

For all of our stakeholders...

27.7%

Share of total market turnover in the branded products segment

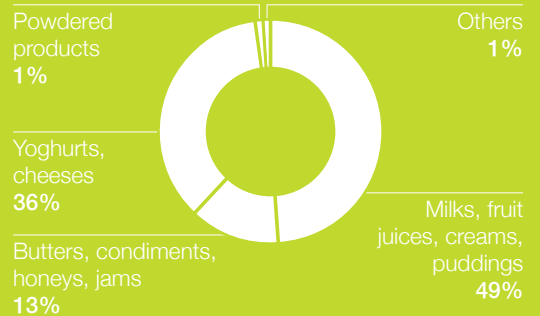
Pınar Süt in 2012

2012 was a year in which Pınar Süt continued to grow consistently and sustainably. Well-defined and insightfully-implemented strategies last year boosted Pınar Süt's share of the branded products segment's total market turnover. (Nielsen 2012)

Pınar Süt once again occupied the market's leading position with turnover shares of 30.2% in long-life plain milk, 64.5% in light milk, 53.5% in fortified children's milk, and 41.8% in spreadable cheeses. (Nielsen 2012)

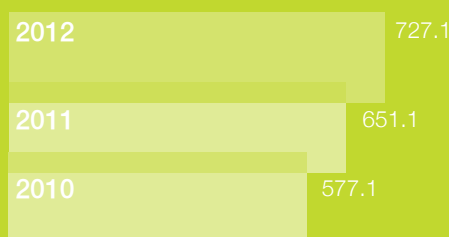


Breakdown of Gross Sales



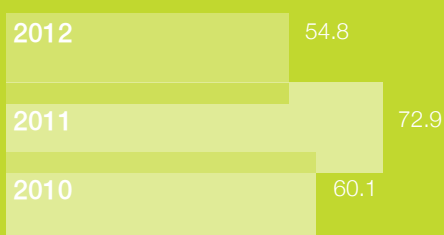
Total Assets (TL million)

Pınar Süt total assets amounted to TL 616.9 million in value as of end-2012.

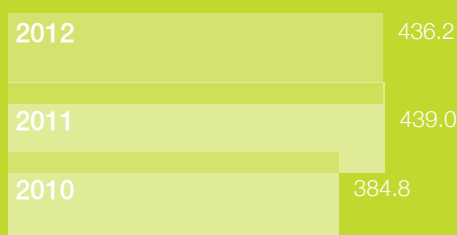
Net Sales (TL million)

During the same twelve-month period, the company's net sales increased by 11.7% and reached TL 727.1 million.

Pınar Süt's gross profit increased by 8.37% year-on in 2012 and reached TL 145.0 million.

Net Profit (TL million)

Although net current profit was somewhat lower owing to marketing, sales, and distribution costs that were higher in 2012 than they were in 2011, it still weighed in at solid TL 54.8 million.

Shareholders' Equity (TL million)

At TL 436.2 million, Pınar Süt's total shareholders' equity remained unchanged in 2012.

11.7%

Net sales were up by 11.7% in 2012.

Gross Sales (TL)

Product	2012	2011	% change
Milks, fruit juices, creams, puddings	482,916,628	435,107,100	10.99
Butters, condiments, honeys, jams	123,570,600	107,391,937	15.07
Yoghurts, cheeses	353,620,212	298,665,733	18.40
Powdered products	14,234,562	13,430,390	5.99
Others	13,686,372	22,612,976	(39.48)
Total	988,028,375	877,208,136	12.63

30.2%

Pınar Süt was the leader with a 30.2% share of turnover in the plain milk category.

Conducted all year long in 2012, 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.

Market Shares				
Total Long-Life (UHT) Milk	Long-Life (UHT) Light Milk	Organic Milk	Fortified Milk for Adults	Fortified Milk for Children
31.8% Leader	65% Leader	87% Leader	85% Leader	53.5% Leader
Butter	Spreadable Cheese	Fresh Cheese	Labaneh	Cream Cheese
17% Second	42% Leader	82% Leader	56% Leader	24% Leader

Source: Nielsen





2012 developments by product category

Milks*

Plain milk: Pinar Süt is the market leader with a 30.2% share of its turnover.

Light milk: Pinar Süt successfully defended its leading position with a 64.5% share of the segment's turnover.

Fortified milk for children: Despite increasingly sharper competition in this segment, Pinar Süt successfully defended its market share with its "Pinar Kids" and "Pinar Toddler" products and it remained the leader with 54% of total turnover.

Flavored milk: With the help of its ongoing investments in this category in 2012, the company booked a 6.6% rate of year-on growth on a turnover basis. "Pinar Kido" controlled a 17.7% share of market turnover.

Denge Süt: Pinar Süt's "Denge" ["Balance"] line is the unchallenged leader of this specialized market segment, controlling an 85% share of its total turnover.

Organic milk: Pinar Süt's sales of organic milk decreased by 4.9% year-on to 3.5 million liters but nevertheless increased by 9.8% on a turnover basis, which reached TL 15 million in value.

* Source: Nielsen 2012

Cheeses

Pinar Süt's share of the spreadable cheeses market's turnover increased by 2.6% year-on and reached 41.8%. Pinar Süt successfully maintained its leading position in this category.

At year-end 2012, Pinar Süt was the leader of the labaneh market with a 55.8% share of its total turnover.

In the cheese spread category, Pinar Süt experienced a 5.6 percentage point year-on increase in its share of turnover, which reached 23.6%. Pinar Süt remains the leader in the cheese spread category.

Last year Pinar Süt diversified its lineup of spreadable cheese products with the addition, in October, of Pinar White with Chocolate, a chocolate-flavored cream cheese that went on sale as "the cream cheese that makes kids who love chocolate love breakfast".

Another innovative new product introduced to the Turkish market in 2012 was Süt krem, a clotted-cream alternative for the weight-conscious. Süt krem tastes like clotted cream but with 50% fewer calories than the regular kind, it immediately proved to be highly popular among consumers.



organic

Pınar Süt is the only dairy company capable of supplying organic yoghurts to the entire national market.

Having originally launched an organic yoghurt product in 2011, Pınar Süt followed up its success last year with the launch of new products that contributed to increased tonnage and boosted the share of the organic products segment in the total portfolio.

54.5%

Pınar Süt was also the market leader in the sliced cheeses segment.

In the triangular cheese category, Pınar Süt controls a turnover share of 22.9%.

In the cream cheese category, Pınar Süt's share of total turnover increased by half a point year-on to 6.2%. In March 2012, Pınar Süt introduced an organic cream cheese to the market.

In the kashkaval cheese category, Pınar Süt's share of total turnover fell by 0.7 points year-on to 5.3% in 2012.

In the sliced cheese category, Pınar Süt boosted its turnover share by 1.8 points to 54.5%. The company remains the leader of the pre-sliced cheeses market.

Yoghurts & ayrans

New products added to the line of organic yoghurts that was introduced to the market in 2011 helped increase tonnages in this segment while also boosting the share of organic products in the overall portfolio. An effort was also made to reach new consumer groups by replacing the 800-gram organic yoghurt container with a 1,000-gram one and by introducing a 100-gram four-pack organic full-fat yoghurt and a 750-gram organic light yoghurt.

Pınar Süt is the only dairy company in Turkey capable of supplying organic yoghurts to the entire national market. Advertisements and advertorials appearing in magazines that appeal to mothers and families drew attention to the benefits of organic products. During the launch

of its 100-gram four-pack products, Pınar Süt conducted workshops designed to attract mothers and their children in support of the campaign. Besides focusing on the benefits of organics, these workshops also provided information about using organic yoghurts as an ingredient in food preparation.

The packaging of the products in the light yoghurt portfolio was renovated in 2012. New materials were used and new designs were created so as to more effectively attract shoppers' attention to their place on store shelves. Information noting that the product contains 96% less fat and has 35% fewer calories was prominently incorporated into the packaging design so as to appeal to weight-conscious consumers. These changes boosted light yoghurts' market share at a rate that was higher than overall market growth.

In the ayrans category, in-store tastings were conducted all year long. Promotional activities related to cream cheeses and fruit juices were staged at beaches during the summer. Soudjouk and ayran tastings were organized at business centers. Light ayran was put on the market in both bottles and individual-portion sized containers.

Pınar Süt defended its 17.2% share of the butters market in 2012.





Condiments

In the ketchups and mayonnaises category in 2012, Pinar Süt reached the highest market shares that it has experienced in the last three years. This performance appears to have been aided by the introduction of advantageously-priced twin-packs and by more effective distribution. Pinar Süt registered year-on growth rates of 1% and 7% respectively in ketchups and mayonnaises and it remains one of the top three brands in both products.

In the ketchups market, Pinar Süt's share of total turnover increased by half a point year-on to 13.5% while in the mayonnaises market its market share grew by 1.3 points and reached 17.6%.

The visibility of Pinar-brand condiments in stores was enhanced by means of stand placements and season-related campaigns and discounts. In December, a special "New Year's Package" of Pinar mustard, ketchup, and mayonnaise was put on the market.



Powdered products

In the powdered products category, below-the-line advertising was used to promote products that were newly launched in 2011. Products' in-store visibility was increased by means of tastings that were organized in the run-up to Mother's Day, a pudding-related press release that coincided with Ramadan, and season-related campaigns and discounts.

Fruit juices

In the fruit juices category, Pinar Süt's sales increased by 5% on a tonnage basis and reached 24,400,000 liters. This corresponds to a 21% year-on increase in turnover, which reached TL 54,702 million. Last year Pinar Süt increased its share of this market's turnover by half a point to 4.7%.

21%

Pinar Süt registered a 21% rate of year-on growth in the fruit juices category in 2012.



19.8%

Pinar Süt's exports increased by 19.8% on a USD basis in 2012.

Exports (USD million)



Share of Exports in Total Sales (%)



22%

In 2012, Pinar Süt on its own accounted for 22% of all of Turkey's milk and dairy product exports.

A name gaining steadily greater strength and recognition in international markets

Recognizing that it cannot become a global player without first being a regional brand, Pinar Süt engages in a wide range of activities which strengthen its brand image and increase its visibility in other countries starting with those closest to its home market.

Pinar Süt's exports have been steadily gaining momentum since the 1980s. In 2012, Pinar Süt on its own accounted for 22% of all of Turkey's milk and dairy product exports.

Pinar Süt exports goods to more than 40 destinations, principally to Middle Eastern and Gulf countries but also to its neighbors, to the Turkic republics of Central Asia, to Far Eastern countries, to the United States, and to EU countries. In 2012 Switzerland, Hong Kong, and Afghanistan were added to the roster of countries which Pinar Süt sells and ships its products too.

Gulf and Middle Eastern countries, where the company has had a presence as an exporter for three decades, are the main buyers of Pinar Süt's products. Pinar Labaneh in particular is the leader in its product category with an overall 45% market share in these countries ranging between 35% in Saudi Arabia and the United Arab Emirates and 50% in Kuwait. Another Pinar product that has proven to be very popular in these countries is "Breakfast Cream", a dairy product resembling clotted cream that was specially created to appeal to local consumer tastes.

Pinar also exports UHT milk, white cheese, cream cheese, double cream, fruit juices, yoghurt, and ayran to these countries.

Pinar brand-related promotional and marketing activities were also increased in foreign markets. Pinar Süt, the first Turkish milk and dairy product brand to enter the EU market, was also promoted in those countries in 2012.

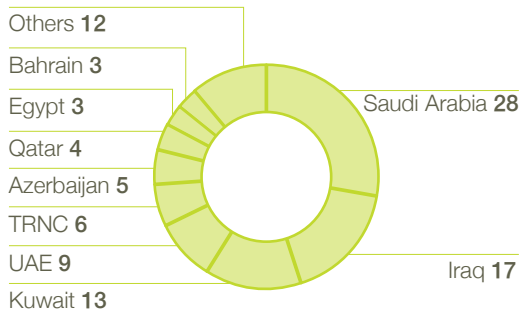
In 2012 Pinar Süt exported a total of 14,701 tons of goods on which it secured export earnings worth USD 39.9 million.

Market-share-boosting campaigns and their results

In the plain-milk category: a communication campaign that was conducted in October and November 2012 focused on the message "Previous generations grew up healthy and strong with Pinar Süt: Now it's the Next Generation's turn". This TV, radio, internet, and outdoor campaign was widely acclaimed



Breakdown of Exports by Destination (%)



among consumers, who manifested significant enhancements in their awareness of such Pınar brand-image values as “trusted”, “approachable”, “nourishing”, “tasty”, and “appealing”.

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. In order to enhance this product category’s visibility: internet communication was used in April through June; live broadcasts and online chats with dieticians on Facebook were used in March through May; an interactive “My Calorie Counter” module was added to the Facebook page in May; below-the-line advertising was used in May and June.

For the “Pınar Kids” and “Pınar Toddler” product line: a “Story Of Three Generations” TV campaign that was conducted from late-January to end-February was also supported by means of magazine adverts; “My Mother’s Diary” was added to the Facebook page beginning in January; the support of an outside specialist was solicited for the first time in this product line in order to increase category awareness—a pediatrician who was recruited for the Facebook-conducted campaign took part in online video chats and live demonstrations and responded to consumers questions; in a “Mum’s Happy When Baby’s Happy” digital campaign that was conducted in May through July, pictures of eight babies with the cutest smiles were selected and were used on the backs of Pınar children’s milk packaging; in November and December, point-of-sale activities were conducted on 10 national TV channels and in Turkey’s four biggest cities.



In the flavored milk category, communication activities were conducted all year long for the “Kido” brand in order to strengthen its position: in the 2012 advert for the “Kido Çikomiiks” product that was launched in November 2011, five children selected from among those who took part in the “Kido’s looking for advertising stars” campaign mounted in 2011 and the advert was broadcast in January and February; in parallel with year-long campaigns, a large number of interactive games and apps for children appeared on the kido.com.tr website including “Çikomiiks Factory”, “Mysterious Cavern”, “Mysterious Journey”, “Karaoke with Gökçe”, and “Magic Notes”.

In the flavored milk for adults category: “Çikola” was introduced to consumers in August following flavor improvements; the product began appearing on shelves in its newly redesigned packaging in December.

For Pınar’s “Denge Süt” product: a “Dengeli Hayat” [“Balanced Life”] Facebook page was launched in February in order both to communicate with consumers and to increase product awareness.

For Pınar Labaneh, a Pınar Süt cheese group product that has become very popular among consumers: A “The Taste of Fame” campaign was conducted first in December 2011 to January 2012 and again in June 2012 using outdoor, newspapers, and internet as media as well as TV; the number of Pınar Labaneh’s Facebook followers reached 82,000; the campaign successfully boosted turnover-based market share by two points to 58%.

Turququality Project

Pınar Süt was one of the first and most important fast-moving consumer goods (FMCG) brands to join the Turququality Project,* a government-supported project conducted by the Undersecretariat for Foreign Trade. As a result of its successful efforts, Pınar was included in the second 5-year phase of the project in 2012.

* Turququality is a government supported project whose aim is to increase the competitive strength of Turkish brands at the global level. The first and only brand-focused program of its kind, Turququality’s goal is “To Create 10 World Brands In 10 Years”.

2013

The Şanlıurfa plant investment is slated to become operational in 2013.

Pınar Süt has decided to build a third plant in keeping with the strategic plans which it has formulated in line with its growth policies.

29.7

Pınar Süt's investment outlays in 2012 totaled TL 29.7 million in value.



For Pınar Cream Cheese in February and March: A "The cream cheese that makes you love breakfast" campaign was conducted; above-the-line advertising was used; supermarket drawings were conducted in which puppets and gifts based on the "Pınar Brain" character were given away as prizes. These communication activities raised Pınar Süt's cream cheese category market share from 76% to 82%.

For the "Pınar White with Chocolate", Turkey's first chocolate-flavored cream cheese that went on the market in October, communication began in December in the form of a "The cream cheese that makes kids who love chocolate love breakfast" campaign through school-centered activities that reached 200,000 children of kindergarten and primary school age and their mothers.

For Pınar Cheese Spread: A "Gimme Gimme" campaign was conducted in April and May using TV, radio, outdoor, and internet as media while 100,000 people were reached through tastings organized at business centers, breakfast venues, waterside venues, commuter ferries, and universities. Pınar Cheese Spread sales increased by 30% during the campaign.

For Pınar fruit juices, a product line for which there has been no communication for quite some time: communication support was provided through a mainly outdoor- and radio-based campaign in 2012 in order to put Pınar fruit juices back on consumers' agendas; the "That's the Real Flavor" campaign also introduced Pınar fruit juices through attention-getting taste trials.

Production capacity invigorated by new investment

Innovation and change are important elements of Pınar Süt's corporate culture. The company adheres to an investment program which constantly builds upon its existing technology and knowledge bases and transforms the strengths they nourish into competitive advantages and which is compatible with changing sectoral conditions.

Pınar Süt has decided to build a third plant in keeping with strategic plans which it has formulated in line with its growth policies. The foundations for the plant, which is to be located in Şanlıurfa, will be laid in 2013. Pınar Süt's existing ability to deliver goods to every part of Turkey will be further strengthened by the logistical advantages arising from this investment in the country's southeast. This investment also has a number of other missions such as increasing local employment opportunities and achieving broader penetration of the Pınar brand in a region whose proximity to Iraq and Gulf countries—substantial markets for the company—will be an added plus. The Şanlıurfa plant investment is slated for completion by end-2013.

The total value of all investments undertaken by Pınar Süt in 2012 amounted to TL 29,695,797, of which TL 4,725,081 was for building, underground, and land improvements; TL 22,558,747 for machinery & plant; TL 775,655 for vehicles' TL 1,500,677 for fixtures; and TL 135,637 for rights. TL 19,473,367 worth of all investments in 2012 were covered by the company's investment incentives certificate (nr 97128 dated 30 June 2010).

Regarding both output- and value-creation as its primary responsibility and adhering to the most efficient of production models in order to achieve this, Pınar Süt will continue to undertake investments which increase production effectiveness in the future as well.

Awards & recognitions

- According to a survey conducted by the RepMan Reputation Survey Center, which ranks companies and sectors on the basis of their perceived reputations, Pınar numbered among Turkey's ten most highly respected brands.
- The Turkish National Customer Satisfaction Index (TMME) as calculated by the Turkish Quality Association (KalDer) increased by 0.2 points in the second quarter of 2012 (as compared with the first) and reached 76.7. According to KalDer's findings, Pınar-brand fruit juices ranked first in their sector.
- Conducted jointly by KalDer and KA Research Limited, TMME is a quarterly economic indicator that measures customer satisfaction with goods and services purchased in Turkey. According to the index's 2012 Q3 results, Pınar was one of the top two brands in the milk and dairy products category.
- In the 2012 "Most Sincere Brands Survey" conducted by Ipsos for MediaCat, Pınar repeated its previous year's success by ranking first in the milk and dairy products category.
- According to company tracking reports issued by GfK Türkiye, Turkey's leading market research agency, 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%).
- According to a survey of the Turkish business world's most admired companies conducted jointly by Capital, a business and economics magazine, and GfK Türkiye, Pınar Süt ranks first in the milk and dairy products sector.
- 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 its top-ten standing for two years in a row.
- On the "Agricultural Cooperatives: Key to Feeding the World" World Food Day (16 October) forum organized by the Food Employers' Association of Turkey (TÜGİS), the Food and Agriculture Organization of the United Nations (FAO) recognized Pınar Süt for its contributions to the food industry.
- Pınar Süt's Eskişehir plant received the "Cleanest Industry" award from the Ministry of Environment and Urban Planning.
- Pınar-brand plain milk took first place MediaCat Felis awards in the "Best Use of Television Media" and "Best (5-15 Age Group) Children's Target Audience" categories for its use of scrollers on the Kanal D TV channel's "Sweet Dreams" children's program in February-June 2012.
- Pınar's "Crazy Juice" series received the Ay Yıldızları award for packaging excellence in 2012.
- According to the 2011 Brand Value report published by BrandFinance, Pınar Süt ranked 30th among the top 100 brands.
- Pınar Süt is one of the top five "Corporate Tax Champions" regularly recognized by the İzmir Chamber of Commerce and İzmir Department of Taxation.
- In 2012 Pınar Süt was the recipient of the Aegean Region Chamber of Industry (EBSO) awards in the "Best Domestic Sales Performance By An Original Brand" and "Best International Sales Performance By An Original Brand" categories. The company was also the second-highest taxpayer among the chamber's membership. Among EBSO members involved in the dairy industry, Pınar Süt took first prize as the firm carrying out the most investment, the firm with the most exports, the firm providing the most employment, and the firm with the highest output.
- 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.

Corporate governance rating

According to a corporate governance compliance report issued by SAHA Corporate Governance and Credit Rating Services, Pınar Süt scored 8.34 points out of a possible 10 in a report published in November 2011. In SAHA's follow-up report dated 23 November 2012, Pınar Süt's rating was raised to 8.87.

1st

According to a survey of the Turkish business world's most admired companies conducted jointly by Capital, a business and economics magazine, and GfK Türkiye, Pınar Süt ranks first in the milk and dairy products sector.



For our customers and consumers...



The Pınar Süt product portfolio



Functional Products

- Toddler & Follow-On Milk (plain)
- Pınar Kids Follow-On Milk
- Pınar Kids Follow-On Milk (Honey-flavored)

“Denge” Product Line

- Calcium + Vitamin A, D & E Milk
- Lactose-free Milk

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, Coffee)
- Bottled Milk
- Light Milk
 - 50% Light Milk
 - 0.1% Light Milk

Yoghurt

- Pınar Natural Yoghurt
- Pınar Natural Half-fat Yoghurt
- Pınar Natural Full-Fat Yoghurt
- Pınar Natural Light Yoghurt
- Organic Yoghurt
- Pınar Skimmed Pan Yoghurt

Ayran

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

Cheeses & 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

- 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
- Toasting Cheese Slices

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

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

Fruit Drinks

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

Condiments

Sweet Sauces

- Pinar Chocolate Sauce

Ketchups (regular & spicy)

Mayonnaises

- Jar Mayonnaise
- Light Mayonnaise

Mustards

Pinar Whole Cream

Pinar Süt krem (Clotted Cream)

Desserts & Sweets

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)
- Pinar Bag-In-Box Milk (full-fat & half-fat)

Cheeses

- Pinar Labaneh
- Pinar Cream Cheese
- Pizzarella
- Toasting Cheese Slices

Butters

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

Yoghurt

- Pinar 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



21

Pınar Süt put 13 new products in 21 different forms of packaging on the market in 2012.

Continuing to take an innovative approach in its sector and to pay heed to consumers' needs, Pınar Süt added new products to its portfolio and introduced them to the market in 2012.



New products introduced to the market in 2012:

Continuing to take an innovative approach in its sector and to pay heed to consumers' needs, Pınar Süt added new products to its portfolio and introduced them to the market in 2012.

- Pınar Sour Cherry & Apple Nectar
- Pınar 100% Pure Peach & Apple Juice
- Pınar 100% Pure Apricot & Apple Juice
- Pınar Light Ayran (0.7% fat) 1 lt
- Pınar Light Ayran (0.7% fat) 200 ml
- Pınar Orange, Pear & Apple Mixed Fruit Drink
- Pınar Pear & Pineapple Fruit Drink
- Pınar Tropical Mixed Fruit Drink
- Pınar Organic White Cheese 400 gr
- Pınar White with Chocolate 200 gr
- Pınar White with Chocolate 20 gr
- Pınar Sütkrem 160 gr
- Pınar Organic Yoghurt 100-gr 4-pack
- Pınar Yoghurt 18 kg
- Pınar White Cheese 4,250 gr
- Pınar Light Labaneh 2,750 gr
- Pınar Pan Yoghurt 2,000 gr
- Pınar Pan Yoghurt 5,000 gr
- Pınar Organic Yoghurt 1,000 gr
- Pınar Organic Yoghurt 750 gr
- Pınar Organic Light Yoghurt 750 gr

Product packaging and closure modifications

Because it is one of the core criteria informing consumers' purchasing choices, packaging needs to address a host of issues ranging from product & brand identity and visual appeal to weight & volume perceptions and from quality to convenience and hygiene. In 2012 a number of functional and visual changes were made in product packaging and closures both to increase the attractiveness of Pınar products standing on shelves and to more fully satisfy consumers' expectations.

Alternative suppliers

In order to create cost advantages and supplier convenience, sources of 250-gr butter tub lids, 16-pack triangular cheese cardboard inserts, fresh kashkaval bottom-foils, and promotional products that could serve as alternatives to the existing national and international sole suppliers of such materials were investigated and identified.

Visual improvements

Changes designed to make products visually more attractive were made in the packaging of 200-gr Pınar Cream Cheese and Pınar Labaneh, in 10/15 gr butter top-foils, in 250-gr butter tubs, in light yoghurts, and in 250-gr/500-gr traditional butters.

Cost savings

Packaging cost savings were achieved by replacing existing 1,500-gr yoghurt tubs with ecolight containers, by reducing the packaging weight of the 2,250-gr yoghurt buckets, by reducing the thickness of the shrink-wrap used in Tetrapak multipacks from 65 microns to 40 microns, and by using barcode labels in 1/5 Tetrapak multipacks.

Shipping container modifications

Inside walls were slimmed and other improvements were made in the shipping containers for S-shaped bottles and food-trade bottles, 200-gr Pınar Cream Cheese and Labaneh for the domestic market, 1/1 UHT milk, and 460-gr Chocolate Sauce trays. In response to chain store customers' requests, containers were altered in size to conform to the 800 mm x 1,200 mm Euro pallet standard.

Other changes

A changeover was made to Tetra Prism packaging in fruit juices as well as to a new wider form of cap which is being used for the first time in Turkey on Pınar fruit juice bottles.

Straws whose colors are keyed to product type are now being used on Pinar Kido Milk cartons.

The transparent material used for ayran PET bottles has started to be replaced with an off-white material.

The PVC used in 118- and 160-mm yoghurt container lids has been replaced with PET.

Complaints that the 800-gr Food Trade Ketchup bottles were releasing their contents too fast were resolved by reducing the diameter of the hole in the cap.

Innovative R&D

Our company keeps a close watch both on evolving consumer trends and on global and sectoral technological developments. Because it is a principle at Pinar Süt to be customer-focused and to make products that are appropriate to customers' needs and expectations, Pinar Süt gives great importance and priority to research and development.

Paralleling growth in the beverages category, Pinar Süt is developing products which incorporate different combinations of fruits and flavors.

In the last quarter of the year, Pinar Süt introduced the Turkish market to its very first product combining the flavors of chocolate and cheese: "Pinar Chocolate Cream Cheese" is a delicious flavor alternative that is proving especially popular with children.

Another innovative product introduced last year is "Pinar Süt krem", Turkey's first all-dairy spreadable clotted-cream alternative that is healthier because it has only half as much fat and calories as the real thing.

In order to contribute to Pinar Süt's R&D vision and to keep a close watch on and analyze innovations and trends, the company takes part in national and international fairs, congresses, seminars, and the like. Examples of products that are spotted at such events are examined and benchmarked for possible use by the company itself.

In 2012 Pinar Süt took part both in Paris SIAL, the world's biggest and most comprehensive food industry exhibition, and in Health Ingredients Europe, the world's leading ingredients exhibition for health, natural, and nutrition plus wellness solutions.

Pinar Süt has begun using product portfolio management software that allows the company to take a more systematic approach when dealing with product development issues while also shortening the time needed to develop new products.

Pinar Süt quality approach and management systems

In keeping with its mission of supplying consumers with products that are the source of health, flavor, and innovation, Pinar Süt shapes its strategies and business plans in line with consumers' wishes and thus has introduced many firsts to Turkey's food industry. The products and services which are developed in the course of the company's R&D efforts to address consumers' needs and expectations are produced and supplied to national and international markets under the Pinar guarantee of safety and quality.

Pinar Süt installs and deploys management systems capable of supporting constant development in order to make safe and superior-quality products which satisfy both customers' expectations and regulatory requirements and which focus on customer satisfaction. The company employs an effective process model in the conduct of its activities and it reviews and assesses the effectiveness of its management systems and processes at regular intervals.

Pinar Süt's business processes and activities are subject to TS EN ISO 14001:2004 Environmental Management System, ISO 22000 Food Safety Management System, ISO 9001:2008 Quality Management System, and FSSC 22000:PAS 220 Food Safety Management System certifications.

These international standards define the risks which may affect food quality and safety at every stage of production until products reach their final consumer. Taken as a whole, these standards provide the framework for a quality management system that makes it possible to take measures wherever risks concentrate, to constantly monitor performance, and to intervene whenever necessary so that food is produced and reaches the consumer safely.

Under the heading of total quality management, use is continuously made of corporate development and efficiency-enhancement self-assessment methodologies such as Lean Six Sigma and the EFQM Excellence Model.

Pinar Süt seeks to ensure the sustainability of its production quality in all of its goods while adhering to the rules of occupational health

Pinar Süt's business processes and activities are subject to TS EN ISO 14001:2004 Environmental Management System, ISO 22000 Food Safety Management System, ISO 9001:2008 Quality Management System, and FSSC 22000:PAS 220 Food Safety Management System certification.



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.

87% of Pınar Süt's sales are made through Yaşar Birleşik Pazarlama, Yaşar Holding's sales and distribution company.



& safety and contributing to social wellbeing without causing environmental harm. The company is currently working on projects that will lead to its being awarded additional certifications in the areas both of occupational health and safety and of energy management systems.

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.

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

The common goal of all Lean Six Sigma projects is to effectively manage a company's overall risks in an increasingly more globalized world. It does this by giving a company a flexible

structure that is better capable of responding to customers' demands and by achieving operational excellence in its processes. A corollary benefit of Lean Six Sigma is that it also enhances the company's brand value. Pınar Süt has been successfully carrying out Lean Six Sigma projects since 2008. These projects involve developing and implementing strategies 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.

Under Lean Six Sigma, operational process-related requests and improvements 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, over time, error rates may be reduced, efficiency may be increased, and customer satisfaction may be sustained by responding to customers' changing expectations more quickly.

Lean Six Sigma projects at Pınar Süt are run by personnel who have achieved "Master Black Belt" status and who are strategically placed throughout the company. These are Pınar Süt employees who have acquired project management, statistical, coaching, and training knowledge and skills in the performance of their jobs.

Information technology infrastructure

A number of major changes were made in Pınar Süt's information technology (IT) infrastructure in 2012 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.

Projects

- Terminal Server hardware and service upgrade project
- Server virtualization hardware and software upgrade and consolidation
- Application virtualization project
- Data Center infrastructure modifications
- Disaster Center infrastructure modifications
- Video conferencing infrastructure modifications
- Exchange email service upgrade project
- Project to duplicate the WAN infrastructure connecting the Pınarbaşı and Eskişehir plants via fiber optic lines through two separate operators
- SAP version upgrade

New product development process automation

The goal of this project is to install a system that will allow interdepartmental coordination in the development of new products through the use of data stored in the enterprise resource planning (ERP) system. The objective is to provide a common work platform that will ensure data consistency, improve speed, and allow centralized reporting through process automation.

Distribution

87% of Pınar Süt's sales are made through Yaşar Birleşik Pazarlama, the Yaşar Holding sales and distribution company. Direct sales to commercial customers account for a 3% share of the total while the remaining 10% of sales are made abroad.

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 dealerships and regional offices 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 made 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 it to achieve significant gains in terms of customer satisfaction and profitability.

Pınar Communication Center

Adhering to a customer-focused business approach, Pınar Süt carefully examines and gives importance to requests and suggestions received from consumers.

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

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

87%

87% of Pınar Süt's sales are made through Yaşar Birleşik Pazarlama, Yaşar Holding's sales and distribution company.

92%

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



For our suppliers...

30,000

Pınar Süt works with more than 30,000 raw milk suppliers.

In order to ensure that it has an uninterrupted supply of only the best-quality raw milk, Pınar Süt works with more than 200 dairy farms which are as committed to Pınar quality as the company is itself and which are contractually obligated to produce to EU norms.

550

Pınar Süt procures raw milk at more than 550 different locations.

Making use of the most modern technology available, Pınar Süt produces the milk and dairy products that are essential to good nourishment and it supplies them to consumers. The company contributes to the growth and development of the Turkish dairy industry by ensuring that more than 30,000 producers are continuously supported and that their labor and efforts are properly rewarded.

Pınar Süt procures the raw milk it needs from more than 200 dairy farms with which it works and which are contractually obligated to produce in compliance with EU quality standards.

The farmers who supply Pınar Süt with raw milk are provided with training seminars on issues ranging from the care and feeding of livestock to milking hygiene. In addition, Pınar Üretici Gazetesi, a newspaper containing information about animal diseases and dairy farming as well as news from Pınar Süt is published four times a year and distributed throughout the country free of charge.

Dairy farmers are provided with all the technical advice they may need on all issues related to dairy farming. Samples of the animal feed which farmers use are taken and analyzed to determine their suitability and nutritional value and to be sure that their dairy cattle are being fed correctly so as to keep the animals healthy and productive. Farmers are provided with service in such areas as agricultural economics and preparing farm-related feasibility studies, business plans, and projects.

Pınar Süt procures raw milk at more than 550 designated villages, cooperatives, farms, and similar locations.



For our employees...

Pinar Süt believes that people are the wellspring of its success.

957

Pinar Süt had 957 people on its payroll as of end-2012.

In 2012

Recognizing that its growth and development are rooted in the bedrock of its human resources, Pinar 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.

Pinar Süt has been participating in the Yaşar Holding Management Trainee Pool since that project's inception in 1996. The fifth round of the program, which began in 2010 and ended in 2012, was conducted with the aims of identifying young people with managerial talent, educating and expanding their vision, tracking their career progression, and providing them with projects and activities that will tap into their potential. The career development of those who are selected for participation in the program is supported through training, mentoring, and project activities.

Aware that high levels of employee motivation and loyalty create significant advantages for a company's achieving success more quickly, Pinar Süt solicits feedback from its personnel through the employee opinion surveys that it conducts every year. Action committees formed from personnel at every level consider the results of these surveys and they then formulate action plans that will contribute towards further improving employee satisfaction and motivation.

Pinar Süt believes that the training which it provides to its human resources represents the most important investment which it can make as a company. In line with this conviction, Pinar Süt provided its personnel with a total of 10,288 hours of training in 2012. Average training time per employee was 10.3 hours last year. Three main categories of training took place: Personal Development, Vocational Development, and Management Skill Development.

Training at Pinar Süt last year focused especially on Lean Six Sigma issues, how to design experiments, the Hazard Analysis & Critical Control Point system, hygiene, first aid, forklift and heavy equipment use, occupational health & safety, and fire safety.

Newly-recruited Pinar Süt employees were provided with orientation training as part of standard Yaşar Holding human resources practices in order to familiarize them with the corporate culture of Yaşar Group companies.

Pinar Süt takes part in university campus career days in order to have access to potential employees and it provides students with traineeship opportunities. Last year Pinar Süt provided traineeship positions for 122 university and 53 lycee students.

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

- engage in competency-based selection and placement practices whose aim is to put the right person in the right job and, as a result of which, the company is able to train its own managers by giving priority to the in-house promotion of people who create value
- 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
- give importance to employees' physical and mental wellbeing and provide support training on health-related issues.

10,288

Pinar Süt employees were provided with a total of 10,288 hours of training in 2012.





Making life more enjoyable...



For the environment and the community

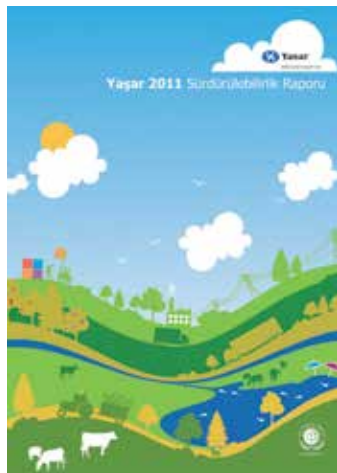
CO₂

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

In the pursuit of growth, Pınar Süt takes pains to reduce the environmental impact of its activities and to work closely with local communities in the conduct of its operations.

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 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 pursuit of growth, Pınar Süt takes pains to reduce the environmental impact of its activities and to work closely with local communities in the conduct of its operations. In the case of our other stakeholders, including but not limited to our suppliers, we develop 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.

However much efforts to reduce environmental impact may seem to be elements of cost in the short term, in the longer term they have a beneficial effect on costs because they engender savings. Furthermore, systematically reporting on and publicizing efforts to make contributions to society that go beyond creating economic value and employment opportunities enhances the reputation and value Yaşar Holding's brands.

Calculating the carbon footprint

Research carried out around the world has shown that the amounts of CO₂ being released into the world's atmosphere have been increasing steadily and significantly since the 1970s, that our planet's atmosphere has been changed by this, and that our world is growing steadily warmer as a result—possibly by as much as 0.8-2.0 °C since the mid-20th century.

Such changes have made the concept of “greenhouse gas” a part of our everyday lives. The United Nations Framework Convention on Climate Change that was signed in 1992 has the avowed objective of “stabilizing greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”. In order to head off or to deal with the potential direct and indirect consequences of such effects, projects were initiated on many different fronts looking for ways to increase energy efficiency in manufacturing and distribution processes and to make use of more appropriate (that is, less carbon-emitting) sources of energy.

As a first step in this direction, teams were formed to carry out projects in order to determine the “carbon footprint” of Pınar Süt, which is to say the total amount of greenhouse gas emissions generated by the company. These teams have received ISO 14064-1 (“Principles and requirements at the organization level for quantification and reporting of greenhouse gas emissions and removals”) and TS EN 150001 (“Energy management systems”) training.

The second stage of the project involves determining the carbon footprints of Pınar Süt’s İzmir and Eskişehir operations. A consultancy for this stage was hired and work began. In 2012, the carbon footprints of both plants were individually calculated on the basis of their 2011 emission figures and a commitment was made to reduce these footprint values by at least 15% between the present and 2020. Training is now being conducted at Pınar Süt by Carbon Team Leaders so that these calculations may be carried out every year.

Using eco-friendly materials and technologies

All activities at Pınar Süt production facilities are carried out in compliance with the requirements of TS EN ISO 14001 Environmental Management System specifications. To this end, Pınar Süt’s primary goals are: to comply with environmental laws and regulations in general and with the specific (local) environmental regulations to which it may be subject; to use natural resources efficiently; to reduce environmentally harmful waste by keeping it under control and/or to render such waste harmless; to take all necessary measures to prevent pollution.

Based on its compliance with legal norms in 2012, Pınar Süt’s Eskişehir plant has been awarded an “air emission permit” that is valid for a five-year period beginning on 16 March 2012.

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.
- Earthquake sensors were installed at transformer stations to protect the energy supply in emergencies.
- Contracts have been signed with two firms which will be investigating and reporting on the feasibility of generating power from organic waste at the company’s two plants.

As a requirement of the company’s environment management system, an environmental impact inventory was conducted at all units. Based on these inventories, the extent of environmental impact was determined and environmental impact logs were created. A newly-installed supplier rating system also allows Pınar Süt to assess the effectiveness of its suppliers’ own environment management systems.

In a competition organized by the Turkish Ministry of Environment and Urban Planning, Pınar Süt’s Eskişehir plant received the “Cleanest Industry” award as one of the top three contenders.



91%

Survey results indicated a high (91%) level of logistical services satisfaction among dealers.

Reductions in energy consumption

In 2012 Pınar Süt undertook a number of projects to reduce the amount of energy that it consumed.

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 which use less electricity and are more energy-efficient.

In 2012 employees began receiving training on energy efficiency and related issues prior to Pınar Süt's being audited for TS ISO 50001:2011 Energy Management System certification.

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. The consolidated records are reviewed and assessed at meetings which are attended by representatives of all departments concerned and they are also subject to testing and analysis on an individual production line basis. 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.

Individual targets for each production unit based on the cumulative results of the most recent three years are set annually for every production line. Performance measurements are assessed in light of predetermined benchmarks and criteria and the findings are reported to the appropriate units.

At 61.40%, the 59.94% line performance target which had been set at Pınar Süt's İzmir plant in 2012 was surpassed by nearly a percentage point and a half.

Reducing the environmental impact of company products through packaging waste management

The environmental impact resulting from product raw materials and manufacturing processes is carefully monitored and ongoing efforts are made to minimize it.

An industrial waste management plan is currently being formulated so as to improve the management and control of waste generated at production facilities. This plan incorporates such information as the types and quantities of waste and where and how the waste is disposed of.

Organic waste from a facility's production activities and its domestic waste are temporarily stored at the facility in a holding area that fully complies with the requirements of laws and regulations. The waste is then disposed of at locations which have been designated by local authorities and which are licensed by the Ministry of Environment and Urban Planning.

Similarly, all waste of a hazardous nature that is generated by a facility's production and maintenance activities is also temporarily stored at the facility in a holding area that fully complies with the requirements of laws and regulations. In the next stage, such waste is carried away aboard the vehicles of licensed firms and is disposed of or recycled, also by licensed firms, as may be appropriate. Information about the hazardous waste generated by facilities is reported annually to the Ministry of Environment and Urban Planning.

All waste water generated by plants is sent to waste water treatment facilities where it is treated by means of appropriate methods and discharged into the receiving environment in compliance with legally recognized discharge standards. Samples of treated water are taken after discharge and they are analyzed at the company's environmental management laboratories in order to monitor the effectiveness of treatment plants and to be sure that effluents comply with mandatory standards.

Product packaging is designed and executed with the issues of reusability and recoverability in mind. Packaging material choices are informed by the principle that packaging should avoid causing environmental harm at every stage from initial design and manufacture to final use and disposal.

In the case of packaging made from recyclable materials, Pınar Süt only works with firms that are licensed to collect and recycle all packaging waste materials.

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

Improvements in shipping management

Efforts made in 2010 and 2011 to improve Pınar Süt's nationwide sales and distribution activities gained additional momentum in 2012. 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.

Efforts continued to be made in 2012 to encourage the logistical services providers with which Yaşar Foods Group companies work to rejuvenate their vehicle fleets with lorries conforming to the much 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.

Yaşar Foods Group companies together booked about 40,000 separate shipments throughout the country in 2012. Of this total, 72% took place aboard optimized-route lorries, an average that corresponds to 92% and 48% respectively in the case of non-perishable and perishable product shipments.

A Dealer Logistical Services Satisfaction Survey is conducted every month to determine the degree to which customers (which is to say dealers) are satisfied with the company's logistical services and to improve service quality. The aggregate results of last year's

surveys indicated a high (91%) level of logistical services satisfaction among dealers. 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.

Social responsibility

Recognizing that sustainability has a social dimension as well, Pınar Süt has been making significant contributions to education, sport, and art and to the protection of the cultural heritage ever since the day it was founded.

Pınar Süt conducts its corporate social responsibility activities on a regular and consistent basis. Confident that its products nourish children's mental and physical development, Pınar Süt seeks also to contribute towards children's personal and intellectual development as well by supporting culture, art, and sport. The Pınar Art Competition, the Pınar Children's Theater, and sponsorship of the Pınar Karşıyaka Basketball Team are recognized as outstanding examples of meaningful and sustainable social responsibility projects being undertaken in our country.

Pınar Children's Theater in its 25th 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 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 Pınar Children's Theater's public-awareness rating was 20% in 2012.

Source: GfK Flavored Dairy Products Tracking Survey

20%

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





Pınar Art Competition

The Pınar 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 Pınar 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 Pınar 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 Pınar 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 Pınar working in collaboration with Informel Eğitim/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.

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.

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.

Pınar was a prime sponsor for 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.

Pınar was a prime sponsor for the National Gastronomy & Cooking Competition organized by the Uludağ Professional Chefs' Association when it was held at the Merinos Fair & Congress Center in Bursa last year. Nearly 300 chefs from all over Turkey took part in the event.

Sponsorships

Events sponsored by Pınar in 2012:

- "13th Pediatrics Days", organized by the Dokuz Eylül University Hospital School of Nursing at the İzmir Sabancı Cultural Center (5-6 April 2012)
- "National Dairy Summit Milk and Dairy Industry Conference" at Çeşme Altın Yunus Hotel (21-23 May 2012)
- "Foods R & D Project Market", organized by the Aegean Exporters' Association at Swissôtel Grand Efes in İzmir (29 May 2012)
- "13th In Search Of Excellence Symposium", organized by the İzmir Quality Association at Swissôtel Grand Efes in İzmir (12-14 June 2012)
- "Turkish Cruise Forum", organized by Seatrade and the İzmir Chamber of Commerce at Swissôtel Grand Efes in İzmir (3-5 July 2012)
- "The One Health Milk and Milk Products Workshop", organized by the İzmir Chamber of Veterinarians at Ege Anemon Hotel (13 October 2012)
- "11th Management Summit" at the İstanbul Maslak Sheraton (15 November 2012)
- "Tire Milk Symposium", organized by Ege University Tire Kutsan Vocational High School (13 December 2012)
- "3rd Boğaziçi Regional Partnership Summit" at Çırağan Sarayı (13-15 December 2012)
- "1st Safe Food Days" organized by KalDer İzmir (25 October 2011)
- "48th Turkish Pediatrics Congress" at Starlight Convention Center in Antalya (15-19 May 2012)
- "Marketing in the Age of the Customer Summit" at the Lütfi Kırdar Congress & Exhibition Center in İstanbul (5-6 December 2012)
- "World Food Day", organized by the Turkish Food Industry Employers' Association at İstanbul Grand Cevahir Congress & Exhibition Center in İstanbul (16 October 2012)
- Repainting of the exterior of the Ege University Faculty of Food Engineering's building (using materials made by sister company Dyo Boya)

