

# For all of our stakeholders...

## 20.7%

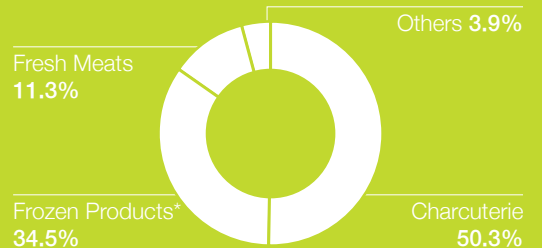
20.7% share of the charcuterie market's total turnover.

### In 2012, Pınar Et

- defended its leadership in the charcuterie market with a 20.7% share of its total turnover
- increased its total net sales by 8.5% year-on
- registered a 35.6% rate of year-on-year growth in its exports
- introduced ten new products to the market
- was the preferred choice of 41% of Turkey's households in the charcuterie products segment.



Net Sales by Product Groups



\* Frozen meat, dough and seafood products

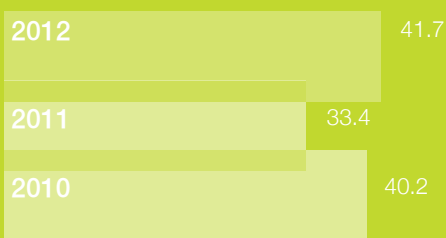
**Net Sales (TL million)**

Net sales increased by 8.5% to TL 416 million in 2012.

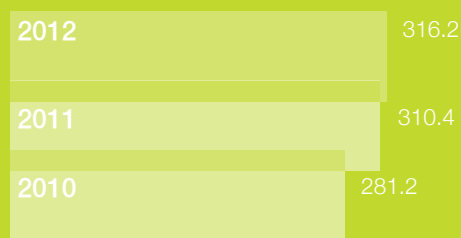
**Gross Profit (TL million)**

Pinar Et registered a 20% rate of year-on growth in its gross profit, which reached TL 72.4 million.

Pinar Et has had yet another successful business year. The company's net sales increased by 8.5% year-on in 2012 and reached TL 416 million in value.

**EBITDA (TL million)**

The 24.8% year-on-year rise that brought our EBITDA to TL 41.7 million was fueled by growth in high added-value processed product sales and by improvements in operating costs.

**Shareholders' Equity (TL million)**

At end-2012, Pinar Et's shareholders' equity was 1.9% higher than it was twelve months earlier and amounted to TL 316.2 million.

# 24.8%

Our EBITDA increased by 24.8% in 2012.

**Gross Sales (TL)**

Product group	2012	2011	% change
Charcuterie	279,748,338	262,789,920	6.45
Frozen products	163,972,328	144,993,591	13.09
Fresh meats	55,396,752	61,773,109	(10.32)
Others	16,892,534	13,200,364	27.97
<b>Total</b>	<b>516,009,952</b>	<b>482,756,984</b>	<b>6.89</b>

**20%**

Pinar Soudjouk was consumed in 20% of Turkey's households in 2012.

Charcuterie products entered 90% of Turkey's households last year: in 41% households, the products were made by Pinar Et.



**Market Shares**

Salamis	Sausages	Soudjouks	Total Charcuterie
<b>37.8%</b>	<b>28.3%</b>	<b>16.1%</b>	<b>20.7%</b>
<b>Leader</b>	<b>Leader</b>	<b>Leader</b>	<b>Leader</b>

Source: Nielsen





Pinar Et believes that its long-term sustainable and profitable growth is dependent upon its ability to anticipate its market's new and trending developments and to take charge of them. To this end, the company identifies its stakeholders' current and future needs, marshals the resources needed to address future demand, and gives importance to ensuring the continued existence of stakeholder satisfaction by designing all business processes accordingly.

In 2012 Pinar Et continued its successful implementation of the human resources, social security, adherence to ethical values, transparency, and corporate governance practices which it regards as core elements of its corporate commitment to its stakeholders.

### A year in which we further strengthened our standing as the sector's leader...

Pinar Et's 20.7% share of 2012's somewhat smaller charcuterie market maintained its standing as the segment's leader at more than twice that of its nearest competitor. (Source: Nielsen)

In soudjous, which is the biggest single product category in the meat and meat products market, Pinar Et remained the brand that first comes to consumers' minds with a 16.1% share of the segment's turnover. (Source: GFK-Tracking.) Pinar-brand soudjous' clear leadership in this segment was unbroken with an overall household penetration rate of 20% in 2012. (Source: Nielsen-Ipsos HTP)

Pinar-brand salamis' turnover increased by 8% year-on and accounted for a 37.8% share of the total. This was more than three times that of the company's nearest competitor. (Source: Nielsen)

Pinar-brand salamis had an overall household penetration rate of 23% in 2012.

With a 28.3% share of total turnover, Pinar sausages remained the segment's leader at eleven percentage points ahead of its nearest competitor. (Source: Nielsen) Pinar-brand sausages had an overall household penetration rate of 13.4% in 2012. (Source: Ipsos HTP)

Charcuterie products entered nine out of ten of Turkey's households in 2012. In the case of 41% of households, the products were made by Pinar Et. (Source: Ipsos HTP)

Pinar Et remained one of the top two brands in the frozen foods market for meat products, seafood products, and dough products with a 27% share of the segment's turnover. (Source: Nielsen-Scantrack)

Particularly in the frozen meat products category, Pinar is by far the name most preferred by consumers: with a 42% share of the segment, it is way ahead of all of its competitors.

In frozen pizzas, a category in which demand has been growing steadily year after year, Pinar Et was once again the leader with a 28% market share. Another up-and-coming category in the dough products group is puff pastry. Pinar Et's share of this product line reached 20% last year. In frozen seafoods, Pinar Et's turnover share increased by half a point year-on and reached 24.4% in 2012. (Source: Nielsen-Scantrack)

# 42%

In the frozen meat products category, Pinar is by far the name most preferred by consumers: with a 42% share of the segment, it is way ahead of all of its competitors.



## 81%

According to 2012 Ipsos HTP figures, at least one Pınar Et product enters 81% of Turkey's households at least once a year.

The leader of the processed meat products and the frozen meat products segments in Turkey for decades, Pınar Et's household penetration rate has also been increasing every year.

## 27%

Pınar Et successfully increased its exports by 27% in 2012.

### Product-segment sales balanced in line with market trends

An analysis of Pınar Et's 2012 sales according to product segment shows that the changes which took place paralleled those of the sector as a whole. The company successfully pursued its strategy of focusing on high added-value products with the result that their contribution to total net sales increased by 8.5% year-on. According to Nielsen, Pınar's share of the foods sector's total turnover in the first nine months of 2012 (excluding alcoholic beverages) ranked it in sixth place.

On a total tonnage basis, Pınar Et's charcuterie product sales in 2012 consisted of 34% soudjous, 44% salamis, and 21% sausages. By this measure, sales in the salami and soudjouk categories were both up year-on.

Again on a tonnage basis, total sales frozen products in 2012 maintained their previous year's share of total sales. 26% of such sales consisted of meat products, 68% of dough products, and 6% of seafood products.

Not only has Pınar Et been the leader of the processed meat products and the frozen meat products segments in Turkey for decades, its household penetration rate has been increasing steadily over the years. According to 2012 Ipsos HTP figures, at least one Pınar Et product enters 81% of Turkey's households at least once a year.



### Exports contributing a bigger share of total revenues

Pınar Et regards exports as an important component of its sustainable growth and profitability. The company is determined to advance in the international arena by blending its quality, technology, experience, and commitment to ethical values under the "Pınar" brand.

Seeking to exploit world market opportunities in order to increase the contribution that exports make to its total sales, Pınar engages in an ongoing effort to expand and strengthen its presence in other countries' markets.

Pınar Et exports beef and turkey charcuterie, frozen, and seafood products to Australia, Azerbaijan, Bahrain, Iraq, Kazakhstan, Kyrgyzstan, Kuwait, Qatar, Saudi Arabia, Turkish Republic of Northern Cyprus, Turkmenistan, United Arab Emirates, Uzbekistan, and Yemen.

In 2012 the company began exporting frozen fish to the United States. It plans to pursue systematic growth in this business line in 2013.

In 2012 Pınar Et booked export revenues worth USD 4.3 million. On a TL basis, this corresponds to a year-on-year growth rate on the order of 35.6%

One of the first companies to join the Turquality Project, Pınar Et completed its 5th successful year of association with that undertaking and is now taking part in the second 5-year phase. The applications submitted by the company in relation to this project in 2012 were worth a total of USD 3,050,000.

## Corporate governance rating

### Strategic investment plan activities

During 2012 Pınar Et continued to undertake production-, environment-, and human resource-related investments aimed at improving total output, quality, customer satisfaction, and efficiency. Pınar Et's total investment outlays last year reached TL 10.8 million, of which TL 202 thousand was for infrastructure and buildings, TL 7,821 thousand for plant, machinery and equipment, TL 82 thousand for vehicles, TL 2,620 thousand for fixtures, and TL 29 thousand for rights.

### Awards & recognitions

The leading name in Turkey's processed meats sector since the day it was founded, Pınar Et was again the recipient of awards and recognitions given by leading concerns acknowledging the company's superior product standards, use of technology, and innovative approaches and products.

According to a survey of the Turkish business world's most admired firms conducted jointly by Capital, a business and economics magazine, and GfK Türkiye, a market researcher, Pınar Et once again ranked among its sector's most-liked companies.

Only four of the superbrands identified in 2011 by the Superbrands Council and Nielsen were able to retain that status in 2012. While most of the newcomers to the 2012 list were in the food & beverages category, Pınar was one of only a handful of brands that successfully defended their top-ten standing for two years in a row.

According to a survey conducted by the RepMan Reputation Survey Center, which ranks companies and sectors on the basis of their publicly perceived reputations, Pınar numbered among Turkey's ten most highly respected brands.

According to the 2011 Brand Value report published by BrandFinance, Pınar Et ranked among the top 100 brands in Turkey.

According to company tracking reports issued by GfK Türkiye, Pınar's 39% score makes it the food sector brand that first comes to people's minds. Pınar also received the highest marks on such measures as "Trusted" (56%), "Quality" (57%), "Feel close to" (49%), "Modern" (48%), "Expert" (55%), "Tasty products" (53%).

In 2012 Pınar Et was again inspected by SAI Global/EFSIS, the only certification body authorized to conduct European Food Safety Inspection Service "Safe and Legal" audits. Pınar Et received "A" grades in both its slaughtering, rendering, and packaging operations (97.04 points) and its red and white meat products production units (97.00 points).

Pınar Et's "Canım Sucuk Çekti" ["A soudjouk would hit the spot"] below-the-line soudjouk advertising campaign took first place in the "Guerrilla marketing" category of the Direct Marketing Association's "Direct Marketing Communication" awards.

In a consumer survey conducted by BrandSpark International, Pınar Et's "Aç-Bitir" (single-portion) and "Gourmet Burger" products took first prize as "Best New Product" in the "Salamis" and "Frozen Burgers" categories respectively.

Pınar Et's "Kalbim Sende" kofta and "Şölen Promosyon Paketi" soudjouk products received the "Ay Yıldızları" packaging excellence award in 2012.

"Ay Yıldızları" is an awards program conducted annually by the Packaging Manufacturers Association to recognize excellence and innovation in packaging design and implementation. Last year Pınar Et also received bronze medals for the packaging of its "Pınar Aç-Bitir Salami" and "Pınar Gurme Soudjouk" products.

In the Aegean Region Chamber of Industry's (EBSO) 2012 rankings, Pınar Et placed fourth in the "Best Domestic Sales Performance By An Original Brand", "Best International Sales Performance By An Original Brand", and "Most Tax Paid" categories. Among EBSO members involved in the meat and meat products industry, Pınar Et placed first both as the firm carrying out the most investment and the firm paying the most tax and second as the firm with the highest output, the firm with the most exports, and the firm providing the most employment.

The "Respect For People" and "Most Applied-To Company" awards that were handed out by kariyer.net, an internet human resources platform that recognizes, acknowledges, and publicizes successful human resources practices, were accepted by Yaşar Holding on behalf of all group companies.

According to a corporate governance compliance report issued by SAHA Corporate Governance and Credit Rating Services, Pınar Et's rating is 8.77 out of a possible 10.0

# For our customers and consumers...



## 30 years

Three decades of focusing on excellence have made Pınar Et one of the brands that consumers most trust.

### One of the brands that consumers most trust...

Since the day it was founded, Pınar Et has been making use of the most advanced production technologies to supply consumers with wholesome and tasty products. This approach has made it a model followed by others in its sector not just because of the turnover which it creates but also because of standards and principles to which it adheres.

In the habit of analyzing consumers' needs and expectations on a regular and consistent basis, Pınar Et's three decades of focusing on excellence have made it one of the brands that consumers most trust.

Pınar Et's extensive product portfolio allows it to address a wide range of consumer tastes and preferences, to respond to different demands, and to satisfy the expectations of many different age and income groups.

In soudjouks for example, Pınar Et has a presence in the premium segment with "Klasik", "Şölen", "Gurme", and "Delight Coil"; in the mid-range segment with "Doyum Coil"; and in the low-range segment with "Yörük Coil"; while for barbecue-fans it offers "Barbecue Delight".

In salamis, Pınar Et's high-end products are "All-Beef Hungarian Salami", "For Breakfast", "Salami with Pistachios", "Turkey Meat Salami", and "Chicken Meat Salami"; mid-range products are "Doyum" and "Pınar Büfe"; and low-end products are "Yörük Salami" and "Yörük Büfe Salami". It supplies whole beef ("Hungarian", "Meat", "Pistachio") and turkey ("Meat", "Pistachio") salamis for sale at delicatessen counters and also a range of pre-sliced cold cuts under the "Açıkbüfe" and "Aç-Bitir" labels.

In sausages, the premium portfolio consists of a range of vacuum-packed, breakfast, cocktail, long, and economical products made from beef and turkey; in the mid-range segment are "Doyum" vacuum-packed and cocktail sausages in various sizes; the low-end segment consists of "Yörük" label products.

Other Pınar Et products in the charcuterie market consist of beef and turkey jambon and smoked turkey breast.





## Pinar Et product groups

### Charcuterie

Soudjous  
Salamis  
Sausages  
Cold cuts  
Jambons

### Frozen Meat Products

Burgers  
Koftas  
Breaded products

### Frozen Dough Products

Pizzas  
Puff pastry  
Mantis  
Toast Pizzas

### Frozen seafood products

Crispy fish  
Fish fingers  
Shrimp  
Sliced squid  
Pre-cleaned anchovies  
Filletted haddock  
Filletted sardine  
Breaded filletted sardines  
Fish schnitzel

### Trayed Precooked Products

Chicken cordon bleu  
Turkey burgers  
Turkey koftas  
Turkey doner

### Seafood Products

Tuna  
Filletted mackerel

### Fresh Meat Products

Fresh turkey  
Fresh beef and lamb  
Frozen turkey  
Frozen beef and lamb





# 10

In 2012 Pınar Et introduced ten new products: eight for the domestic market and two for export.

Having formulated its product portfolio on the basis of consumers' needs and wishes, Pınar Et constantly improves its range in line with the same principle.



## New, highly-competitive products

Having formulated its product portfolio on the basis of consumers' needs and wishes, Pınar Et constantly improves its range in line with the same principle by designing and developing new products while incorporating new technologies and ideas into existing ones. Priority in new product design is given to products that will be highly competitive by appealing to consumers' wishes.

In 2012 Pınar Et continued to focus on high added-value products and to develop products offered in smaller-sized packaging that responds more effectively to consumers' buying power. The "Pınar Aç-Bitir" (Pınar Single-Portion) line of products was further expanded with the launch of "Pınar All-Beef Hungarian Salami" and "Pınar Turkey Salami With Pistachios".

Following up the success of the Pınar "Gourmet Soudjouk" and "Gourmet Sausage" products, it was decided to reinforce perceptions of Pınar as a source of premium-end charcuterie by expanding the "Gourmet" portfolio: last year we added "Pınar Gourmet Salami" and "Pınar Gourmet Barbecue Soudjouk" to the lineup. Other additions to the "Gourmet" series included "Pınar Delight" (the first products to straddle both the "Gourmet" and "Light" categories) and new "Şölen" offerings that appeal to those with more adventuresome tastes.

New frozen dough product launches increased Pınar's sales in this fast-growing category in 2012. Two new products proved especially popular among consumers in the frozen manti segment, which has been experiencing

significant market-share growth of late: Pınar "Kare" and "Kayseri". To meet the demand for these new products, work is currently in progress to expand the scope of their distribution.

"Kalbim Sende" is an innovative, heart-shaped kofta that whose launch and appearance on shelves last year coincided with Mother's Day and Father's Day. In addition to these new products, Pınar's frozen pizzas were supplied in a special "buy four & get one free" five-pack.

In 2012 Pınar Et introduced ten new products: eight for the domestic market and two for export. Changes in weight and content were also made in eight other products last year.

## New products introduced in 2012

- Kare Manti (Turkish type ravioli with a square form)
- Kayseri Manti (Turkish type ravioli from Kayseri)
- Pınar Gourmet Barbecue Soudjouk
- Pınar Gourmet Salami
- Tost Pizza
- Aç-Bitir All-Beef Hungarian Salami
- Aç-Bitir Salami with Pistachio
- Yörük Kokteyl Sausage
- Chicken Salami (Export)
- Beef Burger (Export)

## Communication campaigns in 2012

Communication campaigns and promotional activities were carried out in 2012 with the aims of increasing consumer awareness of the different groups of products made by Pınar Et, enhancing Pınar Et brand prestige, and introducing new products.



Pınar Et systematically gives the utmost attention to quality and hygiene in order to fulfill its mission of supplying consumers with wholesome, safe, and tasty meats and meat products and to keep pace with innovation and technical and technological developments.

Owing to its traditional appeal among domestic market consumers, soudjouk is the product category which generates the highest turnover in the charcuterie group and which is also witness to both the strongest growth and the stiffest competition down through the years. The expansion of the "Şölen" line of soudjouks with the launch of fenugreek-flavored, cumin-flavored, and hot & spicy varieties in 2011 was further supported in 2012 by means of a new communication campaign whose underlying aim was to increase consumers' perception of "Şölen" as a "Pınar" sub-brand.

The Şölen advert was broadcast in February and March and received favorable response. Outdoor advertising and radio were used in conjunction with and support of the TV spots. Social media were also used as a way of communicating with consumers during this campaign.

Below-the-line advertising activities consisted of tastings at points of sale and sponsorships at breakfasting venues.

In 2012 Pınar Et completed a program of new communication activities related to its frozen products. The company plans to expand this product category and to increase its market share with a new communication campaign in 2013. Intensive consumer research was conducted last year to identify new communication strategy ideas. A comprehensive communication approach called "Flavor Ideas" has been developed that embraces all product groups.

### Innovative R&D

Since the day it was founded, Pınar Et has been systematically giving the utmost attention to quality and the rules of hygiene in order both to fulfill its mission of supplying consumers with wholesome, safe, and tasty meats and meat products and to keep pace with innovation and with technical and technological developments.

In 2012 Pınar Et once again kept a close watch on sectoral developments, adapting new ideas to its production processes, improving its existing products, and developing new ones. The R&D department worked closely with other company units in order to modify products to bring them into accord with recent changes in the Turkish Food Codex. New investments were undertaken, new materials were introduced, and product formulas were optimized in the overall focus on achieving regulatory compliance.

The initial and pre-marketing stages of new product development at Pınar Et R&D involve a process of comprehensive and painstaking research and trials. It is because it has the ability to successfully carry out this process that Pınar Et has been the author of so many "firsts" in Turkey's food industry and will remain one in the future as well.



# 72%

The capacity utilization rate at Pinar Et's plants reached 72% in 2012.



## Production (tons)

Products	2012	2011	% change
Manufactured products	33,483	32,280	3.73
Meat	6,623	6,747	(1.84)
Rendering	4,194	3,643	15.12
<b>Total</b>	<b>44,300</b>	<b>42,670</b>	<b>3.82</b>

### Integrated Red Meat Plant

- Fresh & frozen beef & lamb
- Charcuterie (soudjous, salamis, sausages etc)
- Frozen meat products (hamburgers)
- Frozen meat products (koftas)
- Convenience foods (doner, cooked trayed products)

### Integrated Turkey Meat Plant

- Fresh & frozen turkey meat
- Frozen meat products (turkey and chicken)

### Processed Seafood Plant

- Frozen fish koftas, natural seafood

### Byproducts Manufacturing Plant

- Animal feed raw materials (meat & bone meal etc).

Producing 33,000 tons of goods a year in plant facilities with about 46,000 m<sup>2</sup> of enclosed space Pinar Et has a slaughtering and rendering capacity corresponding to 102,000 cattle, 408,000 sheep, and 1,836,000 turkeys a year.

The capacity utilization rate at Pinar Et's plants reached 72% in 2012.

## Production Facilities

Indoor	46,000 m <sup>2</sup>
Outdoor	284,000 m <sup>2</sup>
<b>Total</b>	<b>330,000 m<sup>2</sup></b>

## Pinar Et's quality approach and management systems

Pinar Et's quality management system is structured and operated so as to encompass all aspects of all products from original source to final consumer. The essential goal of this system is to ensure that our products reach the consumer under conditions which are safe, wholesome, and hygienic.

Quality management at Pinar Et is grounded in the company's overall process management system, which makes it possible to identify critical control points where performance needs to be constantly monitored. The entire quality management system is also governed by the FSC 22000 Food Safety Management System, which incorporates internationally recognized

food safety standards as well as hazard analysis & critical control point (HACCP) elements.

Pinar Et owns and operates a fully-equipped laboratory that is capable of performing all of the chemical and microbiological analyses specified in Turkish Food Codex Meat Communiques. Pinar Et's laboratory received TS EN ISO/IEC 17025 certification in 2008. The chemical and microbiological compliance of Pinar Et products with the requirements of Turkish Food Codex Meat Communiques is verified in this laboratory.

All of Pinar Et's management systems were independently audited twice last year. The first audit, which took place in May, was carried out by the Turkish Standards Institution (TSE); the second was carried out by EFSIS SAI GLOBAL UK in September. On both occasions Pinar Et received "A" ratings.

Pinar Et has been adhering to halal-compliant slaughtering practices since the day it was founded. Following TSE's publication of its own Halal Standard in 2011, Pinar Et was inspected for compliance and officially awarded halal accreditation last year.

### Cost optimization

During 2012 Pinar Et continued with its ongoing projects aimed at economizing operations, cutting costs, and increasing production efficiency. Considerable savings are achieved through both the Operational Cost Improvement (OCI) and the Lean Six Sigma programs that were initiated in 1999 and 2008 respectively.

### Lean Six Sigma projects

The common goal of all Lean Six Sigma projects is to effectively manage a company's overall risks in an increasingly more globalized world. This is accomplished by giving a company a flexible structure that is better capable of responding to customers' demands and by achieving operational excellence in its business processes. A corollary benefit of Lean Six Sigma is that it also enhances the company's brand value. Lean Six Sigma projects at Pinar Et involve activities which will create value for the company and all of its stakeholders, defend and strengthen the

company's business line leadership, and thus facilitate the company's sustainable, profitable growth.

Operational process-related requests and improvements under Lean Six Sigma are managed within the framework of a well-defined system. This involves first defining quantifiable quality criteria for each process under consideration. Appropriate action is taken as required to improve the input processes which impact these criteria. This creates a self-consistent structure whereby error rates may be reduced, efficiency may be increased, and customer satisfaction may be sustained by responding to customers' changing expectations more quickly.

### OCI projects

Innovation and talent management, two concepts which have been gaining increasingly greater importance in today's world, have long been integral parts of Pinar Et's corporate culture. In OCI, individuals are encouraged to report problems related to their own functions, to propose ideas to deal with the problems, and to implement the solutions that they come up with and are approved by management. The OCI system is supported by a program of rewards for those whose projects which are successful. OCI projects have generated savings on the order of TL 18.2 million in the years since they were first introduced at Pinar Et.

"Suggestion Weeks" is another program that is carried out throughout Pinar Et in conjunction with OCI. Originally introduced in 2004, the aim of "Suggestion Weeks" is to encourage blue-collar workers to come up with practical ideas for improving operating costs.

## Quality

Pinar Et's quality management system is structured and operated so as to encompass all aspects of all products from original source to final consumer.



# 1,200

The owner of Turkey's biggest and strongest sales and distribution network, Yaşar Birleşik Pazarlama employs a fleet of more than 1,200 vehicles.

## 73.9% of Pınar Et's sales are made through Yaşar Birleşik Pazarlama, the Yaşar Holding sales and distribution company.



### IT activities

Because it adheres to advanced production approaches and management practices, Pınar Et also continuously expands and renews its information technology infrastructure in order both to meet the needs of the day and to keep pace with its steady growth.

A number of major changes were made in Pınar Et's information technology (IT) infrastructure in 2012 in order to improve business continuity, data security, and cost effectiveness. These changes, which significantly boosted performance and contributed to business productivity, also involved incorporating new product development processes into the existing SAP system, thereby providing a common work platform that improves data consistency and process monitoring.

### An advanced distribution network

Extensive technical knowledge and strong experience acquired through years of managing a country-spanning cold chain and frozen foods delivery and storage network number among Pınar Et's most important competitive advantages. With transit nodes strategically located to give it access to the entire country, advanced technology, and a highly flexible structure, Pınar Et's cold and frozen foods chain is the biggest in Turkey.

73.9% of Pınar Et's sales are made through Yaşar Birleşik Pazarlama, the Yaşar Holding sales and distribution company.

### Yaşar Birleşik Pazarlama

#### Turkey's biggest sales and distribution network

Yaşar Birleşik Pazarlama is a sales and distribution company that operates as a member of the Yaşar Group Food & Beverages Division. Turkey's biggest and strongest sales and distribution network, the company employs a fleet of more than 1,200 vehicles to keep consumers continuously and regularly supplied with products under the fastest and most hygienic conditions possible.

Yaşar Birleşik Pazarlama is responsible for distributing all the Pınar-labeled goods which are produced by the Yaşar Group Food & Beverages Division and which consist of more than 500 different varieties in 16 different product categories, requiring a wide range of different temperatures, and having shelf-lives ranging from three days to a year. All these products are delivered through a national network of regional offices and dealerships capable of reaching more than 150,000 sales outlets.

With its customer-focused sales specialists and experienced dealers numbering more than a hundred, the company continues to build on its performance through its productivity-based mass distribution and channel management strategies year after year.

A fleet of vehicles expanded with additions in 2011 and projects undertaken to increase productivity make Yaşar Birleşik Pazarlama the cold chain service provider that customers have the most confidence in. They also allow the company to achieve significant gains in terms of customer satisfaction and profitability.



### Improvements in shipping management

Efforts to further improve Pinar Et's nationwide sales and distribution activities continued in 2012 in line with the company's desire to enhance the efficiency of and customers' satisfaction with its logistical processes while also lending support to Green Logistics concepts.

Logistical processes are informed by the principle of "economies of scale", for which purpose 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.

Efforts continued to be made to encourage logistical services providers to rejuvenate their vehicle fleets with lorries conforming to the more eco-friendly Euro IV and Euro V engine standards. The average age of the fleet, which was 4 years in 2011, was down to 3.5 years in 2012.

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

### Pinar Communication Center

Adhering to a customer-focused business approach, Pinar gives the utmost importance to and carefully examines customers' requests, suggestions, and complaints. Accessible on 444 7627 via fixed and mobile lines from anywhere in Turkey without the need for dialing an area code, the Pinar Communication Center receives and responds to incoming calls without interruption between the hours of 07:00 and 23:00 seven days a week. Live operators on duty at the Pinar Communication Center respond to these calls and ensure that callers are provided with the information that they need as quickly as possible.

Satisfaction surveys are regularly conducted by Pinar among consumers who contact the center in order to systematically quantify the Pinar Communication Center's service levels. A poll conducted among consumers who contacted the Pinar Communication Center in 2012 indicated that 92% of them were satisfied with the service they had received.

## Logistics

Improvements in Pinar Et's nationwide sales and distribution activities continued in 2012 to enhance the efficiency of and customers' satisfaction with logistical processes while also supporting Green Logistics concepts.

# 92%

A poll conducted among consumers who contacted the Pinar Communication Center in 2012 indicated that 92% of them were satisfied with the service they had received.



# For our suppliers...

## 262

Pınar Et procures most of the red meat that it uses in its products from 262 suppliers.

Suppliers with which the company has entered into strong and long-term collaborative relationships are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

## 6

Pınar Et obtains the meat it needs from live animals procured from local fattening farms located in all six of Turkey's geographical regions.

Raw material procurements are the crucial first step of Pınar Et's production processes. Suppliers with which the company has entered into strong and long-term collaborative relationships are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

Pınar Et itself carries out all of its own slaughtering in its own facilities for all of the meat that it uses in its production. The company obtains the meat it needs from live animals procured from local fattening farms located in all six of Turkey's geographical regions.

Pınar Et originally developed and continues to support the "contractual stock farming" system in order to ensure that we procured only the best-quality beef cattle raised under veterinary care. Pınar Et procures most of the red meat that it uses in its products from just 262 suppliers.

All of our live turkeys and some of our other meat livestock are obtained from Çamlı Yem Besicilik, a Yaşar Group company that is engaged in agricultural production.

Pınar Et 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 a core constituent of management processes.

The expanding volume of Pınar Et's own business is such as to support the growth and development of its suppliers' business operations within the framework of the agreements which it has entered into with them. Regularly conducted inspections for example lead to the joint development of new materials and techniques that are better suited to food safety and this in turn provides suppliers with opportunities to move into new business lines. An all-embracing information network keeps suppliers up to date on the latest sectoral innovations and possible developments, allows the formation of quality and innovation circles, and encourages the introduction and use of innovations as soon as they appear.



# For our employees...

Pinar Et believes that human resources play a vital role in its ability to achieve its objectives of operational excellence and sustainable growth.

## 745

Pinar Et had 745 people on its payroll as of end-2012.

In 2012

The fundamental mission of human resources management at Pinar Et is to ensure that the company employs a sufficient number of people who are innovative, who are committed to the total quality approach, who have the ability to easily keep pace with changes and developments, and who give the company a competitive advantage at the global level.

### Human resources management at Pinar Et is grounded in the following essential tenets:

- Staffing at Pinar Et is determined according to the criteria of business economics.
- Pinar Et conducts intramural and extramural training programs within the framework of plans that are formulated for each position level in order to ensure the progression of its employees.
- Pinar Et is mindful of equality of opportunity in all promotions and appointments throughout its organization. As a matter of principle, appointments to position vacancies are filled from within the company if possible.
- By means of a career planning system in which progression plans are implemented, Pinar Et employees who have potential are provided with the broadest possible opportunities for advancement.
- Every Pinar Et employee's performance is evaluated on the basis of their fulfillment of objectives and their demonstrated competencies.
- Job descriptions and performance criteria have been documented for positions at every level from the highest to the lowest at Pinar Et. These standards provide a well-defined basis for the systematic conduct of employee evaluations.
- Employee opinion surveys are conducted regularly every year at Pinar Et. In these surveys, employees are asked for their views about such issues as working conditions, management, social activities, compensation, training, performance evaluation, career planning, participatory decision-making, and company satisfaction. The feedback from these surveys is used as input for making improvements.

- A safe workplace and safe working conditions are matters to which Pinar Et gives great importance. Under the company's occupational health and safety regulations, all legally mandated measures are taken to prevent work-related risks, to ensure health and safety, and to eliminate risk and accident factors.
- Pinar Et strives to maintain its existence as a company which complies with laws and the rules of ethics and which subscribes to the total quality philosophy, and which adheres to a participatory style of management.
- A fundamental principle at Pinar Et is that all employees are to be treated equally and without making any distinctions among them with respect to language, race, color, sex, political beliefs, philosophy, creed, religion, or sect or on any other similar grounds.

### Objectives- and competencies-based performance evaluations

Pinar Et plans and carries out its training and development activities so as to incorporate a wide range of methods whereby its employees may maximize their performance while helping the company to achieve its strategic objectives.

Average training time per employee at Pinar Et in 2012 was 10 hours with total training time amounting to 7,470 hours in the course of the year. Three main categories of training took place: Personal Development, Vocational Development, and Management Skill Development.

Recognizing the importance of qualified manpower, Pinar Et takes part in university campus career days in order to have access to potential employees. The company also provides students with traineeship opportunities. Last year Pinar Et provided traineeship positions for 88 university and 53 lycee students.

## 7,470

Pinar Et employees received a total of 7,470 hours of training in 2012.







Innovations that add  
zest to life...



# For the environment and the community

## CO<sub>2</sub>

Committed to reducing the carbon footprint by 15% by 2020.

Pınar Et is a pioneering and exemplary corporate citizen who balances its economic interests with its environmental and social responsibilities.

### A responsible corporate citizen

Pınar Et is a pioneering and exemplary corporate citizen who balances its economic interests with its environmental and social responsibilities. Regarding economic, environmental, and social sustainability as being essential to its own long-term, healthy, and profitable performance, Pınar Et formulates its corporate strategies and objectives along those lines.

Pınar Et is at least as mindful of protecting the environment and respecting nature as it is of its economic performance. At every stage from procuring raw materials to transporting them and from the consumption of its products to recycling and recovering their waste, the company continuously strives to minimize the environmental impact of its activities.



Pinar Et is at least as mindful of protecting the environment and respecting nature as it is of its own economic performance.



In 2012

### Improvements in production technologies

Making productive use of natural resources and abiding by practices that assign value to environmental matters are very important elements of Pinar Et's environment policy. When improving production and operational quality, the company is careful not to have an adverse impact on the environment. Thus Pinar Et engages in efforts to improve its production technologies in order to increase the efficiency of both its production operations and its energy consumption. Such activities are carried out by Yaşar Holding sustainability teams in which Pinar Et personnel also take part.

The environmental management programs that are formulated for this purpose include energy efficiency, monitoring and reducing water consumption, waste recycling and management, and maximizing habitat protection.

### Reductions in energy consumption

Energy efficiency is a high-priority issue at Pinar Et. The Yaşar Holding Energy Committee, whose membership consists of representatives from all Yaşar Group companies, is responsible for the conduct of all group-spanning projects involving improvements in energy and water use and waste management. The underlying aim of these projects is to use less energy and water and to generate less waste in production and in this way reduce the carbon footprint of each unit of product.

### Greenhouse gas emissions

Pinar Et has identified the sources of its greenhouse gas emissions in order to quantify them, has defined operational limits, and has begun working emission quantification. Once it has determined its own greenhouse gas emission values, Pinar Et intends to assess ways in which to reduce its carbon emissions, to begin working on projects to achieve this, and to reduce its carbon footprint by at least 15% between now and 2020.

The projects undertaken so far have resulted in improvements in production processes while also reducing the carbon footprint (the amount of CO<sub>2</sub> generated) of each unit of product by 8.47% since 2010. Data concerning the company's energy consumption in 2012 show that while the amount of electricity used per ton of product remained the same year-on, there was a 6.31% drop in the amount of natural gas use by the same measure.

### Savings in electricity use

Substantial savings in electricity use have been achieved at Pinar Et through projects aimed at preventing energy consumption losses. Some of the most important of these are summarized below.

- A closed-loop water cooling tower was purchased and installed to cool the compressor fluids used in industrial refrigeration plants.
- The use of frequency-controlled devices was expanded.  
The tube type heat exchanger used to supply plants with the cold water they need was replaced with plate-type heat exchangers.
- Losses and leakages are reduced by replacing plumbing and insulation every year.

# 40%

The amount of Pınar Et product packaging recovered has reached the 40% level over the years.



## Efficient water use

A vital component of Pınar Et's environmental management systems and programs is the efficient use of water in all production processes.

The amounts of water used for each unit of product made in Pınar Et's plant is carefully monitored and whenever there is a significant deviation, importance is given to discovering the reasons for it. A variety of projects are also formulated and carefully undertaken in order to use water more productively and to minimize the amount that is discharged as waste.

Energy savings also result from reducing the amounts of waste water generated by production at Pınar Et plants and from subjecting treatment plants to lower levels of contaminants.

Automatic sample collectors and flow meters installed at discharge outlets allow plants' waste water performance to be constantly monitored.

## Reducing water use

- Regularly checking the water pipes connecting to ammonia refrigeration condensers and steam boilers results in less water being used.
- Savings in water consumption are achieved by means of closed-loop water chillers installed on production machinery.
- An automated closed-loop steam-cycle heating system is now being used instead of the hot water system which used to be used to liquidize the fat needed to deep-fry further-processed products. This has result in the use of less electricity as well as less water.

## Packaging waste management

Packaging waste management at Pınar Et rests on reducing the amounts of waste at source and on reusing or recycling such elements as are recoverable.

To facilitate the collecting and sorting of waste resulting from Pınar Et's production processes, three separate categories of bins have been installed, one for each type of waste.

Discarded drums, cans, electrical and electronic equipment and fittings, machine and vegetable oil, and other waste of a hazardous nature is sent to licensed firms for proper recycling/disposal. Medical waste as well as discarded batteries, fluorescent tubes, and other waste are sorted at source and disposed of as required by laws and regulations.

In addition to using recyclable/recoverable and environment-friendly packaging wherever feasible in its products, Pınar Et also develops and carries out projects to use fewer packaging materials without sacrificing food quality or safety. One of these involved reducing the weight ratings of the foil that is used in the packaging of the company's products. Scheduled maintenance and replacement of machinery and equipment also results in less wasteful use of technology.

## Pınar-ÇEVKO collaboration

Pınar Et has entered into an agreement with the ÇEVKO Foundation (Environmental Protection and Packaging Waste Recovery and Recycling Trust), an organization which is authorized and licensed by the Ministry of Environment and Urbanism to engage in waste management. Amounts of packaging waste corresponding to legally mandated percentages of the packaging of Pınar Et products that are supplied to market are collected and recovered/recycled by the foundation on the company's behalf. Another benefit of this agreement is that Pınar Et products are entitled to carry the "Green Dot" on their packaging.

As a result of this Pınar Et-ÇEVKO collaboration, 840 tons of paper and cardboard, 74 tons of plastics, and 349 tons of composites corresponding to the waste resulting from the consumption of Pınar Et products was collected and put to economic use through recovery/recycling. Pınar Et also contributes towards ÇEVKO's efforts in such areas as education, public awareness, and supporting the environmental activities of municipalities.

Type of packaging	(%) recovered in 2010	(%) recovered in 2011	(%) recovered in 2012
Paper & cardboard	37	38	40
Plastic	37	38	40

### Social responsibility

Pinar Et 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.

### Pinar Children's Theater in its 25th year

In the course of twenty-five years, the Pinar 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 Pinar Children's Theater even functions as a sort of school of the performing arts.

Since 1987, the Pinar 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 2011-2012 academic year, the theater mounted a new play, "Hooray! I'm Growing Up!", whose professionally-created scenery, costumes, staging, and music provides a theatrical experience and a visual feast that its audiences will never forget.

According to a public-awareness poll conducted by GfK, the Pinar Children's Theater's public-awareness rating was 20% in 2012.

Source: GfK Flavored Dairy Products Tracking Survey

### Pinar Art Competition

The Pinar Art Competition has been held for 31 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.

Acting also as guide for future artists as well, the Pinar Art Competition has been focusing on a different theme every year since it was inaugurated in 1981. A record-breaking number of youngsters took part in the 2012 competition, whose theme was "Come On! Let's Draw Our Dreams!".

From among 1,068,440 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 31st Pinar Art Competition 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. 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 one of their number, a student from Diyarbakır, was awarded an art school scholarship as well.

According to a public-awareness poll conducted by GfK, the Pinar Children's Art Competition's public-awareness rating increased from 20% in 2011 to 26% in 2012.

Source: GfK Flavored Dairy Products Tracking Survey

### Mystery Boxes Project

"Mystery Boxes" is an interactive workshop developed by the London Science Museum that teaches children about how science works and how to think scientifically through practical activity. The project is being made accessible to students with the support of Pinar working in collaboration with İnförmel Eđitim/çocukistanbul, a member of Hands On International that promotes informal learning as a way of supporting formal education. Workshops are held at santralistanbul, an international platform for arts, culture and learning, inspired by a comprehensive, multi-dimensional and interdisciplinary vision.

# 20%

The Pinar Children's Theater had a public-awareness rating of 20% in 2012.





### 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 2012, 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 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.

### Pınar Et Professional Training Unit

The Pınar Et Professional Training Unit was set up as part of Pınar Et in 1998 to give professional education in meat and meat product operations and management in order to provide trained people for a business line that lacks any other source of professional training in our country.

The first such undertaking of its kind in Turkey, the Pınar Et Professional Training Unit’s objectives are to provide young people in the 15-18 age group who have completed primary school education and who must go to work with theoretical and practical training to make them qualified to pursue a profession for which there is considerable unsatisfied demand in the country. Such training also has a number of other objectives and benefits such as inculcating a sense of work ethic and discipline among young people and raising professional standards, production quality standards, and worker productivity in general throughout the country.

In 2012, 24 apprenticeship students completed their studies in meat and meat product operations and management at the professional training unit having acquired their skills under the watchful eyes of master instructors. All of them were awarded journeyman certification. Ten of the year’s graduates were hired into positions at Pınar Et.

At end-2012, 44 students were undergoing training at the Pınar Et Professional Training Unit, which had graduated a total of 305 people as of the same date.

### Support for sport

#### Pınar KSK

Pınar continues to support sports through its sponsorship of the Pınar Karşıyaka Basketball Team. Pınar has been an advertising sponsor of Pınar Karşıyaka, a basketball team that has been contending in the Turkish Premier Basketball League since 1998. Because one of the goals of such sponsorships is to inculcate an awareness of and a love for sports among children, every year nearly a thousand youngsters are also given access to the facilities of the Çiğli Selçuk Yaşar Sports Center thanks to Pınar’s support.

Pınar was the main sponsor of the second Selçuk Yaşar Football Tournament, which was conducted by KSK between 1 December 2012 and 10 January 2013.

## Publications

### Yaşam Pınarım

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. Yaşam Pınarım focuses especially on content that will be of particular use to parents. The magazine is published quarterly in runs of 10,000 copies by Pınar and is distributed free of charge.

### Pınar

Pınar is a newspaper that is published quarterly for the 15,000 producers that supply Pınar Süt with milk, the company's 200-250 contractual veterinarians, and the producers with which the Pınar Et procurements department works. The publication is an important source of information for meat and dairy farmers on issues related to animal health and nutrition, dairy technology, and the like.

### Fairs & congresses

Pınar Süt exhibited its products at the Yaşar Group Food & Beverages Division's stand at the 81st İzmir International Fair in 2012.

Pınar Süt took part in GULFOOD 2012, 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.

## Activities & events sponsored by Pınar Et in 2012

Pınar Et regards sponsorships as one of the most important ways in which it is able to fulfill its social responsibilities to the community. Among the events and activities sponsored by Pınar Et last year, mention should be made of:

- "The 4th International Golden Cap Chefs Competition", which was organized jointly by the Turkish Federation of Cooks and 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
- "The National Gastronomy & Cooking Competition" organized by the Uludağ Professional Chefs' Association, which was held at the Merinos Fair & Congress Center in Bursa and in which nearly 300 chefs from all over Turkey took part
- "World Food Day", organized by the Turkish Food Industry Employers' Association at İstanbul Grand Cevahir Congress & Exhibition Center in İstanbul
- "1st Safe Food Days" organized by KalDer İzmir
- "Marketing in the Age of the Customer Summit" at the Lütfi Kırdar Congress & Exhibition Center in İstanbul
- "13th In Search Of Excellence Symposium", organized by the İzmir Quality Association at Swissôtel Grand Efes in İzmir in May
- "Foods R & D Project Market", organized by the Aegean Exporters' Association at Swissôtel Grand Efes in İzmir on May 29th
- "Turkish Cruise Forum", organized by Seatrade and the İzmir Chamber of Commerce at Swissôtel Grand Efes in İzmir on July 4th
- "11th Management Summit" at the İstanbul Maslak Sheraton on November 15th
- "1st International İzmir Theater Festival" held on 7-17 December with the support of the Foundation for Social Research, Culture and Art
- "3rd Boğaziçi Regional Partnership Summit" held at Çırağan Sarayı on 13-15 December

