among consumers who contact the center in order to systematically quantify the Pınar Communication Center's service levels. Process improvement activities continued as part of the Six Sigma Project and new customer relationship management software was brought online in early 2011.

### Social Responsibility

Since the day it was founded, Pınar Süt has sought to contribute towards the physical and mental development of its consumers and to ensure the wellbeing of future generations through the products that it makes and the services that it provides. In line with this goal, Pınar Süt again contributed towards numerous projects in the areas of education, sport, culture, and art in 2010.

### Pınar Kido Children's Theater

Since 1987, the Pınar Kido Children's Theater has been employing a professional team of performers, directors, designers, and backstage crews that visits schools in İstanbul, İzmir, Bursa, and Eskişehir throughout each year's theater season and which mounts dozens of programs that are specially designed to appeal to children. To date, about three million children have had a chance to attend these performances, for which no admission is charged.

During the summer months, the Pınar Kido Children's Theater goes on tour and captures the hearts of thousands of children in other parts of the country. In addition to encouraging a love of theater among children, every performance is also designed to contribute towards children's individual cultural and personal development.

During the 2010-2011 academic year, the Pınar Kido Children's Theater mounted performances of Nasreddin İnadın Sonu, a newly-composed play that seeks to acquaint children with traditional Turkish theater.

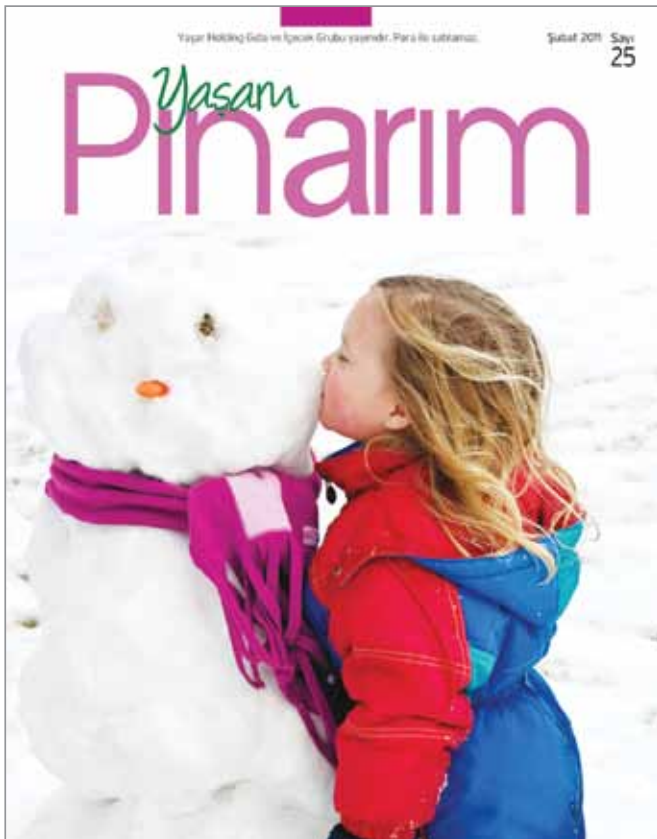
The Pınar Kido Children's Theater has also been instrumental in launching the careers of many of today's well-known performers in Turkey such as Bülent İnal, Vahide Gördüm, Özgür Ozan, Necmi Yapıcı, Sarp Apak, Engin Altan Düzyatan, and Ozan Güven.

### Pınar Kido Art Competition

The Pınar Kido Art Competition has been held for 29 years with the aims of increasing primary school children's interest in art and of contributing towards the development of the artists of the future.

Children from all over Turkey take part in the Pınar Kido Art Competition, which has been focusing on a different theme each year since it was inaugurated in 1981. A record-breaking number of youngsters took part in the competition held in 2010, whose theme was "Draw what most interests you". From among 887,660 entries submitted from every part of Turkey, the works of twenty-two children were selected by a jury of educators and professional artists and the winners were rewarded with a chance to take part in a one-week art camp in İstanbul under the direction of the well-known artist Hüsamettin Koçan. The talented young artists taking part in the 29th Pınar Kido Art Competition held last year received netbooks and certificates at an award ceremony that was held at the conclusion of the camp.

In 2010 Pınar Süt once again was the recipient of respected organizations' awards and recognitions testifying both to the company's superior production standards and technologies and to its performance as an innovative and principled manufacturer.



#### **Pınar KSK**

Pınar has been an advertising sponsor of Pınar Karşıyaka, a basketball team that has been contending in the Turkish Premier Basketball League since 1998. Pınar Karşıyaka represented Turkey in the Euro Challenge Cup games during the 2010-2011 season. In addition, nearly a thousand children also benefit from the facilities of the Çiğli Selçuk Yaşar Sports Center every year.

#### **"Listen to Me" project**

Pınar is the prime sponsor for the "Listen to Me" project conducted by the İzmir branch of the State Theater, Opera and Ballet Employees Foundation (TOBAV) in which training is to be provided to musically talented children and youths.

Under this project, students are given musical training in line with their individual abilities and skills while they are also helped to prepare for admission examinations and to take the first steps towards a career in music by attending fine arts lycees; the primary, middle, and high divisions of state conservatories; university music departments; and other music schools.

#### **Publications**

##### **Yaşam Pınarım**

First appearing in 2004, Yaşam Pınarım is a magazine published quarterly in runs of 10,000 copies by Pınar. Employing an engaging style and delivering unique content, Yaşam Pınarım seeks to establish and maintain bonds between the company and its consumers and business partners and with academic and governmental circles. The magazine is distributed free of charge.

##### **Pınar**

Pınar is a newsletter that is published quarterly. Intended mainly for the company's producers, Pınar is an important source of information for meat and dairy farmers.

### Fairs, congresses, and sponsorships

- Pınar Süt exhibited its products at the Yaşar Group Food & Beverages Division's stand at the 79th İzmir International Fair in 2010. Pınar also acted as a sponsor for the "11th In Search Of Perfection Symposium" conducted by the İzmir Quality Association.
- Pınar was a prime sponsor of the Forum İstanbul 2010 conference when it was held in İstanbul in May to discuss the theme of Turkey's emergence from the current global financial and economic crisis and where Turkey was likely to be going between now and 2023.
- Pınar Süt provides sponsorship support for the congresses, seminars, and exploratory conferences organized by the National Dairy Council and by the Federation of Food and Drink Industry Associations of Turkey.
- Pınar was on hand as a prime sponsor for the 3rd International Golden Cap Chefs Competition, which was organized by the Turkish Federation of Cooks and by the Antalya Chefs Association at the Antalya Expo Fair and Congress Center and in which nearly 2,500 cooks from all over Turkey took part.
- Pınar was a prime sponsor for the 1st National & International Tocology Students Congress held in May jointly by Ege University's Department of Obstetrics, the Association of Turkish Midwives, and Ankara University's Faculty of Health Sciences.
- Pınar was a prime sponsor for the 13th National Public Health Congress held in İzmir in October by Dokuz Eylül University and the Association of Public Health Specialists.
- Pınar was as a sponsor for the "11th In Search Of Perfection Symposium" conducted by the İzmir Quality Association.
- A panel discussion on the subject of "Drinking Milk and Health" that was organized jointly by the Yaşar Education and Culture Foundation and by two divisions of Ege University (Faculty of Engineering, Department of Food Engineering; Faculty of Agriculture, Department of Dairy Technology) took place in December with Yaşar University and Pınar Süt acting as sponsors.
- Pınar was a sponsor for the first "Safe Food Symposium" organized by the İzmir branch of KalDer in December 2010.
- Pınar Supported the United Nations World Food Day Congress organized in İstanbul by the Turkish Food Industry Employers' Association (TÜGİS) and by FAO as a prime sponsor.
- Pınar sponsored the "Local Chains Gathering Conference" held by the Federation of Turkish Retailers when it was held in İstanbul in April.
- Pınar was one of the sponsors of the "4th International Corporate Governance Summit" held by the Corporate Governance Association of Turkey.

### Awards & recognitions

The leading name in Turkey's milk and dairy products industry since the day it was founded, Pınar Süt was again the recipient of awards in 2010 from respected organizations in recognition of the company's high production standards, advanced technology, and innovative and principled business approaches.

Listening to its consumers' wishes and needs and quickly developing solutions to address them, Pınar is a brand that is consumer-focused. According to the third-quarter 2010 sectoral results of the Turkish Customer Satisfaction Index (TMME) survey, Pınar Süt ranked first in its sector with the highest (85%) level of customer satisfaction in the milk and dairy products category. This citation made 2010 the fourth year in a row that Pınar Süt had the highest level of customer satisfaction in the Turkish milk and dairy products industry as reported by TMME.

In TMME's second quarter 2010 survey, Pınar also had the highest level of customer satisfaction in the fruit juices category as well. In the conduct of this survey, attention was given to the criteria of customer expectations, perceived quality, perceived value customer satisfaction, customer complaints, and customer loyalty. According to the survey's findings, Pınar was the brand that ranked the highest in the fruit juices category with a customer satisfaction level of 83%.

In the 23rd "Golden Packaging" competition that is organized by the İzmir Packaging Laboratory of the Turkish Standards Institute, two Pınar Süt products—Pınar Cheese Spread and Pınar Cream Cheese—received the laboratory's "Golden Packaging" award.

On the occasion of "International Day of Persons with Disabilities", Pınar was awarded a plaque by the İzmir Metropolitan Municipal Council of Disabled Persons in recognition of its exemplary efforts and practices.

On the occasion of the 125th anniversary of the founding of the İzmir Chamber of Commerce, the İzmir Tax Office conducted a "2009 Tax Awards Ceremony" at İzmir Ekonomi University", at which Pınar Süt was cited as one of the top three taxpayers among the chamber's members in the corporation tax category. Pınar Süt was also awarded gold medals based on its reported pretax earnings and its export earnings performance.

In 2010 Pınar Süt received gold medals from the Aegean Chamber of Industry for its success in the "Highest Production Performance", "Highest Export Performance", "Highest Investment Performance", and "Highest Employment Performance In Production" categories. The company was also recognized for its performance in both the "Firm Paying The Most Tax" and the "R&D" categories.

