

For all of our stakeholders...

26.3%

Market share of turnover in the branded-product segment of the milk category.

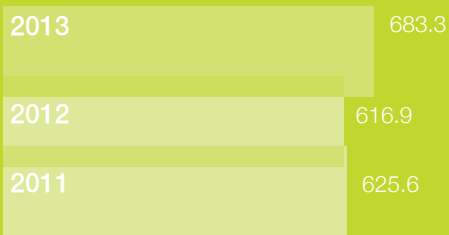
Pınar Süt in 2013

Well-defined and insightfully-implemented strategies gave Pınar Süt a 26.3% share of the branded products segment's total market turnover last year. 2013 was a year in which Pınar Süt continued to grow consistently and sustainably. (Nielsen 2013)

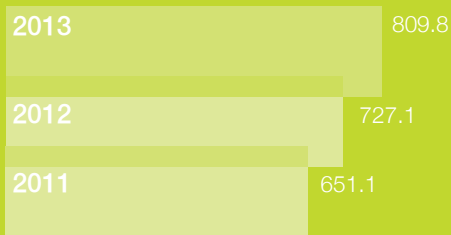
Pınar Süt once again occupied the market's leading position with turnover shares of 29.2% in long-life plain milk, 61.1% in light milk, 54.5% in fortified children's milk, and 38% in spreadable cheeses. (Nielsen 2013) In the flavored milks segment, Pınar Süt rose to first place in 2013 with a 19.5% share of its total turnover.

Conducted all year long in 2013, Pınar Süt's effective communication activities, campaigns focusing on consumers' needs, and new product launches enhanced the Company's brand potency and strengthened its leading position in nearly every market segment and category.



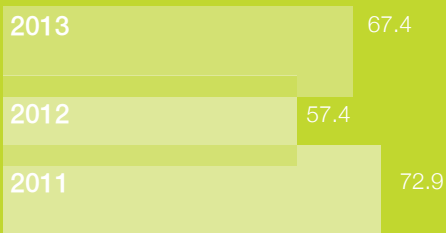
Total Assets (TL million)

Pınar Süt's total assets amounted to TL 683.3 million in value as of end-2013

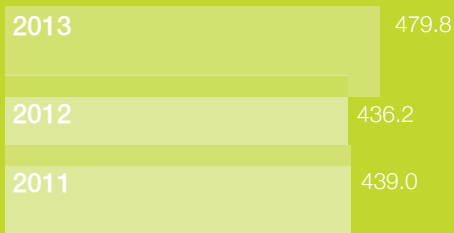
Net Sales (TL million)

In 2013, the Company's net sales increased by 11.4% and reached TL 809.8 million.

Pınar Süt's gross sales increased by 10.07% year-on in 2013 and reached TL 1.1 billion in value.

Net Profit (TL million)

Net period profit was higher in 2013 than they were in 2012, and weighed in at solid TL 67.4 million.

Shareholders' Equity (TL million)

In 2013 Pınar Süt's total shareholders' equity reached TL 479.8 million.

11.4%

Net sales in 2013 increased by 11.4% and were worth TL 809.8 billion.

Pınar Süt's sales tonnage was up by 3.2% and weighed in at 300 thousand tons.

Ratios

	2012	2013
Gross Profit Margin	19.9%	18.6%
Net Profit Margin	7.9%	8.3%
Current Ratio	1.6	1.5
Acid Test Ratio	1.0	0.9
Financial Leverage Ratio	0.3	0.3
Debt/Equity	0.4	0.4

29.2%

Pınar Süt is the market leader in the plain milk category with a 29.2% share of its turnover.

Effective communication activities, campaigns focusing on consumers' needs, and new product launches enhanced the Pınar Süt's brand potency and strengthened its leading position in nearly every market segment and category.

Market Shares

Total Long-Life (UHT) Milk

30.8%
Leader

Long-Life (UHT) Light Milk

61.1%
Leader

Organic Milk

92%
Leader

Fortified Milk for Adults

51.6%
Leader

Flavored Milk

19.5%
Leader

Fortified Milk for Children

54.5%
Leader

Butter

18%
Second

Spreadable Cheese

38%
Leader

Fresh Cheese

84%
Leader

Labne

50%
Leader

Cream Cheese

23%
Leader

Source: Nielsen, market shares on turnover basis





2013 developments by product category

Milks *

- **Plain milk:** Pınar Süt is the market leader in the plain milk category with a 29.2% share of its turnover.
- **Light milk:** Pınar Süt maintained its leading position with a 61.1% share of the segment's turnover.
- **Fortified milk for children:** Despite sharper competition in this category, Pınar Süt defended its market share with its "Pınar Kids" and "Pınar Toddler" products, remaining the undisputed leader with 54.5% of total turnover.
- **Flavored milk:** Campaigns whose effectiveness was boosted with the introduction of licensed "Smurf" characters in September stimulated demand in this category, whose total turnover increased by 21.1% year-on in 2013. The Company's "Pınar Kido" brand was the turnover leader with a 19.5% share.
- **Lactose-free/enriched milk:** Pınar Süt's "Denge" line remains the leader of this market with a 51.6% share of its total turnover.
- **Organic milk:** Pınar Süt controlled a 92% share of the organic milk segment's total turnover in 2013.

Cheeses

With a 38% share of its total turnover, Pınar Süt remains the leader of the spreadable cheeses segment. In the cream cheese category, Pınar Süt's "Pınar Beyaz" brand is the undisputed leader with an 84.2% share of turnover. The Company also controls turnover shares of 49.5% in the labaneh segment and of 23.3% in the processed cheese spread segment.

In 2013 Pınar Süt increased its sales of salted white cheese by 14% and 21% on a tonnage- and turnover-basis respectively.

Pınar Süt controls market shares of

- 20.4% in the triangular cheese category
- 6.5% in the salted white cheese category (up by nearly half a percentage point year-on)
- 7.5% in the kashkaval cheese category
- 46.5% in the sliced cheese category (leader)

Yoghurts & ayrans

The Company registered a 33% rate of year-on growth in the ayran category largely by means of positioning and marketing activities that set it apart from its competitors but also by listing products in new locations. Improvements in distribution have boosted our ranking to third place in terms of sales points reached and given us the highest market share since 2012.

Condiments

In 2013 Pınar ranked among the top four most popular brands in ketchups and was one of the top three in mayonnaises.

Sales in the ketchups market last year weighed in at 13,441 tons, a 1.5% year-on rise. The market's turnover grew by 6.5% and reached TL 68.4 million. Pınar's ketchups controlled a 13% market share last year.

In the market for mayonnaises, total tonnage amounted to 7,224 tons, which corresponds to a year-on rise of 4%. This market's turnover grew by 8% and reached TL 65.5 million. Pınar controlled a 16% share of the mayonnaise market's turnover.

Fruit juices

Sales in the fruit juices market reached 462,250 thousand liters in 2013, a year-on rise of 4%. Market turnover was up by 11% and reached TL 1.1 billion. Pınar-brand products controlled a 5.0% share of this market last year.



* Source: Nielsen, 2013

16.6%

Pınar Süt's exports increased by 16.6% on a USD basis in 2013.

Exports (USD million)



Share of Exports in Total Sales (%)



28

Pınar Süt is active in 28 national markets outside Turkey.



A name steadily gaining strength and recognition in international markets

Having formulated a vision of being a regional force on its way to becoming a global brand, Pınar has defined its strategic objectives accordingly. In line with this vision, Pınar engages in a wide range of activities that strengthen its brand image and increase its visibility in other countries, starting with those closest to its home market.

Firmly established as one of Turkey's most potent brands, Pınar Süt is active in no fewer than 28 markets abroad, principally Saudi Arabia, UAE, and Kuwait in the Gulf region; TRNC, Iraq, and Azerbaijan in the Near East; and Germany and UK in Europe.

Pınar Süt is concentrating its export efforts in Gulf and Middle East countries, where it has been active now for three decades. Pınar labaneh is the Company's most popular product in these countries and it commands market shares of 28% in Saudi Arabia, 36% in UAE, and 51% in Kuwait.

Pınar brand advertising and marketing activities also gained additional momentum in other overseas markets in 2013. Brand recognition was enhanced by means of communication campaigns in Iraq, Azerbaijan, and TRNC. These efforts have already begun to produce results. Research shows that while the Pınar brand had only a 16% level of recognition in dairy products before the communication campaign, it shot up to 52% afterwards. Communication activities were also intensified during the last quarter of 2013 in Azerbaijan, to which country Pınar Süt's exports increased by 16% on a USD basis last year.

Pınar's "Breakfast Cream", which has proven to be a star attraction in the Iraq market, was relaunched in new packaging weights, containers, and formats. Packaging was also redesigned to reflect local language preferences in products that have especially strong consumer appeal.

“Previous generations grew up healthy and strong with Pınar Süt: Now it's the Next Generation's turn”



A communication campaign that was conducted in the plain milk category during January and February 2013 focused on the message “Previous generations grew up healthy and strong with Pınar Süt: Now it's the Next Generation's turn”. This TV, radio, internet, and outdoor campaign was widely acclaimed among consumers.

Market-share-boosting campaigns and their results

Milks

In the plain-milk category, a “Previous generations grew up healthy and strong with Pınar Süt: Now it's the Next Generation's turn” communication campaign was conducted during January and February. This TV, internet, and outdoor campaign was greatly appreciated among consumers.

A “Jobs” campaign conducted in May and June sought to increase consumer appeal by means of packaging differentiated according to its underlying “Growing Up” message. Packaging was designed to reflect different occupations while also encouraging children to drink milk. Those who played the “Jobs” game on the Company's Facebook page received prizes.

For Mother's Day, consumers were invited to leave messages for their mothers on the “I'm Growing Up With Pınar Süt” page on Facebook, which has 130,000 subscribers. Participants in this campaign also received prizes. Messages entered in the “I'm Knitting My Love For My Mother” campaign were selected for use in company press releases.

In the light milk category, marketing was intensified beginning in April in order to benefit from heightened consumer weight-consciousness in the run-up to the summer season. Internet communication was used in and a “diet festival” was sponsored during April-June and an interactive “My Calorie Counter” module was added to the Facebook page in May.

For the children's product line, TV communication was used during a short-term campaign in April and May that involved a relaunch under the heading

“Triple Support For Your Child's Development”, the content of the internet page was enriched, and support was also provided in the form of magazine ads. During this campaign, the physical, mental, and immune-system benefits of children's milk was visually reinforced on all children's milk packaging. The functional features of these products were also communicated to consumers through the “Mother's Diary” Facebook page with the support of a pediatrician all year long during 2013.

In the flavored milks category, communication activities were conducted all year long for the “Kido” brand in order to strengthen its position. Two campaigns were conducted: “Kido Comic Book” in January and February and “Kido Undersea” in June through August. During these campaigns, prizes capable of attracting children's attention and entertaining them were handed out. TV ads were also broadcast in line with these campaigns.

In the wake of the licensing agreement with the “Smurf” franchise, Pınar Süt has begun introducing Smurf characters along with Kido in all of its packaging and communication activities as part of the transition. A TV spot containing both was broadcast during a “back-to-school” campaign in the fall. Interactive applications designed for children were hosted on kido.com.tr in parallel with these campaigns all year long.

In the flavored milks for adults category, a new coffee-flavored product, “Çikola Latte” was added to the Çikola line in July.

For the “Denge” line of milks, product-promotional brochures were handed out and information was disseminated during the “Diet Festival” both to establish communication with consumers and to increase product visibility.



By adopting an approach that set Pınar-brand ayran apart from others in the market, this product was one of the fastest-growing categories in the Pınar Süt portfolio last year.

46%

Promotional activities resulted in 46% tonnage increase in Pınar-brand cheese spreads.



Cheeses

The “Meşhur Eder Lezzeti” campaign conducted for Pınar Labaneh continued in May 2013 with a new TV commercial. Consumers’ attention was also attracted to the product through social media by means of a large number of recipes incorporating the product that were posted on the Pınar Labaneh Facebook page. Tastings of pastries made with the product were conducted in shops and stores that are popular among women, at which time free recipe cards were also handed out.

In November we began collaborating on the Pınar Labaneh product for the first time with women’s TV programs that attract big daytime audiences. The Star TV program “Melek” was sponsored and Pınar Labaneh recipe demonstrations/product placements were used once a week with TV cook/presenter Sahrap Soysal. Advertorials are also broadcast twice a week. A similar arrangement with the “Zahide ile Yetiş Hayata” was introduced on ATV in late December.

For the Pınar Beyaz Çikolatalı product, a chocolate-flavored cream cheese that was launched for the first time in Turkey in October 2012, a promotional campaign was conducted in January 2013 with the motto “Çikolata Seven Çocuklara Kahvaltısı Sevdiren Beyaz”. Pınar Beyaz’s market share, which was 84% in October 2012, reached 86% in January 2013.

For Pınar-brand cheese spreads and wedges, a “Bana Bana” campaign was mounted in April and May in which TV, radio, outdoor, cinema, and internet were used as media. A below-the-line “Reklam Oburları” campaign was deployed to reach young-adult university students. Under the “Ofiste Hayat Var”, Pınar-brand triangular cheese products were handed out at twenty business centers. These campaigns were also supported by means of store tastings and demonstrations. As a

result of these activities there were post-campaign tonnage increases of 33% and 46% respectively in Pınar-brand triangular cheese and cheese spread products. These rises similarly boosted the products’ market shares by two and three percentage points.

Yoghurts & ayrans

For plain yoghurts, which are the biggest-selling segment of the yoghurt category, product visibility and sales were increased during the month of Ramadan by means of store displays and outdoor advertising.

To enhance both shelf attraction and individual consumer appeal in the plain yoghurt category, in-store sales-support activities were conducted during which bags sporting Pınar yoghurt visuals were handed out as gifts to boost product appeal. Product synergies were exploited by taking advantage of Pınar Su’s distribution and household penetration in order to promote Pınar-brand yoghurt.

In the light yoghurt category, promotional materials were handed out along with products while both shelf visibility and consumer appeal were enhanced during the pre-summer season.

The design of PET-bottled ayran products was changed with the introduction of handled packaging designed to make it easier for consumers to carry and use the bottles. The new packaging significantly increased the appeal of the product among consumers while also enhancing product shelf visibility. Pınar also launched an innovative communication campaign, the first of its kind in this product category, targeted at children and families with children. This campaign attracted consumers’ by taking as its point of departure the importance of ayran in helping children to grow up big and strong and the flavorful appeal of ayran among children. By adopting an approach that set Pınar-brand ayran





Long been popular in other national markets, a vanilla-flavored custard sauce with texture and flavor features adapted to conform to Turkish tastes and consumers' needs was introduced in Turkey by Pınar in 2013 under the "Kremilla" name.

apart from others in the market, the product was one of the fastest-growing categories in the Pınar Süt portfolio last year.

A mix of media was deployed along with TV communication during this campaign that included effective use of an easily-recalled radio advertising jingle. Along with TV and radio spots, outdoor advertising was used in Istanbul's summer resort districts. A campaign individually communicating with consumers was conducted by means of point-of-purchase (POP) and sales support activities undertaken in the field.

Under-license Smurf characters were introduced on Pınar-brand 200-ml ayran containers in a campaign aimed at increasing the appeal of wholesome beverages among young children. This implementation distinguishes Pınar as the first brand to deploy child-appealing franchise characters in the ayran category. The product was relaunched through TV spots broadcast on children's channels and also by means of outdoor ads. Its consumer appeal was also enhanced through effective POP, sales-support, and promotional activities.

Custard sauces, which have long been popular in other national markets, were introduced for the first time in Turkey by Pınar in 2013 under the "Kremilla" name. This is a vanilla custard sauce whose texture and flavor features have been specifically adapted to conform to the Turkish palate and to Turkish consumers' needs. Benefiting from Pınar's well-established reputation for flavor and wholesomeness, this product is offered in 500-ml containers.

Powdered products

In the powdered products category, seasonal-discount packages were put on sale. In the run-up to New Year's, specially-designed and labeled promotional packs enhanced products' in-store visibility. Two-for packs of Pınar whipped cream and banana pudding were offered during the strawberry season to consumers, who were also made aware of the campaign by means of POP activities. Tasting activities were implemented at POS (point-of-sale) and visibility was increased via use of stands and POP/displays at POS.



Condiments

The in-store visibility of Pınar-brand condiments was increased by means of stand placements and seasonal labeling and consumer promotions. Product appeal was enhanced by means of kitchen aprons, condiment dispensers, and glass bowls gifted along with eco-packs. In December a "New Year's Pack" containing Pınar-brand mustard, ketchup, and mayonnaise was introduced to consumers. The small-pack segment has been gaining increasing importance in condiment sales recently. In recognition of this, mini-containers of ketchup and mayonnaise were introduced, thereby establishing Pınar firmly in a segment that already accounts for 14% of the condiments market.



twitter

The corporate Twitter account is used to provide consumers are provided with specially-created recipes, press releases, announcements, and holiday- and week-specific celebratory messages.

Pınar Süt made intensive use of social media during 2013 as a way of further strengthening its communication with consumers.

first

A “Pınar’la lezzet canlandı” communication was conducted along with the changeover to containers fitted with Handy-Cap closures, the first such to be used in fruit juices in Turkey.



Fruit juices

A “Pınar’la lezzet canlandı” communication was conducted along with the changeover to containers fitted with Handy-Cap closures, the first such to be used with fruit juices in Turkey. The TV ad's fresh fruit theme was highlighted by means of lively music and images of natural fruit. Other concepts communicated in the spot were the enjoyment of life inspired by superior flavor and the association of Pınar-brand fruit juices with bringing a family together in an enjoyable activity. Attention was also placed on the newly-introduced convenience closure that makes the container easier to drink and prevents juice from being spilled even when used by children.

This campaign was supported by means of TV, radio, and outdoor media. Communication was also enhanced through Pınar-related songs posted on music websites such as fizy.com and karnaval.com.

Along with attractive in-store displays and POP activities, consumers were also given opportunities to play a specially-designed game in which Pınar-brand fruit juices were featured.

Under-license Smurf characters were introduced on Pınar-brand 200-ml nectar and pure fruit juice containers. The introduction was announced by means of activities conducted at various locations in shopping malls during which consumers' attentions were also attracted by Smurf-themed glasses.

Social media

- **twitter.com/PınarKurumsal:** Consumers are provided with specially-created recipes, press releases, announcements, and holiday- and week-specific celebratory messages via the Company's corporate Twitter account. A special twitter.com/InfoPınar page was also opened in order to separate consumers' wishes, needs, and suggestions from the corporate page so that they may be dealt with more effectively. This page is monitored by the Pınar Communication Center, which is responsible for resolving any issues that may come up.
- **www.facebook.com/LightYasaminSirlari:** Focusing on “Light” products and living as a lifestyle choice, the Pınar “Secrets of Light Living” Facebook page hosts constantly-renewed content intended to appeal to consumers and encourage them to adopt healthier lifestyles.
- **www.facebook.com/PınarLabne:** This Facebook page concerning Pınar-brand labane hosts content and recipes designed to appeal to consumers.
- **www.facebook.com/PınarSutleBuyuyorum:** This is a Facebook fan page that was opened in order to establish and maintain continuous and measurable communication with its target audience, defined as women in the 25-45 age group. This page is deployed to conduct a variety of campaigns and contests.
- **www.facebook.com/anneningunlugu:** “Mother's Diary” is a Facebook page set up to provide detailed information about Pınar-brand products as well as other matters that are of interest to mothers and their children.
- **www.facebook.com/PınarKido:** The Pınar Kido Facebook contains information about the product's campaigns and also hosts a variety of activities aimed at children.



In line with its strategic plans as defined by its sustainable growth policies, Pınar Süt decided to set up a third dairy plant.

Production capacity invigorated by new investment

Because innovation and change are such important elements of Pınar Süt's corporate culture, the Company adheres to an investment program that constantly builds upon its existing technology and knowledge bases and transforms the strengths they nourish into competitive advantages while also keeping pace with changing sectoral conditions.

Pınar Süt Şanlıurfa Plant

An important goal of Pınar Süt's third dairy plant is to bring to the city of Şanlıurfa and all of southeastern Turkey the newest instance of the social-contribution model that the Company introduced in İzmir, continued in Eskişehir, and has been adhering to for forty years without interruption as a way of creating value for the national economy.

Following up the investments that Yaşar Holding undertook in the Aegean (İzmir) and Central Anatolian (Eskişehir) regions, Yaşar Holding is now fulfilling its responsibilities towards the improvement of animal husbandry and farming in southeastern Turkey as well. The Pınar Süt Şanlıurfa Plant, work on which began in 2013, represents the biggest investment undertaken by the Company in recent years.

As originally conceived, the Şanlıurfa plant will be producing milk, yoghurt, ayran, and fruit juice at the outset; however the project has been designed so as to allow production to be tailored and diversified as requirements dictate. State-of-the-art energy-efficient and eco-friendly automation and production technologies have been incorporated into the plant.

The Pınar Süt Şanlıurfa Plant is a project designed to make the most of the efforts of thousands of local dairy farmers: milk will be procured not just from Şanlıurfa itself but also from neighboring towns and provinces. In order to ensure that their production complies with Pınar Süt's strict quality-assurance standards, farmers will be provided with training and the local dairy industry as a whole will be improved through veterinary and artificial insemination services. Owing to its proximity to other countries' markets, export demand is expected to contribute substantially to the plant's growth.

support

The plant will contribute to the development of dairy farming in the region.



49.5

Pınar Süt's total investments amounted to TL 49.5 million in 2013.

In addition to its investment in the new Şanlıurfa plant, in 2013 also gave considerable attention to renovation investments at its İzmir and Eskişehir plants last year.

260

Pınar Süt's total production area amounts to 260 thousand m².

Investments in 2013

In addition to its investment in the new Şanlıurfa plant, in 2013 also gave considerable attention to renovation investments at its İzmir and Eskişehir plants last year. Total investments in 2013 amounted to TL 49,506 thousand of which TL 14,458 thousand was for land, buildings, and improvements, TL 32,423 thousand for machinery & plant, TL 1,804 thousand for fixtures, and TL 821 thousand for rights.

The Company's 2013 investments at all three locations were covered by investment incentives certificates as follows:

- TL 26,331,149 under investment incentives certificate 110580 dated 28 May 2013 for the new investment at the Şanlıurfa plant;
- TL 13,261,031 under investment incentives certificate 109071 dated 21 February 2013 for renewal investments at the Eskişehir plant;
- TL 2,696,891 under investment incentives certificate 109075 dated 27 March 2013 for renewal investments at the İzmir plant.

Production Facilities (m²)

	İzmir	Eskişehir	Total
Indoors	53,341.23	35,825	89,166.23
Outdoors	56,733.78	114,175	170,908.78
Total Area	110,075.01	150,000	260,075.01



Corporate governance rating

According to a corporate governance compliance report issued by SAHA Corporate Governance and Credit Rating Services, Pınar Süt scored 8.87 points out of a possible 10 in a report published in November 2012. In SAHA's follow-up report, Pınar Süt's rating was raised to 9.15 as of 2013.

In 2013



Awards & recognitions

- According to a survey of Turkey's most admired companies conducted by Capital, a business and economics magazine, and GfK Türkiye, Pınar Süt ranks first in the milk and dairy products sector.
- As reported by the RepMan Reputation Survey Center, according to a survey conducted by GfK Türkiye in which 16,243 people in all seven of Turkey's geographical regions were polled and which ranks companies and sectors on the basis of their perceived reputations, Pınar numbered among Turkey's ten most highly respected companies. In this year's popularity poll, Pınar advanced from 8th to 7th place.
- One out of four brand in the Superbrands list was from Food&beverage category. Pınar was also awarded as a Superbrand.
- During the Turkey Customer Satisfaction Index (TMME) award ceremony at which were announced the results of a survey conducted by KalDer, the Turkey Quality Association, querying about 275,000 consumers, Pınar ranked third among a field of 119 brands.
- Fruit Juice Sector: TMME Continued Achievement Award - Golden Statue
- Fruit Juice Sector: TMME 2012 Sectoral First Place - Silver Statue
- Milk & Dairy Products Sector: TMME 2012 Sectoral First Place - Silver Statue
- According to the same index's 2012 Q2 results, Pınar-brand fruit juices once again achieved the highest level of customer satisfaction in the fruit juice sector, retaining the standing as the brand most liked by consumers that it has enjoyed for four years in a row. With a total of 80 points, the packaged water and fruit juice sectors ranked first among the industries with the highest ratings among those surveyed by TMME in the second quarter of 2013.
- In 2013 Pınar Süt was the recipient of the Aegean Region Chamber of Industry's (EBSO) first-place awards in the "Highest Export Performance", "Highest Investment Performance", "Highest Production Performance" and "Most Manufacturing Jobs Provided" categories and third in the "Most Tax Paid" category.
- At the İzmir Chamber of Commerce's annual taxpayers' award ceremony, Pınar Süt was one of three chamber members who received recognition as paying the most corporation tax in the province of İzmir. The Company received gold medals in the milk and dairy products group based on its net reported commercial earnings and its foreign exchange earning performance.
- In a survey of "the most mom-friendly brands" conducted by the MOM-Z Platform, a civil society undertaking led by "Generation Z" mothers, Pınar Süt ranked first as the brand mothers most identified with.
- Pınar Süt received the MediaCat Felis "Best use of outdoor media" award for the effective implementation of its "I grew up, I grew up, I grew up in Pınar" campaign.
- In the "Outdoor Advertising Contest" organized by A Awards, Pınar Süt received awards in the "Best FMCG Advertising" and "Best Customized Application" categories.
- Pınar Süt tremendous attention-getting "I grew up with Pınar" campaign was cited by MediaCat as one of 2013's top ten "Most Insightful" ads in a survey embracing all sectors.



For our customers and consumers...



The Pınar Süt Product Portfolio



Milk

Boxed Milk

- Long-Life Milk
- Organic Milk
- Organic Light Milk
- Pasteurized Day-Fresh Milk
- Pınar Kido Milk (Strawberry, Banana, Cocoa, Biscuit, Chocolate & Strawberry, Chocolate & Wafer Mash)
- Pınar Adult Flavored Milk for Adults (Chocolate, Chocolate Latte)
- Bottled Milk
- Light Milk
 - 50% Light Milk
 - 0.1% Light Milk

Fortified Milks

- Pınar Kids Follow-On Milk
- Pınar Kids Follow-On Milk (Honey-flavored)
- Toddler & Follow-On Milk (plain)
- Denge Calcium + Vitamin A, D & E Milk
- Denge Lactose-free Milk

Yoghurt

- Pınar Natural Yoghurt
- Pınar Natural Half-Fat Yoghurt
- Pınar Natural Full-Fat Yoghurt
- Pınar Natural Light Yoghurt
- Organic Yoghurt

Ayran

- Pınar Şişe Ayran (bottled)
- Pınar Bardak Ayran (individual portion)
- Pınar Light Ayran

Cheese -Butters

Spreadable Cheeses

- Cheese Spread
- Thyme & Olive Cheese Spread
- Cheddar Cheese Spread
- Pınar Cream Cheese
- Pınar Light Cream Cheese
- Pınar White with Chocolate
- Pınar Labaneh
- Pınar Light Labaneh

Convenience Cheeses

- Toasting Cheese Slices
- Sliced Burger Cheese
- Pınar Kido Triangular Cheese
- Full-Fat Triangular Cheese
- Thyme & Olive Triangular Cheese
- Cheddar Triangular Cheese
- Half-Fat Triangular Cheese
- Light Triangular Cheese

Traditional Cheeses

- Fresh Kashkaval
- Full-Fat White Cheese
- Light White Cheese
- Organic White Cheese

Butters

- Cupped Butter
- Traditional Butter
- Roll Butter
- Block Butter
- Portioned Butter

Specialty Cheeses

- String Cheese
- Cheddar Cheese
- Mozzarella Cheese



Fruit Juices

Fruit Nectars

- Sour Cherry Nectar
- Peach Nectar
- Mixed Mediterranean Fruit Nectar
- Apricot Nectar
- Orange Nectar
- Sour Cherry & Apple Nectar

100% Pure Fruit Juices

- Pınar 100% Pure Orange Juice
- Pınar 100% Pure Apple Juice
- Pınar 100% Pure Peach & Apple Juice
- Pınar 100% Pure Apricot & Apple Juice

Fruit Drinks

- Pınar Tropical
- Pınar Orange & Peach
- Pınar Orange, Carrot & Lemon
- Pınar Orange, Pear & Apple
- Pınar Pear & Pineapple

Condiments

Sweet Sauces

- Pınar Chocolate Sauce

Mayonnaises

- Jar Mayonnaise
- Light Mayonnaise

Ketchups (regular & spicy)

Mustards

Pınar Whole Cream

Pınar Süt krem (Clotted Cream)

Kremilla (Custard)

Desserts

Convenience Desserts

- Kido Puddings (cocoa, banana)
- Puddings (cocoa, banana, vanilla, bitter chocolate, chocolate & hazelnut flavored, supangle)
- Chantilly Cream

Bulk-Packed Products for the Food Trade

Milk

- Food Trade Milk full-fat & half-fat)
- Pınar Bag-In-Box Milk (full-fat & half-fat)

Cheeses

- Pınar Labaneh
- Pınar Cream Cheese
- Pizzarella
- Toasting Cheese Slices

Butters

- PVC-Tub & Foil-Wrapped Portions
- Roll Butter

Yoghurt

- Pınar Natural Yoghurt

Ayran

Dehydrated Milk for the Food Trade

- Dehydrated Skim Milk
- Dehydrated Full-Fat Milk
- Dehydrated Whey

Condiments

- Food Trade Mayonnaise
- Food Trade Ketchup
- Bucket Mayonnaise
- Bucket Ketchup



28

In 2013 there were two new product launches and 26 packaging projects.

Developing consumer-focused products that conform to the needs of the Turkish market, Pınar Süt keeps a close watch on the world's leading food-industry trends.



New products introduced to the market in 2013

Maintaining its innovative approach in the sector and continuing to give importance to consumers' needs, Pınar Süt added two new products to its portfolio in 2013 while also carrying out 26 packaging projects in different product categories.

New products

- Çikola Latte
- Kremilla

Packaging projects

- Kahvaltı Keyfi 400 gr
- Kahvaltı Keyfi 800 gr
- Cheese Spread 100 gr
- Cheese Slices 200 gr
- Denge Calcium 1/5
- Denge Lactose-Free 1/5
- Pınar Light Milk 50% 1/5
- Pınar Light Milk 0% 1/5 6-MP
- Pınar Toddler 1/5
- Ketchup 300 gr
- Mayonnaise 255 gr

AFH - Dairy Group

- Yoghurt AFH 200 gr
- Yoghurt AFH 200 gr Half Fat
- Yoghurt AFH 150 gr Half Fat
- Pınar Labaneh AFH 20 gr
- Triangular Cheese Half Fat 15 gr AFH
- Butter 2 kg AFH
- Milk Full Fat 1/5 AFH
- Milk Half Fat 1/5 AFH
- Milk No-Fat 1/5 AFH
- Milk No-Fat 1/1 AFH
- Ayran AFH 200 ml
- Ayran AFH 300 ml

Exports

- Cheese Spread 160 gr (Special Formula)
- Breakfast Cream 200 gr
- Triangular Cheese (full-fat, light, and half-fat in Arabic-language packaging)

Product packaging projects

Changes were made in product packaging in order to draw attention to the features that make Pınar-brand products preferred at points-of-sale and among final consumers. At the same time, priority was also given to packaging materials optimization in line with the Company's sustainability approach.

Some of the packaging changes necessitated revisions in the Eskişehir plant's ayran bottling line. Beginning in May 2013, the 1- and 1.5-liter bottles of this product were fitted with plastic handles that make the containers easier to carry and use.

Innovative R&D

Developing consumer-focused products that conform to the needs of the Turkish market, Pınar Süt keeps a close watch on the world's leading food-industry trends. Pınar Süt continues to innovate in line with the importance that it gives to goal-focused R&D, sustainability, and environmental awareness. In 2013 the Company introduced the first vanilla-flavored custard sauce to the Turkish market under the "Pınar Kremilla" name. This thick vanilla-flavored custard can be conveniently used in a variety of ways such as a filling for pastries and as a flavoring in and sauce for desserts. It is also suitable for eating in its own right as an accompaniment to fresh fruit.

"Pınar Çikola Latte", which was launched in the second half of 2013, is a product that combines the flavor and appeal of chocolate and coffee. Suitable for drinking both hot and cold, the product drew attention as an attractive, dairy-based alternative beverage.

Pınar Süt quality approach and management systems

Pınar Süt's primary goal is to offer consumers high added-value products that are natural and wholesome. With production compliant with international standards, its innovative structure, and determination to satisfy consumers' needs, Pınar Süt has the richest line of milk and dairy products on offer in Turkey today. Exploiting all of the benefits of existing and new technologies, Pınar Süt keeps pace with, acquires, and implements national and international developments in such areas not only in terms of production methods, machinery, and equipment, but also with respect to such issues as marketing, product & quality improvements, packaging, information systems, logistics, and consumer convenience.

Pınar Süt has been involved in assessing and achieving compliance with the control mechanisms and certification procedures related to the production of heat-treated milk and dairy products for export to the European Union since 2000.

These activities are conducted in collaboration with the European Commission Directorate-General for Health and Consumer Protection, European Commission Food and Veterinary Office (FVO) specialists, the Turkish Food, Agriculture and Livestock Ministry, certified dairy farms and dairy plants, and the Turkish Packaged Milk and Milk Products Manufacturers Association. Last year FVO officers conducted a ten-day round of audits in Turkey that began on February 28th.

These audits were carried out under the separate headings of "Legal Framework & Competent Authority", "Business Registration and Identification of Animals", "Laboratory Services", "Farm Controls", "Post-Harvesting Raw Milk Controls", and "Dairy Enterprise Government Controls". Based on its ability to fulfill general and specific hygiene requirements and to carry out production in compliance with EU standards, Pınar Süt was granted approval to export its products to EU countries. Pınar Süt's "EU Milk and Milk Products Export Certificate of Approval" was published in the EU's official journal in April 2013.

Pınar Süt has been awarded ISO 22000 Food Safety Management System and FSSC 22000 Food Safety Management System certifications in recognition of its compliance with international standards.

Focusing on environmental safety in its production and packaging materials, Pınar Süt takes every possible precaution to conserve natural resources in the conduct of its activities. The company first qualified for TS EN ISO 14001 Environmental Management System certification as long ago as 2003. More recently in May 2013, Pınar Süt was awarded TS 18001 Occupational Health and Safety Management System and TS EN ISO 50001 Energy Management System certifications in further recognition of its ongoing efforts in this direction.

In line with its environment, energy, and occupational health & safety policies, Pınar Süt:

- Complies with all applicable laws and regulations concerning environmental protection and the reduction of environmental pollution, energy conservation, and occupational health & safety;
- Makes use of production methods which are not detrimental to environmental or human health and which reduce resource consumption;
- Abides by principles and engages in efforts to reduce, recover, and recycle waste;
- Develops maintenance programs and undertakes new investments aimed at reducing its energy use;
- Engages in efforts to reduce water consumption, seeks new ways to reuse water discharged during the conduct of production processes, and strives to minimize waste water effluents;
- Educates its employees, customers, and suppliers on issues related to environment, energy, and occupational health & safety issues.

The Company formulates and implements environmental management programs that are focused on making productive use of natural resources, minimizing the environmental impact of waste on the receiving environment, ensuring the environmental safety of raw materials used in production processes, improving production process environmental performance, and performing qualitative and quantitative effluent controls.

Developments in operational improvements and cost optimization

Having created many firsts in Turkey as a company which defines, advances, and transforms the sector in which it operates, Pınar Süt places innovation at the heart of its corporate culture.

OCI (introduced in 1999) and Lean Six Sigma (introduced in 2007) practices create significant benefits at Pınar Süt by enabling the Company to effectively manage its costs.

Pınar Süt successfully conforms to TS EN ISO 14001:2004 Environmental Management System, TSE ISO EN 22000 Food Safety Management System, and FSSC 22000: PAS 220 Food Safety Management System requirements and holds certifications for all four.



1,200

Turkey's biggest and strongest sales and distribution network, Yaşar Birleşik Pazarlama employs a fleet of more than 1,200 vehicles in the conduct of its operations.

85% of Pınar Süt's sales are made through Yaşar Birleşik Pazarlama, Yaşar Holding's sales and distribution company.

91%

A poll conducted among consumers who contacted the Pınar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.



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.

Lean Six Sigma projects

In 2013 Pınar Süt carried out eight Lean Six Sigma projects at its Eskişehir and İzmir production facilities. First introduced in 2008 and continued ever since, these bring the total number of projects deploying the Lean Six Sigma methodology to 45.

The projects undertaken in 2013 were designed to reduce and improve process variability, to improve operational costs, and to manage environmental risks.

The common goal of all Lean Six Sigma projects is to achieve operational excellence by responding flexibly and nimbly to customers' expectations as they evolve over time. In addition, the Lean Six Sigma philosophy makes it possible to create a customer satisfaction structure that is constantly made better through efforts to achieve quality, cost, and delivery time improvements.

Information technology infrastructure

A number of major changes were made in Pınar Süt's information technology (IT) infrastructure in 2013 in order to improve business continuity, data security, and cost effectiveness. These changes significantly boosted performance and contributed to business productivity. Another change last year involved incorporating new product development processes into the existing SAP system. By providing a common work platform, this has improved data consistency and process monitoring.

Milk procurement project

All milk procurement operations have been incorporated into the SAP system. By placing milk acceptance, quality control, pricing, and invoicing processes under the control of this system, significant progress was achieved in reliable data flows, automation, pricing speed, and detailed reporting.

Pınar Communication Center

Pınar's "Consumer and Customer First" principle demands that all company units quickly and correctly perceive not just consumers' but all external and internal customers' needs and take a nimble, proactive, and innovative approach in responding to their expectations for a better way of life. Adhering to a customer-focused business approach, Pınar Süt carefully examines and gives importance to requests and suggestions received from consumers.

Accessible from everywhere in Turkey on 444 7626 without the need to dial an area code, the Pınar Communication Center (PİM) is staffed by live operators who are on duty and respond to incoming calls between the hours of 07:00 and 23:00 every day of the week. Their job is to ensure that callers are provided with the information that they need as quickly as possible. PİM has a call success rate of about 90% and 92% of all calls are answered

within 15 seconds. Last year a dedicated PİM Twitter account was opened by means of which it is possible to examine and respond to consumers' wishes and suggestions submitted through social media. Satisfaction surveys are regularly conducted among consumers who contact the center in order to systematically quantify PİM's service levels. A poll conducted among consumers who contacted the Pınar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.

Distribution

85% of Pınar Süt's sales are made through Yaşar Birleşik Pazarlama, Yaşar Holding's sales and distribution company.

Yaşar Birleşik Pazarlama

Turkey's biggest sales and distribution network

Operating through 9 regional departments, more than a 100 dealerships, and 150 thousand sales outlets, Yaşar Birleşik Pazarlama ensures that Pınar-branded products reach customers and consumers in the freshest, most wholesome, and fastest way possible. With more than 500 types of product in 17 different categories maintained under three different degrees of climate control, Yaşar Birleşik Pazarlama is one of the biggest and most important sales and distribution organizations in Turkey.

Yaşar Birleşik Pazarlama employs a strong team of specialized, customer-focused, and experienced personnel and a fleet of more than 1,200 vehicles to sell and distribute the products made by the Yaşar Group Foods Division.

Keeping customer channels supplied with the products in the Company's portfolio in order to ensure both that the maximum number of sales outlets is reached and that product diversity is maximized at each outlet, Yaşar Birleşik Pazarlama's extensive and efficient distribution clout contributes significantly to Pınar-branded products standing as market leaders.

Because it conducts all of its business activities on the basis of efficiency and effective reporting, Yaşar Birleşik Pazarlama deploys state-of-the-art software systems to keep track of and report its operations and their results.

With its talent for managing results-focused customer relations and believing in the value of a qualified workforce that works as a team, Yaşar Birleşik Pazarlama develops and implements training programs which are compatible with its own business practices and which improve the sales and professional skills of its own personnel and those of its business partners.

Fundamental to all of Yaşar Birleşik Pazarlama's operations is a strategy that seeks to optimize transport costs and achieve effective stock management by maximizing sales outlets, product diversity, activities, customer relationship management, data management, and teamwork and by minimizing financial risks.

Yaşar Birleşik Pazarlama continues to develop new projects capable of increasing its economic efficiency and service quality as well as new practices that will improve productivity.

Pınar Professional

According to figures published by the Turkish Statistical Institute, the away-from-home (AFH) market in Turkey is estimated to be worth TL 33 billion a year. In 2012 an AFH Marketing Department was set up in Yaşar Birleşik Pazarlama and began exploring opportunities and strategies for expanding the Company's expansion into the AFH business line.

In 2013 Yaşar Birleşik Pazarlama became a member of ETÜDER, a professional of suppliers who cater to the AFH consumption trade and whose membership consists of the sector's leading firms. On 28-31 March, the Company took part in AFH EXPO 2013, a trade fair organized jointly by ETÜDER and CNR Expo, and made use of the occasion to once again draw attention to the Pınar's stature as the sector's most important brand. As a crucial element of its AFH communication strategy, Yaşar Birleşik Pazarlama began developing communication with chefs and cooking professionals who are recognized opinion leaders. Last year the Company continued to develop more products suitable for the AFH channel.

AFH

Yaşar Birleşik Pazarlama continued to develop products suitable for the AFH channel in 2013.

PINAR | Profesyonel



For our suppliers...

25,000

Pınar Süt has more than 25,000 producers.

In order to ensure that it has access to superior quality raw milk, Pınar Süt works with more than 200 contractual dairy farms whose production conforms to EU standards and who identify with the Pınar Süt quality philosophy.

210

Pınar Süt works with 210 dairy farms that have been awarded "Approved Dairy Farm" certification.

The founder and leader of the Turkish organized dairy industry, Pınar Süt held a convention attended by 300 of its milk producers from different parts of Turkey at the Altın Yunus Hotel in Çeşme as part of its 40th anniversary celebrations.

Of the 210 dairy farms with which Pınar Süt works, fifteen hold disease-free certification and five hold "Approved Dairy Farm" certification, the latter of which recognizes that their milk production conforms to EU standards.

The quality values of milk procured from farms are reported back to producers on a daily basis. This feedback keeps producers informed about the current standing of their output.

Milk is procured from 440 chilling stations, 210 of which are located on a dairy farm.

In order to keep its producers informed and aware about the need to produce wholesome milk, Pınar

Süt conducts training programs for them on such issues as milk quality, herd health, animal nutrition, preventive medicine.

The more than fifty producer training meetings that were held in villages and towns during 2013 were attended by over 2,500 producers.

During such meetings, participants are provided with information on a wide range of topics related to the impact that animal health has on milk quality and quantity such as hygiene and correct milking practices, the importance of healthy calves to herd sustainability, silage and ensilaging practices, and the identification, detection, and prevention of harmful substances that may be present in feed.

A training program for milk tanker drivers was launched in order to help maintain quality control even while harvested milk is being transported to plants.



For our employees...

One of the most important assets underlying all of Pınar Süt's success is people—which is to say its employees.

1,035

Pınar Süt had an average of 1,035 people on its payroll.

Recognizing that its growth and development are rooted in the bedrock of its human resources, Pınar Süt formulates and manages its human resources policies in line with its basic business policies and strategies so as to ensure that the Company always has the effective, productive, and loyal personnel that it needs.

As is true at all Yaşar Group companies, Pınar Süt's human resources strategy is rooted in the principle of "Improve manpower productivity by increasing the number of competent and effective human resources". Taking that as its point of departure, Pınar Süt seeks to attract the labor market's most talented, qualified, creative, innovative, motivated, and high-performing people, to further improve the quality of its workforce, and to strengthen employee loyalty through fair-minded human resources policies and practices that win the hearts and minds of its personnel.

Aware that high levels of employee motivation and loyalty create a significant advantage in achieving success more quickly, Pınar Süt has been soliciting feedback from its personnel through employee opinion surveys that it has been conducting regularly every other year since 1998. In 2012 a pilot project exploring the possibility of taking the poll online through the Yaşar Group corporate intranet met with considerable success. The plan now is to conduct the biennial Employee Opinion Survey in this way. All Yaşar Group white-collar personnel will be queried in the 2014 online survey with blue-collar workers being included in future ones as well.

During 2013, Pınar Süt provide a total of 14,706 hours of training to its employees. Average training time per person was 9.2 hours.

In 2012 Pınar Süt launched a pilot project to create a new training platform that makes use of e-learning

methodologies. Called "Yaşar Academy", the initial results of the project were successful and the number of employees taking part in it was increased in 2013.

Pınar Süt has been making use of a standardized performance evaluation system since 2005 as a way of ensuring that company goals and employee objectives remain in alignment.

The "People First" principle is the focal point of Pınar Süt's attitude towards human resources. In line with this approach the Company seeks to:

- Increase the number of competent and effective human resources and deploy outstanding people within the Company through a competency-based selection and placement process
- through the deployment of a performance evaluation system, ensure that company and individual objectives coincide so as to enhance overall corporate performance
- reward individual success and encourage even better efforts by evaluating employee performance on the basis of the degree to which goals have been achieved
- formulate annual training & development plans by identifying compulsory and optional training components and implementing them accordingly
- provide support training on issues related to health in recognition of the importance of employees' physical and mental wellbeing to the successful performance of their jobs

Owing to the expiration of the existing collective bargaining agreement on 31 December 2013, Pınar Süt and the Tek Gıda Labor Union have entered into negotiations for new workplace-level contracts that will cover the period 1 January 2014 to 31 December 2015.

Pınar Süt also provided traineeship positions for 128 university and 83 lycee students during 2013.

14,706

Pınar Süt employees were provided with a total of 14,706 hours of training in 2013.



For the environment and the community...

CO₂

Pınar Süt's İzmir and Eskişehir plants are committed to reducing their carbon footprints by at least 15% between now and 2020.

While pursuing growth in its sector, Pınar Süt makes every possible effort to protect natural resources and to cooperate closely with local communities wherever it may have operations.

Pınar Süt is a company which is careful about using natural resources, which sorts waste according to its type, which complies with the requirements of laws and regulations, which is concerned about pollution and its environmental consequences, which is mindful of the environmental impact of its products even after they have been used, and which seeks to pass a healthier physical and social environment on to future generations so that they too may enjoy an acceptable quality of life in a livable world.

Pınar Süt continues to contribute to the community of which it is a member even as it conducts its business according to the principles of profitability and productivity. Recognizing that sustainability is a "three-dimensional" concept which touches upon social as well as economic and environmental issues, Pınar Süt addresses the concept of sustainability in all of its aspects and it determines its goals and strategies accordingly. In addition, the

Company also maintains a balance among the three pillars that are essential to sustainability: energy, economics, and the environment.

In line with the United Nations Global Compact (UNGC) that its parent company Yaşar Holding subscribed to in 2007, Pınar Süt has also committed itself to regularly providing its stakeholders with information about its stance and progress with respect to the issues of human resources, manpower, and combating corruption. Through activities conducted under the "Corporate Reputation" project that was launched in 2010, Pınar Süt also emphasizes its intention to be more systematic in its efforts to achieve a balance among economic, environmental, and social issues. In the case of our other stakeholders, including but not limited to our suppliers, we develop new strategies that will strengthen our communication channels so as to remain on course as they accompany us on our journey to sustainability.

Pınar Süt rates its suppliers not just on the basis of core commercial and operational indicators but also taking into account the sustainability and risks inherent in their performance. To this end, the Company has developed a project to include its suppliers in a sustainability tracking system in which suppliers are treated as an essential constituent of management processes.

Calculating the carbon footprint

A team headed by a Carbon Leader calculated and reported the Company's "corporate carbon footprint" as of 2013. Pınar Süt has identified a goal of reducing this footprint by at least 15% between now and 2020.

Teams were also provided with TS EN 50001 Energy Management System training.



Using eco-friendly materials and technologies

Pınar Süt invests in the environment, makes the most productive use possible of national and natural resources, complies with all environment-relevant laws and regulations in the conduct of its operations, and carries out all of its activities in line with prescribed management system policies. Pınar Süt's actions are informed by its environmental awareness and consciousness. It seeks to constantly improve its environmental performance as governed by the TS EN ISO 14001 Environmental Management System certification that it has been awarded.

Based on its compliance with legal norms, Pınar Süt's Eskişehir plant has been awarded an "air emission permit" that is valid for a five-year period. The Company also has its emissions regularly measured by an accredited agency as required by law.

At the beginning of each year, Pınar Süt formulates environmental action plans and programs aimed at further improving its performance in resource use reduction. The effectiveness of these activities is monitored throughout the year. To date, the following progress has been achieved:

- An economizer investment reduced the carbon emissions generated by steam boilers and resulted in energy savings.
- The replacement of ammonia with ice water as a refrigerant in cold storage refrigeration systems resulted in energy savings.
- The use of illumination panels and high-efficiency lighting fixtures in newly-constructed units resulted in energy savings.
- The replacement of high power consumption electrical motors with EFF1 high-efficiency units resulted in energy savings.
- Boiler and burner system modifications resulted in fuel savings.
- Recent investments in new-generation UHT systems and machinery whose higher energy efficiency, eco-friendliness, and low carbon emission values increased energy efficiency.
- The use of waste heat from condensers to heat yoghurt incubation rooms resulted in electricity savings.
- Improvements in waste water treatment processes reduced chemical agent costs.

As one requirement of its ISO 14001 Environmental Management System certification, environmental impact inventories have been drawn up for all units within the plant and environmental logs have been created in which is maintained a record of the nature

and scope of each unit's environmental impact. A supplier evaluation system has also been set up under which Pınar Süt assigns points to its suppliers based on the existence and effectiveness of their own environment management systems.

Reductions in energy consumption

In 2013 Pınar Süt engaged in a variety of activities aimed both at making more efficient use of energy and at reducing its existing energy consumption.

Work has begun on installing an illumination system that takes advantage of natural daylight in the manufacturing sections of the Pınar Süt Eskişehir plant. Electricity is also being conserved by replacing existing fixtures with more efficient ones.

At the Pınar Süt İzmir plant, work has begun on replacing existing manufacturing-section and exterior illumination systems with LED-based systems that use less electricity and are more energy-efficient.

Pınar Süt uses metering in order to keep track of the amounts of energy that it consumes in the conduct of its production activities. The results of this metering are documented and comparisons are made in order to determine how much energy is used for each type of production. Through such comparisons, the dimensions of the Company's energy use are quantified, thus allowing targets to be set and target performance to be reviewed at regular intervals. Energy efficiency is one of the criteria taken into account before making machinery & equipment procurement decisions.

All of Pınar Süt's energy efficiency efforts were documented under the TS ISO 50001:2011 Energy Management System certification that it was awarded in 2013.

The Company's total energy consumption figures are reported annually to the Ministry of Energy and Natural Resources through that ministry's ENVER portal.

Production line efficiency

The efficiency of the production lines in operation at all of Pınar Süt's production centers is measured on a daily basis. These measurements are consolidated and permanently recorded at regular intervals and they are also subject to testing and analysis periodically. Immediate and long-term action plans are formulated in order to eliminate any factors that may cause production losses and also to improve existing efficiency values.



94%

Survey results indicated a high (94%) level of logistical services satisfaction among dealers.

Packaging waste management initiatives to reduce the environmental impact of products

In order to determine the potentially adverse environmental impact of its product manufacturing and use processes and to minimize them wherever possible, Pınar Süt regards identifying and exploiting technological alternatives as a high-priority component of its environmental awareness.

An industrial waste management plan has been formulated to manage and control waste generated during production and to ensure regulatory compliance. This plan incorporates such information as the types and quantities of waste and where and how the waste is disposed of.

The results of in-house inspections conducted by environmental officers are recorded so that the Company may continuously review and improve its environmental performance.

Organic waste and domestic waste resulting from processing is temporarily stored at the same facility in a holding area that fully complies with the requirements of laws and regulations. Such waste is subsequently disposed of at locations which have been designated by local authorities.

Similarly, waste that is generated in the course of production and use that cannot be recycled is sent to licensed firms for disposal while that which can be recycled is sent to licensed recycling firms so that it may be put to economic use. All waste, including packaging waste, that is generated is reported annually to the Ministry of Environment and Urban Planning.

Product packaging is designed and executed with the issues of reusability and recoverability in mind.

Pınar Süt is a member of and works with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) in the fulfillment of the Company's contractual obligations set forth in a packaging waste management plan which has been submitted to the ministry for approval. ÇEVKO also engages in public education campaigns that are aimed at both individuals and municipalities.

All company employees are encouraged to play an active role in waste management through both on-the-job and classroom training activities that focus on increasing environmental awareness and on minimizing waste and preventing environmental pollution as part of Pınar Süt's ISO 14001 Environmental Management System certification requirements.

Improvements in shipping management

Efforts made in 2010-2012 to develop and improve Pınar Süt's nationwide sales and distribution activities continued without any loss of momentum in 2013 as well. Such efforts are grounded in the Company's desire to enhance both the efficiency of and customers' satisfaction with its logistical processes while also lending its support to Green Logistics concepts.

Yaşar Foods Group companies' logistical processes are informed by the principle of "economies of scale", for which purpose the Foods Group Transport Project was launched in 2010. Under this project, a new route optimization model was introduced which has achieved savings in logistical costs by shortening the aggregate distance traveled by all delivery vehicles moving between cities. Besides lowering logistical costs, this optimization also contributes significantly to environmental sustainability by reducing carbon emissions.

Yaşar Foods Group companies together booked about 40,000 separate shipments throughout the country in 2013. During these shipments, 90% of non-perishables and 50% of perishables were carried aboard optimized-route lorries.

A monthly Dealer Logistical Services Satisfaction Survey is conducted both to determine the degree to which dealers are satisfied with the Company's logistical services and to improve service quality. The 91% satisfaction level achieved in 2012 was improved by three percentage points in 2013 to 94%.

The service quality and performance of firms to which the Company outsources its logistical services are also analyzed and reported on a monthly basis within the framework of the Lean Six Sigma program.

Social responsibility

Pınar generates as much value for society as a whole through the direct and indirect employment opportunities that it creates, the investments that it undertakes, the goods and services that it purchases, and the taxes that it pays as it does through the products that it makes. In addition to all of this, the Company also regards its ongoing support for and contributions to art, education, sport, and culture as vital and indispensable in the fulfillment of its principle of giving back to society.

Pınar Children's Theater in its 26th year

In the course of twenty-five years, the Pınar Children's Theater has reached more than three million children, fostering among them a love of theater through performances, to which no admission is charged, with every play being carefully crafted to contribute towards its audiences' cultural and personal development. As a training ground for many famous performers, the Pınar Children's Theater even functions as a sort of school of the performing arts.

Since 1987, the Pınar Children's Theater has been employing a professional team of performers, directors, designers, and backstage crews to mount dozens of programs that are specially designed to appeal to children. For the 2012-2013 academic year, the theater mounted a new play, "Alaaddin'in Sihirli Lambası" ["Aladdin and the Magic Lamp"], whose professionally-created scenery, costumes, staging, and music provides a theatrical experience and a visual feast that its audiences will never forget. Last year the Pınar Children's Theater went on tour and mounted performances in İzmir, Mardin, Kızıltepe, Şanlıurfa, Gaziantep, and Eskişehir that were watched by thousands of kids.

According to a public-awareness poll conducted by GfK, the Pınar Children's Theater's public-awareness rating was 33% in 2013.

Source: GfK Flavored Dairy Products Tracking Survey

Pınar Art Competition

The Pınar Art Competition has been held for 32 years with the aims of increasing primary school children's interest in the fine arts in general and painting and drawing in particular, of giving children opportunities to express their creativity through pictures, and of educating the artists of the future. Every year the competition provides hundreds of thousands of children with an opportunity to express their dreams, their hopes, and their longings through art.

Focusing on a different theme every year since it was inaugurated in 1981, the Pınar Art Competition has also been serving as guide for future artists as well. A record-breaking number of youngsters took part in the 2013 competition, whose theme was "Let's Protect Our Environment And Take Charge Of Our Future".

From among 377,824 entries submitted from every part of Turkey, the Turkish Republic of Northern Cyprus, and Germany, the works of twenty-three children were selected by a jury of educators and professional artists. The winners of the 32nd Pınar Art Competition were rewarded with a chance to take part in a one-week art camp in İstanbul under the coordination of the well-known artist Devrim Erbil. At an award ceremony that was held on the last day of the art camp, the children also received certificates of attendance and netbooks as prizes while three of them—pupils from Ağrı, Diyarbakır, and Cyprus—were each awarded a scholarship as well.

According to a public-awareness poll conducted by GfK, the Pınar Children's Art Competition's public-awareness rating was 31% in 2013.

Source: GfK Flavored Dairy Products Tracking Survey

Support for sport

Pınar KSK

Pınar demonstrates its support for sports through its sponsorship of the Pınar Karşıyaka Basketball Team (Pınar KSK). A team which has been contending in the Turkish Premier Basketball League since 1998, Pınar KSK devotes considerable time and energy to inculcating a love of sport among children by encouraging them to play basketball. Every year nearly a thousand youngsters are given free access to the facilities of the Çiğli Selçuk Yaşar Sports Center thanks to Pınar's support.

Pınar KSK also represents Turkey in international meets. During the 2012-2013 season the club hosted the EuroChallenge Cup in İzmir and was also one of the final four contenders.

In the 2013-2014 season, was the championship winner of the Spor Toto Türkiye Cup.

33%

The Pınar Children's Theater had a public-awareness rating of 33% in 2013.



31%

The Pınar Art Competition had a public-awareness rating of 31% in 2013.





Pınar & UNICEF Hand-In-Hand

Under the “Pınar & UNICEF Hand-In-Hand With Art Into The Future” project, 3,000 of previous-years’ Pınar Art Competition submissions were selected and reproduced in their original dimensions as decorations for table placemats. These placemats are being sold by UNICEF and the proceeds from the sales are added to that organization’s revenues and used to fund projects that benefit children around the world.

Instead of sending out New Year’s gifts in 2013, Pınar collaborated with UNICEF in making donations to Şanlıurfa regional primary schools that accept boarding pupils.

Pınar Institute

In 2012 the Pınar Institute was founded in order to contribute to the development of a healthy society by engaging in research, supporting such research and education, publishing the results of such activities, and involving itself in similar endeavors. The institute is headquartered on the campus of Yaşar University.

The Pınar Institute’s mission is to educate the public on issues related to food, health, and nourishment and to foster a quality-of-life awareness by supporting scientific projects, taking part in information networks, and taking part in educational activities.

To fulfill this mission, the Pınar Institute commenced activities with the inauguration of its Board of Directors and Scientific Committee on 13 June 2013.

The Pınar Institute was set up in order to contribute to the development of a healthy society by supporting scientific projects, taking part in information networks, and engaging in educational activities. Another of its objectives is to serve as a trusted reference on issues related to food and nutrition.



In keeping with such aims, the Pınar Institute’s first project was “Let’s Have Fun Exercising & Eating Healthy”, a campaign undertaken to educate children on the subject of food, health, and nutrition. Under this project, children in the 6-12 age group on vacation at the Çeşme Altın Yunus Thermal and Resort Hotel during the summer months were provided with consciousness and awareness training on nutrition-related issues.

Seeking to contribute to information flows between agencies and organizations on the one hand and the public at large on the other through the projects in which it is involved, the Pınar Institute is participating in joint activities in collaboration with the National Food Technologies Platform.

A member of the European Food Information Council (EUFIC) through its sister company Pınar Et, Pınar Süt has formalized its collaboration with that body. Food- and nutrition-related projects and events involving EUFIC will be publicized in Turkey through the Pınar Institute.

Publications

Yaşam Pınarım

Focusing especially on content that will be of particular use to parents and first appearing in 2004, Yaşam Pınarım is a magazine that seeks to establish and maintain bonds between the Company and its consumers and business partners as well as links with academic and governmental circles. The magazine is published quarterly and is distributed free of charge. In 2013 the magazine began being distributed to consumers as an e-bulletin sent out by email. As a result of this change in format, it is now reaching 115,000 people a month.

Pınar

Pınar is a newspaper that serves as an important source of information for meat and dairy farmers on issues related to animal health and nutrition, dairy technology, and the like. The journal is published quarterly for the 25,000 producers that supply Pınar Süt with milk, veterinarians, and the producers with which the Pınar Et procurements department works.

Fairs & congresses

Since the day it was founded, Pınar has taken part in and supported numerous fairs and congresses dealing with matters of concern to the development of its sector such as quality, foods, R&D, and marketing. Coming into contact with many different marketing and consumer channels through the fairs that it takes part in at home and abroad, Pınar is a leading participant showing off more than 600 products at the most prestigious local, regional, and international trade fairs. Abiding by its sustainability principle of contributing to the development of its sector, Pınar seeks to make its products better known in international markets while also organizing and hosting distinguished events of its own that contribute to the foods industry in a variety of ways. By sponsoring activities related to cooking, gastronomy, and cuisine in Turkey, Pınar also creates opportunities to link up with sectoral leaders and scientists.

In 2013 Pınar Süt:

- Exhibited its products at the Yaşar Group Food & Beverages Division's stand at the 82nd İzmir International Fair in 2013;
- Found opportunities to promote its goods to the away-from-home consumption market by attending the AFH EXPO Fair held at CNR Expo in İstanbul;
- Took part in GULFOOD 2013, the world's biggest and most prestigious annual food and hospitality show. This highly-attended event gave the Company many opportunities to effectively show off its products to potential international customers.

Sponsorships

Leading events supported and sponsored by Pınar in 2013:

- "Aegean Brands Summit", organized by Ege University (12 March)
- "14th Pediatrics Days", organized by the Dokuz Eylül University Hospital School of Nursing at the İzmir Sabancı Cultural Center (5-6 April)
- "10th Leadership Summit" (11 April)
- "TRT Kids' Country", organized by the TRT KIDS TV channel (15-23 April)
- "International Children's Theater Festival", organized by the Ankara State Theaters (24-30 April)
- "28th Grandkids' Athletics Meet", organized at the Atatürk Olympic Stadium by the Karşıyaka Rotary Club (2-3 May)
- "4th Food Safety Summit" (14-15 May)
- "1st Quality of Life Project and Idea Contest", organized by the İzmir branch of KalDer (30-31 May)
- "Foods R & D Project Market", organized by the Aegean Exporters' Association (3-4 June)
- "14th In Search Of Excellence Symposium", organized by the İzmir Quality Association (5-6 June)
- "49th Turkish Pediatrics Congress" (11-13 June)
- "World Food Day", organized by FAO Headquarters (10 October)
- "Engelsizmir", a project undertaken jointly by the Güzeyalı Rotary Club and İzmir Metropolitan Municipality for the benefit of the physically handicapped (30 October)
- "22nd Quality Congress" (12-13 November)
- "UIP-4 Bosphorus Summit" (20-22 November)
- "Marketing in the Age of the Customer Summit" (4-5 December)
- "Tire Milk Symposium", organized by Ege University Tire Kutsan Vocational High School (5 December)
- "Brands Conference" (19-20 December)

