

# For all of our stakeholders...

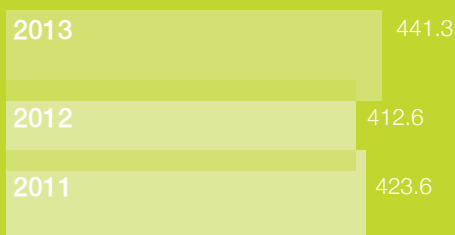
## 22.9%

Share of the charcuterie market's total turnover

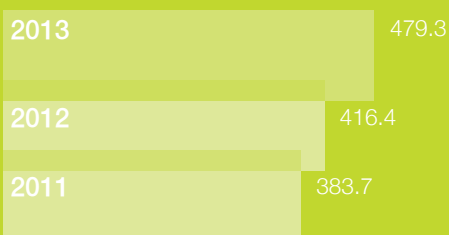
### In 2013, Pinar Et:

- by keeping abreast of the changes taking place in its sector, became the only brand to gain market share at the expense of its competitors in every category of a smaller overall market
- defended its leadership in the charcuterie market with a 22.9% share of total turnover
- increased its total net sales by 15.1% year-on
- registered a 29% rate of year-on-year growth in its exports
- was the preferred choice of 42% of Turkey's households in the charcuterie products segment.



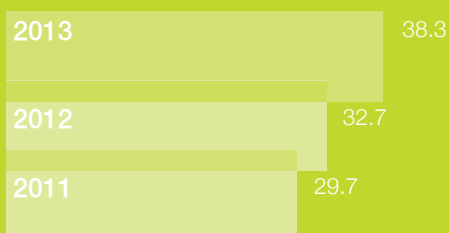
**Total Assets (TL million)**

At end-2013, Pinar Et's total assets reached TL 441.3 million, with an increase of 7.0% compared to 2012.

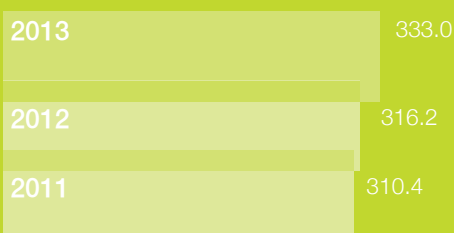
**Net Sales (TL million)**

Net sales increased by 15.1% to TL 479.3 million in 2013.

Gross sales increased by 14.92% year-on in 2013 and were worth TL 593 million. 98.3% of these sales were made to the domestic market; only 1.7% were due to exports.

**Net Profit (TL million)**

Pinar Et's net period profit was at a stronger level at TL 38.8 million than it was in 2012.

**Shareholders' Equity (TL million)**

At end-2013, Pinar Et's shareholders' equity was 5.3% higher than it was twelve months earlier and amounted to TL 333.0 million.

# 15.1%

Net sales increased by 15.1% in 2013 and reached TL 479.3 million in value.

Pinar Et's total sales weighed in at 45 thousand tons; this corresponds to a year-on rise of 2.1%.

**Ratios**

	2012	2013
Gross Profit Margin	17.4%	17.3%
Net Profit Margin	7.8%	8.0%
Current Ratio	1.9	1.7
Acid Test Ratio	1.4	1.3
Financial Leverage Ratio	0.2	0.2
Debt/Equity	0.3	0.3

**42%**

Pinar Et-brand charcuterie products achieved a household penetration rate of 42% in 2013.

Charcuterie products entered 88% of Turkey's households last year: in 42% households, the products were made by Pinar Et.



**Market Shares**

Salamis	Sausages	Soudjouks	Total Charcuterie
<b>43.9%</b>	<b>35.3%</b>	<b>17%</b>	<b>22.9%</b>
<b>Leader</b>	<b>Leader</b>	<b>Leader</b>	<b>Leader</b>

Source: Nielsen





### An extensive product portfolio shaped by consumers' expectations

An extensive product portfolio makes it possible for Pinar Et to satisfy a broad range of expectations and to appeal to many different customer groups. The innovative products that the Company introduces to the market are frequently the first in what becomes a brand-new segment. Pinar Et continues to be a market leader in this respect: its single-portion "Aç Bitir" line for example registered especially strong growth last year, is now being imitated by competitors, and keeps Pinar Et in the forefront of the burgeoning pre-sliced cold cuts market.

### Strong financial performance rooted in a focus on selling high added-value products

Pinar Et's financial performance was such as to confirm both its projections and its expectations.

The Company's total assets, which amounted to TL 412.6 million in 2012, stood at TL 441.3 million as of end-2013.

Gross sales increased by 14.92% year-on in 2013 and were worth TL 593 million.

By successfully adhering to a strategy of focusing on selling high added-value products, the Company registered a 15.1% year-on rise in its total net sales revenues.

Gross profit similarly increased by 14.8% year-on and reached TL 83.1 million.

### The sector's leader...

In 2013 Pinar Et was the only brand to gain market share at the expense of its competitors in every category of an overall smaller market.

Pinar Et's share of the processed meats category increased from 20.6% in 2012 to 22.9% in 2013. (Source: Nielsen)

In soudjouks, 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 17% share of the segment's turnover. (Source: GFK-Tracking.) Pinar-brand soudjouks' clear leadership in this segment was unbroken in 2013. (Source: Nielsen-Ipsos HTP)

Pinar-brand salamis' turnover increased by 19% year-on and accounted for a 43.9% 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 26.4% in 2013.

Pinar Et sausages remained the best-selling brand: their 35.3% share of the segment's turnover was 22 points higher than that of the nearest competitor and they achieved a household penetration rate of 14.7% last year. (Source: Ipsos HTP)

## 22.9%

Pinar Et's share of the processed meats category increased from 20.6% in 2012 to 22.9% in 2013.





## 27%

In 2013 Pinar Et controlled a 27% share of turnover in the market for frozen meat, dough products, and seafood products.

Pinar Et remains the brand that consumers most trust and prefer in frozen foods, especially in frozen meat products: its 45% share of this category's turnover puts it well ahead of even its closest competitors.



Charcuterie products entered 88% of Turkey's households in 2013. In the case of 42% 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 45% share of the segment, it is way ahead of all of its competitors.



A total turnover share of 16.7% puts Pinar Et in second place in the frozen dough products category. By individual product segment it controls market shares of 24% and 18.5% respectively in frozen pizzas and frozen puff pastry. In the frozen manti segment, which we entered in late 2012, we quickly became one of the top two brands with a market share of 14.7%. Pinar Et's entry into the frozen börek segment in 2013 further boosted its presence in frozen dough products. The Company also controlled a 24.7% share of turnover in frozen seafood products last year. (Source: Nielsen-Scantrack)

### Balanced growth in sales

Pinar Et's sales performance by product segment in 2013 paralleled changes experienced in the sector. By successfully adhering to a strategy of focusing on selling high added-value products during the year, the Company registered a 15.1% year-on rise in its total net sales revenues.

A breakdown of Pinar Et's sales in processed meats shows that 31% consisted of soudjouks, 46% of salamis, and 23% of sausages.

Although changes in the regulatory framework in March 2013 had the effect of constricting the overall market for charcuterie products, they helped Pinar Et boost its own market shares in soudjouks, salamis, and sausages while the Company's market share in the overall processed meats category increased from 20.6% to 22.9%. A tonnage-based analysis of consumer demand in the frozen foods market shows that 15% of it consists of meat products, 81% of dough products, and 4% of seafood products as compared with Pinar Et's own frozen foods portfolio, whose respective shares are 29%, 65%, and 5.5%. To strengthen its presence in the frozen dough products category, Pinar Et introduced manti in late 2012 and böreks in August 2013. As of December last year, Pinar Et's market shares in these two segments were already up to 14.8% and 24% respectively.

The enduring leader of the processed and frozen meat products markets in Turkey for many years, Pinar Et's household penetration rates also continue to rise steadily. According to Ipsos HTP, a Pinar Et product enters 42% of all households at least once a year.

## Corporate governance rating

### Exports contribute a bigger share to total revenues

Besides serving its home market, Pınar Et also exports goods to close to two dozen countries, most of them in Turkey's near abroad. In 2013 the Company increased such exports by 29% year-on and shipped charcuterie products, frozen products, and seafood products to Northern Cyprus, Azerbaijan, Iraq, Uzbekistan, Turkmenistan, Libya, USA, Bosnia-Herzegovina, Kyrgyzstan, Kuwait, UAE, Qatar, Bahrain, Oman, and Yemen. Last year the Company also began shipping a variety of products (sausages, burgers, meatballs) specially crafted for specific export markets.

In 2013 Pınar Et booked exports worth a total of USD 5.3 million. This corresponds to a year-on rise on the order of 29% in its export trade turnover.

One of the first companies to be included in the Turquality Project, Pınar Et has successfully completed its five-year association with the program and will be taking part in the second round.

### Strategic investments continue according to plan

In 2013 Pınar Et continued to undertake investments focused on improving quality, customer satisfaction, and productivity in its production-, environment-, and people-related processes. Last year the Company spent a total of TL 23,425,000 on renewal investments, TL 6,000,000 on land and buildings, TL 2,970,000 on infrastructure and land improvements, TL 9,073,000 on machinery and facilities, TL 131,000 on vehicles, TL 4,292,000 on fixtures, and TL 202,000 on rights.

Work continued on strategic investments in the last quarter of 2013 with TL 12,875,000 being spent on the acquisition of a frozen fish processing plant, the aim of which is to grow the Company's market share in that business line. Work also continued on ongoing modernization investments aimed at increasing customer satisfaction and process efficiency.

TL 7,686,454 of the investments undertaken by Pınar Et in 2012 and 2013 are covered by the Company's investment incentives certificate (102023 dated 17 September 2011).

In 2014 the Company plans to pursue additional growth by undertaking investments in its "Gurme" and "Aç Bitir" charcuterie product lines, both of which have been demonstrating very successful sales performances.

It also plans to pursue growth in the frozen dough products line with the introduction of one or more new offerings in the börek category in keeping with market requirements.

### Awards & recognitions

As the leading name in Turkey's processed meats industry, Pınar Et once again was the recipient of numerous awards and recognitions from respected organizations acknowledging the superiority of the Company's production standards, its use of technology, and its standing as an innovator and author of "firsts".

- In the "Turkey's Most Admired Companies" survey conducted jointly by GfK and Capital magazine, Pınar Et was the second most-liked company in Turkey's meat industry.
- According to a survey conducted by the RepMan Reputation Survey Center and GfK Türkiye in which 16,243 people in all seven of Turkey's geographical regions were polled, Pınar Et numbered among Turkey's ten most highly-respected companies. In this year's popularity poll, Pınar Et advanced from 8th to 7th place.
- All four of the top names in the Superbrands list are in the foods & beverages category. Pınar Et was one of them.
- In 2013 Pınar Et was the recipient of the Aegean Region Chamber of Industry's (EBSO) second-place awards in the "Highest Export Performance" and "Highest Production Performance" categories and it placed first in the "Highest Investment Performance", "Most Manufacturing Jobs Provided", and "Most Tax Paid" categories.
- In the fourth "Ay Yıldızları" competition conducted annually by the Packaging Manufacturers Association to recognize excellence and innovation in packaging design and implementation, Pınar Et received the "Award of Excellence" in the "Foods" category for its "Pınar Et Delight" and "Gurme Parmak" soudjouk products.
- At the İzmir Chamber of Commerce's annual taxpayers' awards ceremony, Pınar Et received a gold medal for reporting the highest net commercial earnings in the "Livestock, Meat and Meat Products Group" and also a bronze medal for its foreign exchange earning performance.
- In the sixth annual "Direct Marketing" awards conducted by the Direct Marketing Communicators Association, Pınar Et placed third among 357 projects submitted by 78 agencies in the "Guerrilla Marketing" category with its "Pınar Et Gurme Sucuk Lezzet Masası" campaign.

According to the corporate governance compliance report issued by SAHA Corporate Governance and Credit Rating Services, Pınar Et's corporate governance rating, which was 8.77 out of a possible 10 in 2012, increased to 9.16 in 2013.

## 29%

Pınar Et successfully increased its exports by 29% in 2013.

# For our customers and consumers...



## 30 years

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

### Wholesome, trusted, tasty products

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 more than 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 "Barbecue Delight"; and in the low-range segment with "Yörük Coil". Pınar Et Aç Bitir soudjouks are offered in a variety of package weights that can be consumed in one go.

In salamis, Pınar Et's high-end products are "All-Beef Hungarian Salami", "For Breakfast", "Salami with Pistachios", and "Turkey Meat Salami"; mid-range products are "Doyum" and "Pınar Büfe"; and the low-end product is "Yörük 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; 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 ham and smoked turkey breast.





## Pinar Et Product Groups

### Charcuterie

Soudjoks  
Salamis  
Sausages  
Cold cuts  
Hams

### Frozen Meat Products

Burgers  
Meatballs  
Breaded products

### Frozen Dough Products

Pizzas  
Puff pastry  
Mantis  
Böreks  
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 meatballs  
Turkey doner

### Seafood Products

Tuna  
Filletted mackerel

### Fresh Meat Products

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





## 14

In 2013 Pınar Et introduced fourteen new products, of which thirteen were for the home market and one was for export.

Focusing its attentions on high added-value products, Pınar Et continued its efforts to develop smaller-weight packages better suited to consumers' needs and purchasing power.



### The principle of ongoing product portfolio improvement

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". Communication investments boosted sales of these products in 2013.

Pınar Et boosted its sales in the fast-growing frozen dough products category with new product launches in 2013. In the börek segment, which accounts for a significant share of this category, oven-ready products were introduced in two different forms with four new ingredients: cheese and potato tray böreks for the more traditionally-minded and ground meat & potato and labaneh & spinach roll böreks for the culinarily more adventurous. Consumers' responses to these new products have been very positive. We are now focusing on efforts to increase their availability in stores.

In 2013 Pınar Et introduced fourteen new products, of which thirteen were for the home market and one was for export.

### New products

- Single-portion salami 75-gram four-pack
- All-beef grilling soudjouks, 2,000 grams
- All-beef single-portion sausages
- Oven-ready trayed cheese börek (400 & 800 grams)
- Oven-ready trayed potato börek (400 & 800 grams)
- Oven-ready ground meat & potato roll börek (500 grams)
- Oven-ready ground meat & potato roll börek (500 grams)
- Mini Pizza
- Kadınbudu Meatball

### Export

- Truva sausages (240 grams)

### AFH

- Sosis Kokteyl Büfe Ekstra (2,500 grams)
- Sosis Uzun Büfe Ekstra (2,500 grams)
- Ham Yörük Catering (2,000 grams)
- Ham Servis (2,000 grams)

### Communication campaigns in 2013

Communication campaigns and promotional activities were carried out in 2013 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.

Because it is the product category that generates the highest turnover in charcuterie and is also witness to both the strongest growth and the stiffest competition down through the years, communication activities continued to promote the Company's soudjouks.

Owing to the strong sales and competitive appeal of the "Gürme" line of soudjouks launched in 2011, communication activities sought to enhance consumer awareness and to boost market share.



This product's TV ad was broadcast in April and May and it attracted favorable response from viewers. Outdoor, radio, and internet were used as media concurrent with the TV campaign. The products were also promoted by means of point-of-sale tastings, drawings, and outdoor guerrilla marketing activities.

For the Aç Bitir line, which introduced and then grew the single-portion concept originally in pre-sliced salamis, communication activities in 2013 also focused on supporting growth in small-pack, single-portion soudjouks and sausages recently introduced to the market as well. Launched in November, these ads made use of a variety of media such as outdoor and digital radio and are still continuing.

During the year Pinar Et undertook new communication activities for its offerings in the frozen products category. The resulting "Pinar Et's Tasty Ideas" campaign proved to be a great success.

### Social media

#### [twitter.com/PinarKurumsal](https://twitter.com/PinarKurumsal)

Consumers are provided with specially-created recipes, press releases, announcements, and holiday- and week-specific celebratory messages via the Company's corporate Twitter account. A special [twitter.com/InfoPinar](https://twitter.com/InfoPinar) page was also opened in order to separate consumers' wishes, needs, and suggestions from the corporate page so that they may be dealt with more effectively. This page is integrated with the Pinar Et Communication Center, which is responsible for resolving any issues that may come up.

#### [www.facebook.com/pratikanneler](https://www.facebook.com/pratikanneler)

A "Pratik Anneler" ("Practical Mothers") Facebook page was launched for the "Pinar Et Hazır Yemek" line. This account, which seeks to reach working mothers, provides them with content that helps make their everyday lives easier.

### R&D to offer consumers the best, the most appropriate, and the most variety

In order to fulfill its mission of supplying consumers with wholesome, safe, and tasty meats and meat products, Pinar Et also gives importance to innovation and to keeping pace with technical and technological developments.

The Pinar Et R&D department was intensively involved in ensuring that the Company's products were compatible with the substantial changes introduced by the newly-published Turkish Food Codex Communique on Meat and Meat Products in 2013. Among other things this required optimizing product formulations and ensuring regulatory compliance in production processes.

Committed to remaining the author of "firsts" in the food industry, in 2013 Pinar Et once again kept track of domestic and international developments and research and to engage in product development and improvement activities in order to offer consumers the best, the most appropriate, and the most variety in line with their expectations.

Pinar Et's "Pinar Et's Tasty Ideas" campaign was a great success in 2013.



## quality

The Pınar Et quality management system is structured and managed so as to encompass all aspects of all products from original source to final consumer.



### Production strengths and product portfolio enriched by quality standards

The Pınar Et quality management system is of great importance in achieving unconditional customer satisfaction. The Company deploys a quality management system that encompasses all aspects of all products from original source to final consumer with the aim of ensuring that products are made and supplied to consumers under conditions that are safe, wholesome, and hygienic. Quality management at Pınar 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 FSSC 22000 Food Safety Management System, which incorporates internationally recognized food safety standards as well as hazard analysis & critical control point (HACCP) elements.

Pınar 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. Pınar Et's laboratory received TS EN ISO/IEC 17025 certification in 2008, which entitles it to act as a contract laboratory for the Turkish Standards Institution (TSE). The chemical and microbiological compliance of Pınar Et products with the requirements of Turkish Food Codex Meat Communiques is verified in this laboratory, which, in addition to product analysis, also ensures that all outsourced inputs conform to specifications.

All of Pınar Et's production facilities and operations were audited first by TSE in May and then by SAI Global (a British independent food inspection agency) in September. As it does every year, it received "A" ratings in all categories.





**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>
Integrated Red Meat Plant	<ul style="list-style-type: none"> <li>• Fresh &amp; frozen beef &amp; lamb</li> <li>• Charcuterie (soudjooks, salamis, sausages etc)</li> <li>• Frozen meat products (hamburgers)</li> <li>• Frozen meat products (meatballs)</li> <li>• Convenience foods (doner, cooked trayed products)</li> </ul>
Integrated Turkey Meat Plant	<ul style="list-style-type: none"> <li>• Fresh &amp; frozen turkey meat</li> <li>• Frozen meat products (turkey and chicken)</li> </ul>
Processed Seafood Plant	<ul style="list-style-type: none"> <li>• Frozen fish meatballs, natural seafood</li> </ul>
Byproducts Manufacturing Plant	<ul style="list-style-type: none"> <li>• Animal feed raw materials (meat &amp; bone meal etc)</li> </ul>

Operating in plant facilities with about 46,000 m<sup>2</sup> of enclosed space, Pınar Et has a slaughtering and processing capacity corresponding to 102,000 cattle, 408,000 sheep, and 1,836,000 turkeys a year.

Pınar Et has been adhering to halal-compliant slaughtering practices since the day it was founded. This system, which was certified compliant with the TSE Halal Standard published in 2011, is audited twice a year.

**Cost optimization**

During 2013 Pınar 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**

In 2013 Pınar Et completed its sixth round of Lean Six Sigma projects. The six projects worked on last year brings the total number carried out since 2008 to twenty. One of the important missions that Pınar Et undertakes is to improve and expand the capabilities of its suppliers. Project ideas submitted by Pınar Et process owners under the headings of “operational improvements”, “product packaging improvements”, “energy management to conserve environmental and natural resources”, and “warehouse management” are statistically reviewed and selected for their potential effectiveness.

**OCI projects**

An important element of the concepts of innovation and talent management that Pınar Et has internalized is operational cost improvement (OCI). 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. A program of rewards for those whose projects are successful encourages personnel to suggest them.

**IT activities**

Pınar Et constantly reviews, 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 as a company.

As a result of a number of changes that were made in Pınar Et’s information technology (IT) infrastructure in 2013, significant improvements were achieved in business continuity, data security, and cost effectiveness.





# 1,200

One of Turkey's biggest and most important sales and distribution networks, Yaşar Birleşik Pazarlama employs a fleet of more than 1,200 vehicles.

## Pınar Et makes 76% of its sales through Yaşar Birleşik Pazarlama, the Yaşar Group's sales and distribution company.



### 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.

Pınar Et makes 76% of its sales through Yaşar Birleşik Pazarlama, the Yaşar Group's sales and distribution company.

### Yaşar Birleşik Pazarlama

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

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

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

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

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

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

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

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



### Pınar Professional

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

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

### Pınar Communication Center

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

Accessible from everywhere in Turkey on 444 7626 without the need to dial an area code, the Pınar Communication Center (PİM) is staffed by live operators who are on duty and respond to incoming calls between the hours of 07:00 and 23:00 every day of the week. Their job is to ensure that callers are provided with the information that they need as quickly as possible. PİM has a call success rate of about 90% and 92% of all calls are answered within 15 seconds. Last year a dedicated PİM Twitter account was opened by means of which it is possible to examine and respond to consumers' wishes and suggestions submitted through social media. Satisfaction surveys are regularly conducted among consumers who contact the center in order to systematically quantify PİM's service levels. A poll conducted among consumers who contacted the Pınar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.

## AFH

Pınar continued to develop products suitable for the AFH channel in 2013.



## 91%

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



# For our suppliers...

## strong

Over the years Pınar Et has built up strong, collaborative relationships with its raw materials suppliers.

Suppliers are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

## crucial

Pınar Et regards raw materials procurement as one of the most crucial components of its production processes.

Regarding raw materials procurement as one of the most crucial components of its production processes, Pınar Et has built up strong, collaborative relationships with its raw materials suppliers over the years. Such suppliers are essential to Pınar Et's commitment to keeping its customers provided with safe and hygienic products.

The expanding volume of Pınar Et's own business also supports business volume growth among the suppliers with which it works. 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.

Pınar Et itself carries out all of its own slaughtering in its own facilities. The Company obtains the meat it needs from live animals procured from domestic feedlots located in all six of Turkey's geographical regions. To ensure that it has access to best-quality meat from animals raised under veterinary supervision, Pınar Et supports the growth and development of "contractual feedlot operations".

All of the Company's live turkeys and some of its other live animals are obtained from Çamlı Yem Besicilik, a Yaşar Group company that is engaged in agricultural production.



# 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.

## 794

Pinar Et had an average of 794 people on its payroll in 2013.

Recognizing that human resources number among the essential elements of its growth and development since the day it was founded, Pinar Et seeks to make and keep its personnel effective and productive in their work and loyal to the Company. Pinar Et formulates its human resources policies in line with its fundamental business policies and strategies.

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

Thanks to such fair-minded human resources policies and practices, which are informed by and implemented according to "people first" attitudes, the Company has the ability to attract people who are superior in every respect. Pinar Et's workforce consists of individuals who have training and experience, who have a heightened sense of workgroup belonging and job ownership, who are open to all advances in knowledge, who value information sharing and the spirit of unity, and who identify with participatory management attitudes and with success-focused work.

### Objectives- and competencies-based performance evaluations

Average training time per employee at Pinar Et in 2013 was 11.8 hours, with total training time amounting to 9,416 hours. Three main categories of training took place: Personal Development, Vocational Development, and Management Skill Development.

The number of Pinar Et employees taking part in the "Yaşar Academy", a newly created training platform that makes use of e-learning methodologies, increased in 2013.

Pinar Et takes part in university campus career days in order to have access to potential employees and to provide students with traineeship opportunities. Last year Pinar Et provided trainee positions for 104 university and 46 lycee students.

Aware that high levels of employee motivation and loyalty create a significant advantage in achieving success more quickly, Pinar Et has been soliciting feedback from its personnel through employee opinion surveys that it has been conducting regularly every other year since 1998.

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

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

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

## 9,416

Pinar Et personnel received a total of 9,416 hours of training in 2013.





# For the environment and the community...

## CO<sub>2</sub>

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

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

### Sustainability

A pioneering and exemplary corporate citizen who balances its economic interests with its environmental and social responsibilities, Pınar Et regards economic, environmental, and social sustainability as being essential to its own long-term, healthy, and profitable performance and it 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.



### Environmental management programs

Making productive use of natural resources and abiding by practices that assign value to environmental matters are very important elements of Pınar Et's environment policy. When improving production and operational quality, the Company is careful not to have an adverse impact on the environment. Thus Pınar 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 Pınar 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

In 2013 Pınar Et was awarded TS ISO 50001 Energy Management System certification. Resource management is an issue to which Pınar Et gives the highest priority, the underlying goal of which is to carry out its production activities using less energy and water while generating less waste.

A heightened sense of environmental and social responsibility is the bedrock of Pınar Et's pioneering and exemplary corporate identity.



In 2013

### Greenhouse gas emissions

Having been rated on its greenhouse gas emission performance, Pınar Et then assessed methods to reduce its carbon footprint and commissioned projects to achieve this. The Company is now working to fulfill its target of reducing its carbon footprint by at least 15% by 2020. These projects have already resulted in improvements in operational greenhouse gas emissions.

### Electrical energy conservation

Pınar Et has initiated projects to reduce its electricity and natural gas consumption as part of its Lean Six Sigma energy-conservation activities. So far these projects have reduced the Company's electricity and natural gas consumption per ton of output by 2.6% and 4.0% respectively.

### Water use efficiency

Pınar Et seeks to efficiently manage the water that it uses in all of its production processes. The Company formulates and diligently implements a variety of projects to maximize water use productivity and to minimize effluents. By reducing the amounts of water discharged during the conduct of its production facilities and thus diminishing the workload of its effluent treatment systems, Pınar Et also conserves energy.

### 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 resulted 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. Posters put up in cafeterias in 2013 increased employee awareness of conservation issues by drawing attention to such matters as not wasting food, creating less garbage, and sorting trash. In order to reduce manufacturing activity environmental impact, all recyclable factory waste is collected and sorted at source and sold to licensed recycling firms for disposal or economic reuse as appropriate.

**94%**

Respondents to a logistical processes survey conducted in 2013 reported a 94% satisfaction level.

Waste of a hazardous nature produced by facilities is documented by means of National Waste Carriage Forms and then sent to licensed firms that are responsible for its proper recycling/disposal. Medical waste and discarded batteries 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. The Company has been outperforming its plastic waste generation targets for four years in a row. 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.

In 2013 Pınar Et continued to collaborate with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO) in collecting, recovering, recycling, and, economically reusing packaging waste. Pınar Et also contributes towards ÇEVKO's efforts in such areas as education, public awareness, and supporting the environmental activities of municipalities.

**Improvements in shipping management**

Pınar Et's efforts to further develop and improve its sales and distribution processes throughout the country continued without letup in 2013. Such activities enhance the efficiency of and customers' satisfaction with the Company's logistical processes while also lending support to Green Logistics concepts.

Intercity highway transport operational efficiency has been improved by means of a new route optimization model that is rooted in the principle of economies of scale. In parallel with the goal of ensuring environmental sustainability, a logistical model was created that is based on the idea of carrying more goods for shorter distances.

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

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

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

Type of packaging	(%) recovered in 2011	(%) recovered in 2012	(%) recovered in 2013
Paper & cardboard	38	40	42
Plastic	38	40	42

### Social responsibility

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

### Pınar Art Competition

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

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

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

According to a public-awareness poll conducted by GfK, the Pınar Children's Art Competition's public-awareness rating was 31% in 2012.

Source: GfK Flavored Dairy Products Tracking Survey

### Pınar Children's Theater in its 26th year

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

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

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

Source: GfK Flavored Dairy Products Tracking Survey

### Pınar & UNICEF Hand-In-Hand

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

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

# 31%

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



# 33%

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





## support

Pınar demonstrates its support for sports through its sponsorship of the Pınar Karşıyaka Basketball Team (Pınar KSK).



### Pınar Institute

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

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

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

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

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

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

### Support for sport

#### Pınar KSK

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

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

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

#### Pınar Et Professional Training Unit

In order to provide professional education in meat and meat product operations and management and to create a pool of trained people in a business line that lacked any other source of professional training, the Pınar Et Professional Training Unit was set up as part of Pınar Et in 1998. As the first undertaking of its kind in Turkey, the Pınar Et Professional Training Unit provides theoretical and practical training to young people in the 15-18 age group who have completed primary school education and who want to learn a trade and go to work, thus qualifying them to pursue a profession for which there is considerable unsatisfied demand in the country. Other training objectives include inculcating work ethics and discipline among young people and raising professional standards, production quality standards, and worker productivity throughout the country.

## Publications

### Yaşam Pınarım

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

### Pınar

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

### Üretici ve Tüketici Gözüyle Et

Pınar Et sponsored the second printing of Üretici ve Tüketici Gözüyle Et, a book by Professor Cemal Sarcan that discusses aspects of the meat industry from both producers' and consumers' viewpoints.

## Fairs & congresses

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

In 2013 Pınar Et:

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

## Sponsorships

### Leading events supported and sponsored by Pınar Et in 2013:

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

# 115,000

In 2013 Yaşam Pınarım magazine began being distributed to consumers as an e-bulletin sent out by email. As a result of this change in format, it is now reaching 115,000 people a month.

