

Yaşar 2015 Sustainability Report



“People should work for contributing to their countries and to the development. It’s the life to me!”

Selçuk YAŞAR

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Sustainability Is a Journey

Parallel with the rapid change in our world, our economic, environmental and social settings are changing rapidly. Therefore, I know and see that it is not possible to be competitive unless sustainability is made a part of the business systems and decision making processes.

We always emphasized two points in our sustainability reports, which we prepared and shared in a more comprehensive way in comparison with the previous years, since 2009. The first point we have stressed is that sustainability is a journey. This journey can reach the targeted results when it is made in co-operation with our stakeholders. The second is making sustainability a part of our business processes. Sustainability has to be adopted from the room of board of directors to the photocopy rooms and the entire value chain has to be managed with this understanding.

The awareness of sustainability has been raised through workshops and training programs we have held in our value chain. The expectations of our stakeholders from us have been understood in a better way via face to face or on-line surveys conducted among our stakeholders. Hence, we were able to include our shareholders in our sustainability journey.

We revised our action plans by reviewing our sustainability strategy. Our regulations, recruitment processes and all other relevant documents were reviewed with a sustainability focus. We decided to start the Sustainability Competition in order to increase the number of our good practice examples.

While our efforts for struggle against climate change in terms of environment sustainability are continuing, our priority is effective resource use, especially in terms of water. Empowering women is in our focus whilst creating a fair and safe work environment providing equal opportunities.

While sharing the value that we created "for a better life" as Yasar Group companies with all our stakeholders in the value chain, we will continue providing our safe and high quality products to our consumers as we have done since our foundation with sustainable business models.

Mustafa Selim Yaşar
Chairperson of Board of Directors

We Care for Every Ring of Our Value Chain

The business world is being subject to a radical change and transformation due to the game-changing developments, which can be summarized as digitalization, Industry 4.0, internet of objects.

The on-going change and transformation affects not only the business world, but also the individual life of each of us. Furthermore, it brings opportunities that are useful in better understanding our world and our stakeholders.

At this point, the United Nations defined the sustainable development concept with a brand new approach and the targets were determined under 17 headings. The new approach and the targets provided important hints to the business world to revise its strategies.

As the companies of Yaşar Group, which closely follow up on the international developments, we drew our new roadmap within the frame of our Sustainable Development Policy without compromising our ethical, accountable and honest business understanding, which we have sustained since our foundation.

The companies of Yaşar Group are sharing the value they created "for a better life" by "caring for" each ring of the value chain.

We are well aware of our responsibility towards our business, the society, our consumers, our employees, our environment, customers and business partners within the scope of sustainability.

We know that our responsibility is far beyond legal compliance. With this awareness, we voluntarily signed UN Global Compact in 2007. With this awareness, we calculate the carbon footprints of our 10 companies every year without any legal obligation. We have declared carbon emission

reduction target for 2020 and have developed carbon reduction strategies. Furthermore we announce average carbon emission rate of the companies of Yaşar Group every year. Again with this awareness, we have started water footprint calculations in 4 of our facilities. We recently included Şanlıurfa factory into the water footprint calculations this year. Furthermore, we prepared our water risk reports.

Believing the importance of transparency in sustainability, Pınar has been the first dairy products producer participating in both CDP (Carbon Disclosure Project) and CDP Water Program, with these efforts attention is drawn to the reduction of risks for a sustainable world.

Since the importance of social peace, co-operation and mutualization is understood better in the world we established the "Yaşar Volunteers Platform" in order to support the voluntary efforts and our own volunteers. Upon the completion of our volunteers' training we gave a start for the projects which are compliant with our corporate values. Our main purpose is to benefit from the impact created by Yaşar companies "for a better life" to meet the social needs. Our studies carry on aiming to form a project which utilizes our employees' voluntary contribution in the form of time and labor in such a way that this time and labor can have even more profound effects on the society.

We give special importance to our projects, which help to improve the skills and knowledge of our women employees to empower women.

We are very pleased to present Yaşar 2015 Sustainability Report prepared in compliance with GRI G4 reporting standard to our stakeholders.

Mehmet Aktaş
Chief Executive Officer



About The Report

G4-17, G4-18, G4-27

Yaşar 2015 Sustainability Report covers our approach towards material topics that are of importance both for the future targets of our Group and for our stakeholders as well as our studies and performance in 2015.

Yaşar Group, which issued the Communication on Progress Reports in 2009 and 2010 and thereafter, "Yaşar 2011" "Yaşar 2012", "Yaşar 2013" and "Yaşar 2014" Sustainability Reports, performs its reporting works within the frame of UNGC principles and Global Reporting Initiative-GRI criteria. Yaşar 2015 Sustainability Report has been prepared using the GRI G4 Guidelines-Core option. The Report also uses GRI G4 Food Processing Sector Disclosures. With this Report, we also declare our commitment to the UNGC Principles.

Yaşar 2015 Sustainability Report includes the activities and projects performed in the country by 10 domestic companies, which are listed under the title Corporate Profile, between the dates 01.01.2015-31.12.2015. The companies included in our Group, but based in abroad are not included in the report scope. 75% partnership share of Dyo Printing Inks, which is among the subsidiaries of Yaşar Holding, was sold to Toyo Ink SC Holdings Co. Ltd. On January 15th 2016. The activities of Dyo Printing Inks in 2015 are also included in the scope of the report.

In addition, the content of the report also comprises Yaşar University founded by Yaşar Education and Culture Foundation and Selçuk Yaşar Sports and Education Foundation and Pınar Institute. Data generally presented in the report, however, are not related to those entities. Their activities are included in the report only for information sharing purposes.

Compilation and preparation of data related with our report was performed under the management of Corporate Affairs Coordinatorship Department and Extended Sustainable Development Committee, with the contributions of the relevant units of the companies, acting within Yaşar Group and included in the report scope. The report is not subjected to external audit. Mikado Sustainable Development Consulting supported the preparation of the report.

The works carried out under the leadership of our Chairperson of Board of Directors, involved the following;

- Extended Sustainable Development Committee,
- Sustainability Reporting Team Members,
- Carbon and Water Leaders,
- Carbon and Water Footprint Teams.

The process related with the determination of material topics included in our report is shared under the heading "Sustainability Priorities".

We are very happy to submit our Report, which is prepared in Turkish and English, to you.

Your feedbacks are important for us ...

You can direct any kind of opinion, recommendation and question you may have about Yaşar 2015 Sustainability Report published by Yaşar Group to forabetterlife@yasar.com.tr.

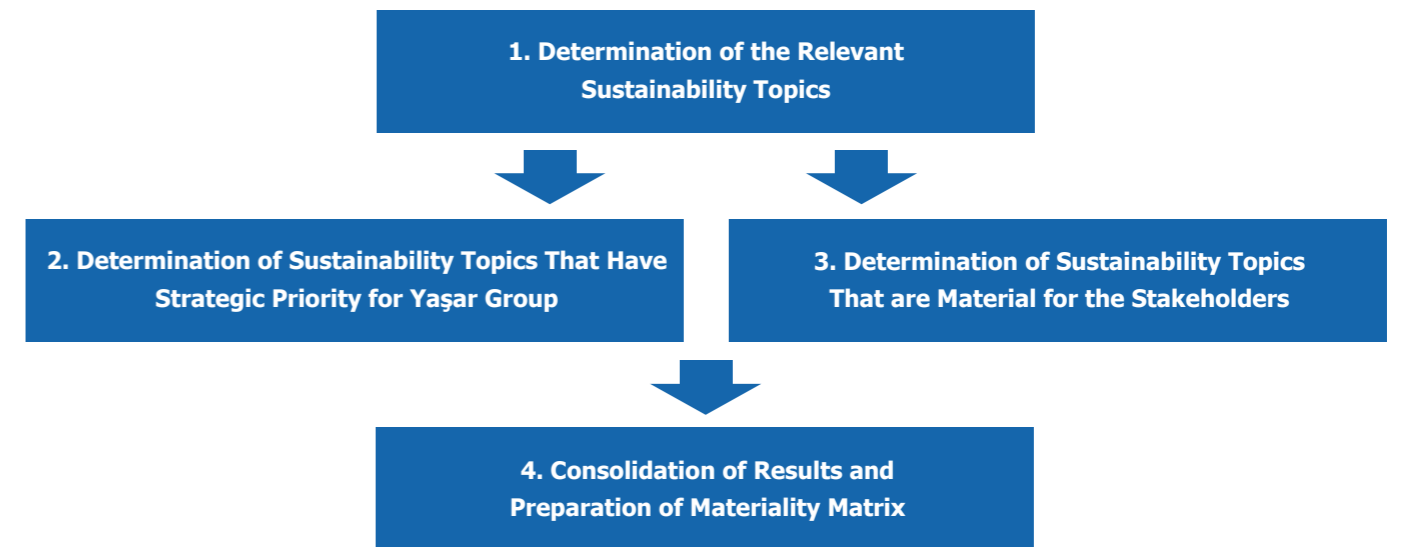
Material Sustainability Topics

G4-18, G4-19, G4-20, G4-21, G4-23, G4-24, G4-25, G4-26, G4-27

In 2015 it was decided to update the existing sustainability priorities of Yaşar Group with a more systematic point of view and a comprehensive materiality assesment was performed in line with this purpose.

While determining the material sustainability topics of Yaşar Group, both strategic sustainability priorities and the matters, which the stakeholders of Yaşar Group companies consider to be material, were taken into consideration.

Yaşar Group Materiality Assesment Stages



1. Determination of Relevant Sustainability Topics

While determining the relevant sustainability topics, GRI G4 Sustainability Reporting Guidelines, GRI Food Processing Sector Disclosures and "Sustainability Topics for Sectors: What Do Stakeholders Want to Know?" report issued by GRI, as well as the dynamics in the sectors, where Yaşar Group companies act, and the economic, social and environmental impacts of those sectors and Yaşar Group's economic, social and environmental impacts and the feedbacks received from the stakeholders directly or indirectly in time, have been used.

2. Determination of Sustainability Topics Having Strategic Priority for Yaşar Group

Discussions and workshops were held at the level of both Board of Directors and Top Management in order to determine the topics having strategic priority for Yaşar Group.

In this context, face to face interviews were made with 4 members of Yaşar Holding Board of Directors. The board members were asked to choose and rank the sustainability topics having strategic importance for Yaşar Group.

19 people, who are in top level management in Yaşar Group companies and who are decision makers, participated in Yaşar Group Top Management Materiality Workshop. As the result of long assessments, the sustainability topics having strategic priority were determined from the eyes of top management.

While prioritizing the topics, the economic, social and environmental impacts created by Yaşar Group; the risks and opportunities created by the relevant sustainability topics; the reflection of the topics on the long-term performance of the company were among the matters that are taken into consideration.

Consolidating the priorities of Board of Directors and Top Management, the sustainability topics that are found to have strategic priority for Yaşar Group were determined.

3. Determination of Sustainability Topics That are Material for the Stakeholders

G4-18, G4-19, G4-20, G4-21, G4-23, G4-24, G4-25, G4-26, G4-27

Yaşar Group, which acts in many sectors, has a very wide stakeholder network. In order to determine the material sustainability topics for our stakeholders, different stakeholder dialog tools were used in compliance with the nature of the stakeholder group.

In this context;

- A total of 212 stakeholder group representatives were accessed through 9 workshops.
- Face to face interviews were made with 13 public representatives and 6 NGO representatives, corresponding to a total of 19.
- The representatives of a total of 73 institutions were accessed through 9 two-stage online questionnaires.

The stakeholder groups to be included in the materiality assesment were determined together with our Group companies, taking the effect and accessibility factors into consideration, and care was paid to select the person and institution to be interviewed so as to represent the stakeholder group.

The list of our stakeholder groups, which participated in Yaşar Group materiality assesment, their distribution to our sectors of activity and the stakeholder dialog tool used are given in the following table.

Yaşar Holding	Food and Beverage Group	Coating Group	Tissue Papers Group	Trade and Service Group
Employees (workshop)	Employees (workshop)	Employees (2 workshop)	Employees (workshop)	Employees (workshop)
	Consumers (2 workshop)	Coating Masters (workshop)	Customers (online questionnaire)	Customers* (online questionnaire)
	Customers (online questionnaire)	Direct Customers (online questionnaire)	Suppliers (online questionnaire)	
	Suppliers (online questionnaire)	Dealers (online questionnaire)		
	Civil Society (online questionnaire)	Suppliers (online questionnaire)		
	Public (face to face interview)	Civil Society (face to face interview)		
		Public (face to face interview)		

*Since a sufficient number of stakeholder representatives could not be accessed, the results are not included in the materiality assesment.

The relevant sustainability topics were shared with our stakeholders through the performed workshop, face to face interviews and questionnaires and they were asked to rank the topics they consider to be material. Furthermore, sustainability training was provided for the participants at the workshops, hence a better efficiency was ensured in the workshops. The studies have been very useful in terms of understanding the expectations of the stakeholders from Yaşar Group, as well as learning their recommendations and strengthening our dialog with our stakeholders.

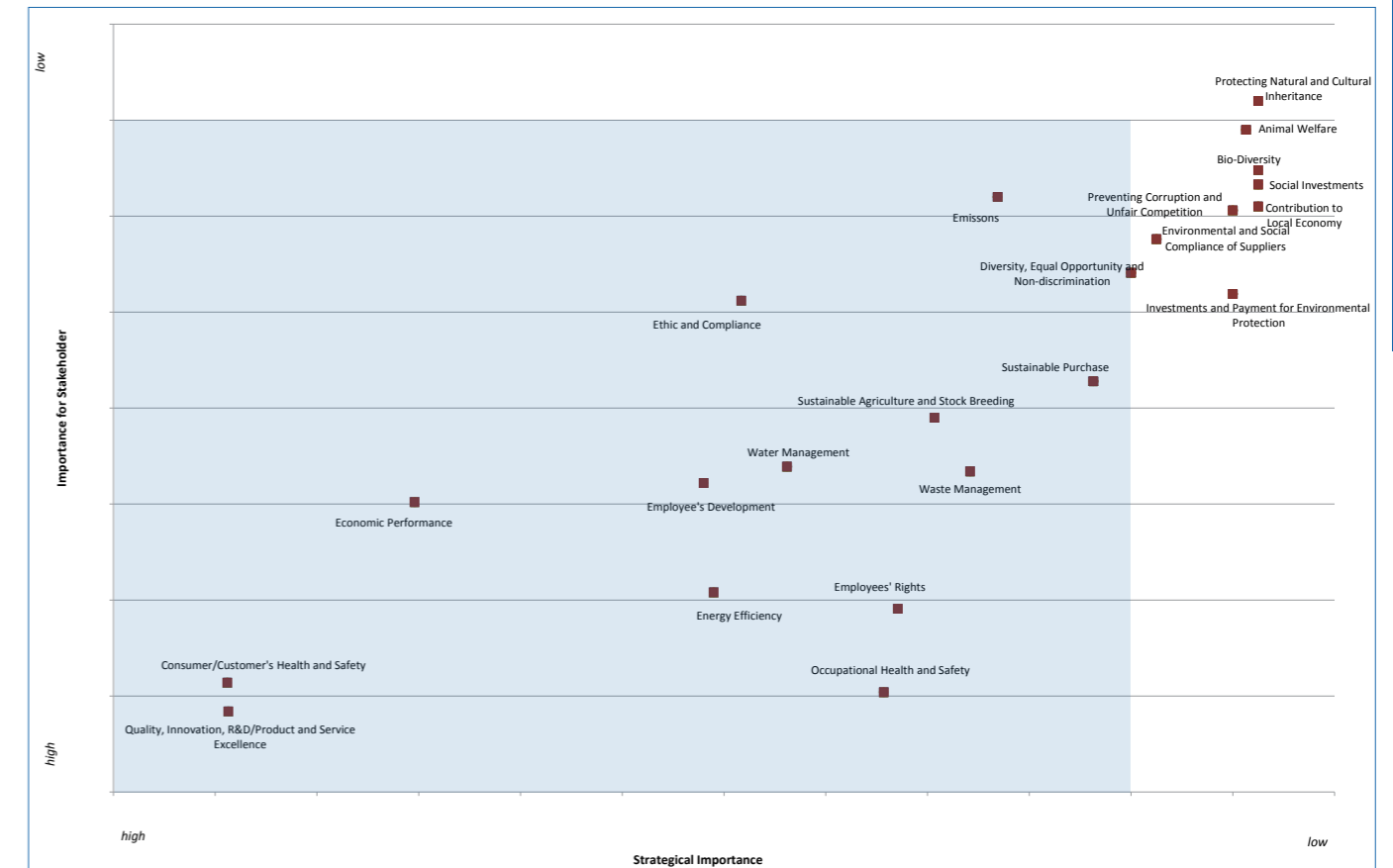
The obtained results were grouped and consolidated on company basis, hence, the sustainability topics, which our stakeholders consider to be material, were determined.

4. Consolidation of Results and Preparation of Materiality Matrix

G4-18, G4-19, G4-20, G4-21, G4-23, G4-24, G4-25, G4-26, G4-27

Yaşar Group Materiality Matrix is created by placing the topics having strategic importance for our Group and the topics having priority for our stakeholders into the matrix.

Yaşar Group Materiality Matrix



In accordance with this, the list of the sustainability topics are material for Yaşar Group and their scopes are given in the following table.

Material Sustainability Topics	Scope
Quality, Innovation and R&D	Yaşar Group Companies
Consumer/Customer Health and Safety	Yaşar Group Companies
Economic Performance	Yaşar Group Companies
Ethics and Compliance	Yaşar Group Companies
Employee Rights	Yaşar Group Companies
Employee Development	Yaşar Group Companies
Occupational Health and Safety	Yaşar Group Companies, Sub-contractors
Equal Opportunity and Non-Discrimination	Yaşar Group Companies
Sustainable Agriculture and Stock Breeding	Yaşar Group Companies, Farmers
Sustainable Supply Chain Management	Yaşar Group Companies, Suppliers
Water Management	Yaşar Group Companies
Energy and Climate Change	Yaşar Group Companies
Waste Management	Yaşar Group Companies

While determining the contents of Yaşar 2015 Sustainability Report, the sustainability priorities of Yaşar Group were taken as basis. Some topics, which have relatively low priority in Yaşar Group Materiality Matrix were included in the report to the extent they are related to the topics that are determined to have high priority.

About Yaşar Group

Corporate Profile

Corporate Name

Yaşar Holding A.Ş.

Business Segments

Food-beverages, coating, agricultural production, tissue paper, trade services, energy

Number of Employees

7.500

Date of GC Membership

November 12th 2007

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www.unglobalcompact.org/
participants/detail/10228-Yasar-
Holding-Co-

Yaşar Group At a Glance

The Group's principal business lines consist of food and beverages and of coatings. With 20 companies, 24 factories and facilities, 2 charitable foundations, and approximately 7500 employees the Group is also active in business lines such as tissue paper, tourism, energy, trade and services. 6 of Yaşar Holding's subsidiaries are traded on the Borsa Istanbul: Pınar Dairy, Pınar Meat, Pınar Water, Dyo Coating, Viking Tissue and Altın Yunus. The head office of Yaşar Holding A.Ş. is located in İzmir.

The Yaşar Group has been a pioneer in Turkey with its two best-known brands most noticeable by consumers. Our Group which leads the sectors in which it is included has realized important investments with Pınar and Dyo brands supported by TURQUALITY® Program.

The Group, which was opened to the international markets in 1970s for the first time, is competing with the world trademarks in Europe with Pınar Foods GmbH, which was founded in Germany in 2000. Pınar reaches the consumers of Middle East and the Gulf region with HDF FZCO, which was founded in Dubai in 2000.

Dyo Coating is continuing its investments abroad with Dyo Balkan (Romania), Kemipex (Russia) and Dyo Africa (Egypt), which are its affiliated partnerships acting abroad.

Our Group gives importance to social development as much as economic development, by supporting education, sports, culture and art through Yaşar Education and Culture Foundation and Selçuk Yaşar Sports and Education Foundation, and is producing social benefits with the social

responsibility projects. Yaşar University is among the leading universities of Turkey with its education in line with the international standards.

The Yaşar Group also creates social benefit with the involvement of corporate social responsibility projects. Based on the awareness of being a corporate citizen all of our efforts touching people in their daily life are aimed at having a sustainable world with the motto of "for a better life". In this regard, our Group manages all business processes on the sustainability axis and reports those activities under the principle of transparency. By joining the signatories of United Nations (UN) Global Compact (GC) in 2007 Yaşar Group prepared its Communication on Progress Reports in 2009 and 2010 within the frame of UNGC. Sustainability Reports are accessible at www.yasar.com.tr and have been issuing every year since 2011.

Empowering of women is one of the most important item in our agenda that we focus on and follow closely. Increasing the personal and professional progress of the both our women employees and the women included in our supply chain is among our targets. Our support continues to empower the women through the initiatives in which we take apart. With this regard "CEO Support Declaration for UN Women's Empowerment Principles" was signed in 2012. "The Equality at Work Platform", which is brought to the agenda by the World Economic Forum, and which is continued under the leadership of the Ministry of Family and Social Policies, and the "Work Group for Empowering of Women" that is founded by Global Compact Turkey Board of Directors are among the formations, in which our Group is included.

Our Mission and Corporate Values

Our values within the frame of our mission, which is defined as adding value to the lives of consumers by providing high quality products and services with our trusted brands are: Our Consumers and Customers Come First, Our Operational Excellence, Our Human Resources, Our Ethical Stance and Our Environmental and Social Responsibilities. Yaşar Holding Sustainable Development Policy has been defined on the basis of our mission and values. Following the international developments with the principle of not compromising our ethical, accountable and honest business understanding and serving to the sustainable development targets are the main foundations. Allowing our employees to improve themselves while providing a fair working environment for them, supporting the local while providing high quality products and services for the needs of the society, protecting the local values, contributing to the progress of society with the collaborations we developed are the other elements of our Sustainable Development Policy. While performing all those activities, our priority is to measure our environmental impact, to improve it, and to contribute to the protection of natural resources. Furthermore, it is indispensable for our Sustainable Development Policy to continue supporting the improvement of new generations through investments in education, culture and art in the future, as in the past.


Within the frame of our Sustainable Development Policy, Yaşar Group companies is sharing the value it created "for a better life" by "caring for" each ring of the value chain.






Following the international developments with the principle of not compromising our ethical, accountable and honest business understanding and serving to the sustainable development targets are the main foundations.



Corporate Profile

	Food & Beverages Group				
	Pınar Süt Mamulleri Sanayii A.Ş. (Pınar Dairy)	Pınar Entegre Et ve Un Sanayii A.Ş. (Pınar Meat)	Pınar Su Sanayi ve Ticaret A.Ş. (Pınar Water)	Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. (YBP)	Çamlı Yem Besicilik San. ve Tic. A.Ş. (Çamlı Feed)
Publicly Traded					
Foundation Year	1973	1985	1984	1983	1983
Headquarter	Izmir	Izmir	Izmir	Izmir	Izmir
Factory	Izmir, Eskişehir, Şanlıurfa	Izmir	Aydın, Sakarya, Isparta, Bursa	Izmir, İstanbul, Antalya, Bodrum/ Muğla, Adana, Ankara, Trabzon, Samsun ⁽¹⁾	Izmir, Manisa ⁽²⁾
Total Capacity	310.000 ton/year raw milk in processing	58.000 ton/year	1.800.000 ton/year	322.048 ton ⁽⁵⁾	335.000 ton/year
Brands	Pınar	Pınar	Pınar	Pınar, Nar'ca	Çamlı, Pınar Balık, Biofarm, CoolDog, Bioaqua
# of SKU	500	500	16	600	396
Employment	1.172	1.092	452	1.187	467
Distribution and Service Network	via YBP	via YBP	566 dealer, 12 distributor	100+ dealer, 150.000'e sales point	209 dealer
Web	www.pinar.com.tr	www.pinar.com.tr	www.pinarsu.com.tr	www.ybp.com.tr	www.camli.com.tr
Foreign Trade	Gulf Countries, Turkic Republics, USA, EU Countries, TRNC	EU Countries, USA, Middle East and Gulf Countries, Russia, Turkic Republics, Far East, TRNC, Australia, Canada	EU Countries, Gulf Countries, USA, Far East		EU Countries, Middle East and Gulf Countries, Russia, USA, Far East

	Coatings Group	Tissue Papers Group	Trade and Service Group		
	Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. (Dyo Coating)	Viking Kağıt ve Selüloz A.Ş. (Viking Tissue)	Altın Yunus Çeşme Turistik Tesisler A.Ş. (Altın Yunus)	Yaşar Bilgi İşlem ve Ticaret A.Ş. (Astron)	Desa Enerji Elektrik Üretim A.Ş. (Desa)
Publicly Traded					
Foundation Year	1954	1969	1974	1983	1996
Headquarter	Izmir	Izmir	Izmir	Izmir	Izmir
Factory	Izmir, Kocaeli, Manisa	Izmir	Izmir ⁽³⁾	Izmir ⁽⁴⁾	Izmir ⁽³⁾
Total Capacity	260.000 ton/year	45.800 ton/year	1.021 person/ accomodation		10,4 mW
Brands	Dyo, Dewilux, Casati	Premia, Lily, Senso, Select, Puflla		Astron	
# of SKU	15.700	141			3
Employment	1.060	369	238	110	21
Distribution and Service Network	800 dealer	220 dealer + direct customer			Aegean Region
Web	www.dyo.com.tr	www.viking.com.tr	www.altinyunus.com.tr	www.astron.ws	www.desaenerji.com.tr
Foreign Trade	EU Countries, Gulf Countries, Middle East, Africa	EU Countries, Central Asian Republics, Africa, Central America, Middle East and Gulf Countries	Germany, Balkans, England, Greek, Scandinavia, Iran ⁽⁶⁾		

(1) Regional Directorates

(2) Factories & Plant

(3) Plant

(4) Offices

(5) Total Sale Amount

(6) Customers' Country Origins



Important Developments In 2015

Dyo Coating

Dyo Coating which ranked 145th rising 12 steps in the ranking of 500 Big Industrial Organizations of Turkey, which was announced in 2015 based on the numbers of 2014. On the other hand according to the "Fortune 500 Turkey" list announced by Fortune Turkey Dyo Coating with the 2014 net sales figure has risen to the 222nd rising one step.

Pınar Meat

• İzmir, Kemalpaşa-Ören Breeding

Farm: Cattle breeding was decided in 2015 to make sustainable raw materials available for supply chain. The existing paddock areas were re-designed so as to ensure animal welfare and the works were started in April, 2015. Approximately 20.000 m² paddock areas and auxiliary enterprises were completed in August. Upon completion, the first lot of breed was taken to the farm. For the full integration of the breeding farm a biogas facility has been projected to be realized to produce renewable energy with an environmental friendly approach.

- The investment on a closed area of 6.500 m² including "Auxiliary Material Warehouses, Product Warehouses, Production Building, Social Facilities, Cooling Supply Building" was completed and commissioned in March, 2015. Sustainable improvement on food safety, occupational health and safety, environment and energy management has been achieved through this investment.

• Improvement of Animal

Welfare: With the investment and infrastructure works performed in the cattle slaughterhouse and paddocks, our animal health and welfare practices reached to the top level. As a result of third party audit our systems excellence was verified.

Pınar Water

In December, 2015, Bursa facility for Natural Spring Water with Recyclable Package was opened. By this way, our recyclable product capacity increased to 568.000 tons/year from 335.000 tons/year, with a 70% increase.

Pınar Dairy

In 2015, a new dairy plant investment has been taken in to operation in Şanlıurfa, which is the largest food investment ever made in the Southeastern Anatolia region. We produce milk, ayran and fruit juice in this plant. This plant is designed to accommodate the increase in the diversity of products according to needs, by using energy efficient and nature-friendly technologies with full automation. The Company increased its raw milk processing capacity by 18% upon completion of this investment. Pınar Dairy purchases raw milk from Şanlıurfa as well as other surrounding provinces and districts. We held trainings for all producers in the region by the participation of Pınar Institute and Çamlı Feed.

Our target is to make contribution to the development of dairy sector in the region through our training meetings

which includes caring, feeding, and breeding to produce healthy and high quality raw milk.

Cleanroom and packaging investments were made for new product series such as "On the Go" and "Open and Eat Up" in Izmir Factory. New line investments were made for "UF Cheese" product in Eskişehir Factory.

Believing the importance of transparency in sustainability, Pınar Dairy has been the first dairy products producer participating in both CDP (Carbon Disclosure Project) and CDP Water Program. It ranked first among the volunteers in CDP 2015 Climate Change Turkey Report.

Viking Tissue

In 2015, modernization works were performed in Viking Tissue on PM1 (Paper Machine 1). As a result, the machine capacity was increased by 20%.

YBP

In 2015 YBP established an important co-operation with Kahve Dünyası which is one of the leading cacao and coffee producers of the world to sell and distribute its products.

In the same year, organizational structure and work models were changed to respond to the structural market modifications. Restructuring was made to increase the focus and performance on Consumption Outside Home (COH). Furthermore new arrangements have been embraced with the expectation to increase the service quality and efficiency in distribution lines.

Recognitions

- Yaşar Holding has been one of the companies awarded by the Ethical Values Center Association with "ETİKA Ethics Awards of Turkey 2014".
- Yaşar Holding was awarded by the Sustainable Production and Consumption Association and Energy Efficiency Association with "Low Carbon Hero" prize, due to the carbon reduction works carried out in the scope of its sustainability approach.
- Altın Yunus was honored with the International Blue Flag Award in 2015 due to its full compliance with the Blue Flag criterias such as the cleanliness of the beach and sea water, the equipment and services of the facility, environmental management approach and environmental training hold by Altın Yunus.
- Altın Yunus was awarded with Zoover Bronze prize by Zoover Travel Comments Site in 2015.
- Pınar was awarded with the Superbrands prize given to the best trademarks of Turkey in 2015.
- Pınar was awarded with three prizes by Stevie Awards, which is among the most reputable awards of the world. Pınar Childrens Theater was awarded with Silver Stevie in "Europe Corporate Social Responsibility Program of the Year". Pınar Institute's Project Sütümüzün Geleceği Bilişli Ellerde (The Future of our Milk is in Conscious Hands) was awarded with Bronze Stevie in the "International Business Awards" category. Pınar Painting Contest was awarded with Bronze Stevie in the section of "Communication Campaign of the Year-Media Relations".
- Pınar Dairy Izmir Plant was awarded as the most efficient industrial enterprise decreasing energy density by 65.3% in the food and beverage sector by the Ministry of Energy and Natural Resources in the 15th Project Contest on Industrial Energy Efficiency.
- As a result of the research on "Measurement of Reputation and Trademark Value Performance" made by both Marketing Turkey Magazine and Akademetre Research Company, Pınar was awarded with "Leadership in Beverage Sector" in "Integrated Marketing Price".
- Pınar Balık, was awarded with "Superior Taste Award" by ITQI (International Taste and Quality Institute), which was performed with the blind tasting test of the chiefs and sommeliers, who are opinion leaders in their area.
- In the research on the "Most Favored Companies of Turkey", which was held by GFK and Capital Magazine, Pınar Dairy was the most favored company in the "Dairy Products" sector.
- Aegean Region Chamber of Industry (EBSO) Award Ceremony assessing 2013 performance was held on January 16th 2015. Pınar Dairy, Pınar Meat and Pınar Water were awarded with a total of 12 prizes. Pınar Dairy was awarded as the winner in the following categories: "Highest Export", "Highest Investment", "Highest Production" and "Provision of Highest Employment in Production". Furthermore, it has become the fourth in the category of "Big Firm Success Award In Tax". Pınar Meat was awarded in the meat, fish and meat products industry with the winning prize in the categories of "Highest Export", "Highest Investment", "Highest Production" and "Highest Employment in Production". Furthermore, it has become the second in "Big Firm Success Award in Tax" category.
- Pınar Water has been awarded as the runner-up in Beverage Industry Profession Group in the categories of "Highest Investment" and "Highest Employment in Production".
- In the Crescent and Stars of Packaging Competition 2015, Pınar was awarded with the silver prize in graphic design category with its Special Cheese Family.
- In 2015 Effie Turkey Advertisement Activity Contest, which was held by the Advertisers and Clients Association, Pınar Milk for Children was awarded with "Silver Effie" with the campaign "Triple Support for the Nutrition of your Child" in the "Basic Food" category.
- Pınar became the first winner of the Gulf 2015 "Product of the Year" prize. This contest awards the world leading firms in fast moving consumer goods category every year. Labne (mild cream cheese) is one of the category opened for the first time this year.
- Viking Tissue was awarded with 5 prizes by EBSO in January 2015. Viking was awarded with "Superior Sale Performance" and Runner-up Prizes for Production, Export, Employment, and Investment in the Tissue and Tissue Products Industry.



**“Following the path of science, and constantly
improving ourselves producing the best.
That’s why we exist.”**

Selçuk YAŞAR

Caring for Business

Economic Performance

2015 was a difficult year for both the world and Turkey especially since developing countries' shares on the growth have been decreased. However Turkey manage to grow with a very low rate despite the volatility in cross-rates and interests and besides the risks and uncertainty experienced for a long time in the region. The decreases in the commodity prices have resulted in a positive impact for our country as a net importer in raw material.

On the other hand, 2015 has been a year, during which our Group performed controlled growth. With the existing conditions, Yaşar Group was focused on stable markets rather than risky products and customers and has exhibited a prudent attitude. Our priorities have been efficiency and cost optimization, working capital and effective liquidity management, healthy management of competition and market risks.

The Group taking into consideration of all its stakeholders, operates with a transparent, fare, accountable and responsible manner has had a net sale of 3.198 million TL in 2015. While 72,7% of those sales came from the Food And Beverage Group, 21,9% of it from the Coatings Group. The rest was shared within the Tissue Papers Group and the trade and Service Group with 4,1% and 1,3% respectively.

Even if it has become difficult to reach the export targets due to the developments in the nearby geography and the diminishing demand in Russia, Azerbaijan and Northern Iraq Markets, we managed to export to more than 70 countries in 2015, to obtain a 2% and a 10% percent growth in coatings and food and beverage business lines respectively.

Besides that, a 24% (TL 128 million) increase was ensured in investment comparing to 2014. A total investment of TL 158 million was made in 2015, consisting of 77,7% in the Food and Beverage Group, 13,3% in the Coatings Group, 4,6% in Tissue Papers Group and 4,4% in other areas.

With the sale of 75% of Dyo Printing Inks, which is one of the subsidiaries of Yaşar Holding, to Toyo Ink SC Holdings Co. Ltd, which is among the leading ink producers of the world, we expect an increase in business volume both in the domestic and foreign markets.

31.12.2015 31.12.2014

Directly Produced Economic Value	3.197.930	2.965.811
- Incomes	3.197.930	2.965.811
Revenue (net sales)	3.197.930	2.965.811
Distributed Economic Value	2.965.953	2.774.674
- Operational expenses ***	2.578.070	2.419.253
- Wages and fringe benefits ****	336.307	312.494
- Payments to the shareholders *****	37.381	29.464
- Payments to the States (on country basis) *****	14.195	13.463
Retained Economic Value	231.977	191.137

- The amounts are in Turkish Liras ("TL") unless otherwise specified.

- The information based on 2015 Yaşar Holding Consolidated Independent Audit Report.

*** The cost of the sales, marketing expenditures, general management expenditures and R&D expenses in the consolidated income tables have been taken as operational expenses.

**** The personnel expenses are included in Footnote 29 of the consolidated report are taken into consideration within the scope of the wages and fringe benefits of the employees.

***** The paid dividend amount in the cash flow table of the consolidated report is used for payments to shareholders.

***** The amount of taxes paid in advance in Footnote 38 of the consolidated report is used in the item of payments to the States.

The Capital Structure of Yaşar Holding A.Ş as of December 31st 2015 and 2014

Shareholders	Share (%)	31 December 2015	Share (%)	31 December 2014
Hedef Ziraat (*)	67,06	151.510	67,03	151.460
Members of Yaşar Family	23,74	53.640	23,74	53.640
Other	9,2	20.793	9,23	20.843
Total Capital	100	225.943	100	225.943
Capital Correction		177.339		177.339
Total Paid Capital		403.282		403.282

(*) The main partner of Hedef Ziraat is Yaşar Family.

There are 22.594.316.100 (December 31st 2014: 22.594.316.100 shares) shares, each being worth of 1 Kr. There is no privilege applied for different share groups and certain shareholders. All of the issued capital is paid.

Sustainability Management

Our Sustainability Development Policy

Our values within the frame of our mission, which is defined as adding value to the lives of consumers by providing high quality products and services with our trusted brands are: Our Consumers and Customers Come First, Our Operational Excellence, Our Human Resources, Our Ethical Stance and Our Environmental and Social Responsibilities.

Yaşar Holding Sustainable Development Policy has been defined on the basis of our mission and values.

Based on the principle of “not compromising our ethical, accountable and honest business understanding”
“following the international developments and serving to the sustainable development targets with our business lines”

are the main foundations of Yaşar Holding Sustainable Development Policy

“Allowing our employees to improve themselves while providing a fair working environment for them”,
“supporting the local and protecting the local values, while providing high quality products and services for the needs of the society”,

“with the help of our developed collaborations contributing to the progress of society”,

“while performing all activities being sure to measure our environmental impact, to improve this impact and to contribute to the protection of natural resources”,

“continue to support the improvement of new generations through investments in education, culture and art in the future, as we did in the past”,

are the essentials of our Sustainable Development Policy.

Within the framework of Sustainable Development Policy as Yaşar Group we share the created value “for a better life”,

By “caring for” the “society, our consumers, employees, environment, customers and business partners in our value chain”.

In this respect, we disseminate the ethical, accountable and honest management understanding, which are in compliance with the Sustainable Development Targets, and we continue to operate by taking into consideration the needs of the consumers and the society. In the Group, we give a big importance to the development of the employees and their happiness.

Being aware of our ecological footprint and especially our carbon and water footprint we try to observe a balance between the use and protection of the environment knowing the fact that we are responsible for the way of how our business partners operate in our value chain, we work on improving their awareness on this issue.

Based on the sustainability policy, our strategy and the targets are determined and supported at the level of Board of Directors. The implementation of this strategy is ensured by top management.

Our Group, originating from the understanding “you cannot manage what you cannot measure”, has formed Carbon and Water Footprint Teams and designated the leaders for the sake of carbon and water footprint calculations.

The greenhouse gas inventory management system practices, which were launched in 2014 and which allows gathering the data on the Group companies in a single system and their instantaneous follow-up, were completed and their application was started in 2015. Our target for the next period is to complete the water footprint management system and to make the calculations online for instant follow up.

Sustainable Development Committee was established as a result of “Corporate Reputation Project”, launched in 2010. Sustainable Development Committee has been functioning according to the priorities set up in the leadership of Board of Directors.

While ensuring the coordination of sustainability works, the Sustainable Development Committee encourages the implementation of the sustainability strategy, by fulfilling targets and adapting the sustainability approach with in the

Group in a general sense. In the meantime the Committee assesses the risks and opportunities to improve the sustainability strategy and the implementation tools. Another target of the Committee is to have employees who are trained for taking a part in the sustainability process. All the assessments raised in the regularly hold meetings are being reported and actions are taken to meet the emerging needs. Furthermore, our sustainability activities are also supported by the Committees on Energy and Prevention of Waste.

In the sustainability works of our Group, the international norms and criteria are taken as a reference. Thus, the Group joined the signatories of UNGC in 2007 and prepared its Communication on Progress Reports in 2009 and 2010. GRI (Global Reporting Initiative) standard has been adopted by our Group emphasizing the importance of an open communication with the stakeholders. Hence Our Yaşar 2014 Sustainability Report was graded at B level by GRI in the scope of G3.1 criteria in 2015.

The data included in our Sustainability Reports is provided by the Sustainability Reporting Team Members, Carbon and Water Leaders and the Teams.

Based on the “caring for society and our employees” understanding, which is an indispensable part of our sustainability strategy, projects are being developed for the personal and professional improvement of our women employees and the women involved in our supply chain. “CEO Support Declaration for the UN Women’s Empowerment Principles” signed in 2012; “Equality at Work Platform”, which was brought to the agenda by the World Economic Forum, and carried out with the leadership of the Ministry of Family and Social Policies; and the “Work Group on Empowering of Women” established by Global Compact Turkey Board of Directors are very inspiring in the development of these projects.

The Group adopted a new structure for the corporate voluntary activities which will directly contribute to the development of the social dimension of sustainability with the understanding of caring for society. Yaşar Volunteers Platform

was established in 2015 in order to transform the knowledge, skills and experiences of the employees into social benefits.

The Executive Board of Yaşar Volunteers Platform which is responsible for structuring, started working to attract the employees for voluntary projects. First, a questionnaire was shared with more than 2,000 employees in the Group and later a training session was held for the first group of the employees who declared their interest in becoming volunteers. Following the training session, the volunteers started developing their own projects with the intention of realizing their first project in the year 2016.

Corporate Reputation Management

Corporate reputation management has reached a much more strategic point for the organizations with the increasing awareness level of the consumer and the diversification in the communication channels. Today, new channels rising over the Internet are added to the traditional communication tools, hence, corporate reputation management found a new ground for itself.

While Internet technologies are developing at an unprecedented pace, this situation has also resulted in conditions which are difficult to manage. The information flow coming from hundreds of different sources requires the companies to take rapid actions for the sake of reliability of such information.

Yaşar Group companies, are continuing corporate reputation management over all channels by taking into consideration the opinions of its stakeholders and integrating the obtained results to the business processes and corporate approach. The Group aims to provide correct information to the consumers and customers by taking rapid actions for any expectation and needs. Our Group, which has a settled culture in terms of good governance, business ethics, corporate values and social contribution, follows a communication policy that is based on transparency and reliability under all those headings.

Different venues which enable the participation of our employees in every step of the corporate reputation efforts are of high importance to our Group companies.

Originating from the fact that corporate reputation management has to be monitored with a systematic structure, "Corporate Reputation Project" was launched in 2010 and Corporate Reputation Committee was established in this context.

Stakeholder Dialogue

G4-24, G4-25, G4-26

Due to the sectoral necessities of our Group we have established a network which consists of a wide range of stakeholders, where mutual interactions are at its origins..

We are developing long-term collaborations and establishing open communication with our suppliers, shareholders, public institutions and organizations, international organizations, sector associations, NGOs, universities, printed and visual media, and especially our employees, customers, consumers and business partners. Our stakeholders, with whom we are in interaction, are engaged with the feedbacks of the relevant departments of our companies and taking into consideration the sectors, in which the companies of our Group act. We are regularly reviewing our stakeholder map and communication methods. We believe stakeholder feedbacks as valuable guides in the development of our method and processes of business.

Methods of Communication with Stakeholders

G4-24, G4-26

Stakeholders	Communication Platforms	Communication Frequency
Our Employees	Trainings, Yaşar Academy Training Platform, employee opinions questionnaire, bulletins, internal communication materials, recommendation systems such as Dyo Red Chair practice, competitions, social activities such as "Pınar'a Gidiyorum" (I'm going to Pınar), sustainability reports	Regular/Frequent
Our Consumers	Satisfaction questionnaires, telephone calls, communication and call centers, social media accounts, sustainability reports	Continuous/Frequent
Our Investors and Shareholders	Annual reports, sustainability reports, CDP Climate Change Report, CDP Water Report, investor presentations, general board meetings, Internet sites, which also include Investor Relations modules	Regular
Our Customers, Suppliers and Dealers	Supplier trainings, dealer meetings and trainings, factory visits, customer visits, satisfaction questionnaires, participated congresses, meetings and panels, telephone calls, communication and call centers, dealer portal, dealer satisfaction questionnaires, sustainability reports	Regular/Periodic
Public Agencies and Organizations, NGOs and Associations of Membership	Visits, legislation opinion notifications, sector meetings, congresses, conferences and seminars, developed joint projects, sector reports, sustainability reports	Regular/Frequent
Media	Press bulletins, visits, press meetings, launchings	Regular
Universities	Carrier days, conferences and panels, activities of university clubs and societies, internship opportunities provided in the Group companies	Regular
Union	Collective Bargaining Agreements, union representation, factory visits, meetings	Regular

Memberships

Our Group companies believes in co-operation depending on deliberation and simultaneous growth with the stakeholders, which eventually results in sustainable values. We therefore are in cooperation with the sectoral NGOs where Yaşar Group companies are active and in which we present contribution to the local, regional and sectoral development through these NGOs.

Besides mandatory memberships, such as chambers of commerce, the associations in which we are voluntary members of act as equally strong formations in the sectors. These associations, provide contribution to local, regional and sectoral development, and have a strategic importance for our Group.

Adana Commodity Exchange
 Aegean Exporter Unions*
 Aegean Industrialists and Businessmen's Association
 Aegean Region Chamber of Industry
 Aegean Region Chamber of Industry Foundation
 Aegean Touristic Business and Accomodation Association
 Aliğa Chamber of Commerce
 Aluminium Surface Treatment Association
 American Business Council
 American Turkish Council
 Ankara Chamber of Commerce
 Ankara Commodity Exchange
 Antalya Chamber of Commerce and Industry
 Antalya Commodity Exchange
 Association Consumption Outside Home
 Association of Advertisers*
 Association of Cuisine Amicable
 Association of Family Owned Business
 Association of Infant Food Manufacturers*
 Association of Packaged Dairy Products Industrialists*
 Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing Material Producers, Suppliers and Applicators
 Association of Turkish Construction Material Producers
 Association of Turkish Travel Agencies
 Aydın Chamber of Industry
 Bar Association
 Bornova Association of Farmer Assets
 Bornova Chamber of Agriculture

Bursa Chamber of Commerce and Industry
 Bursa Commodity Exchange
 Carton Board Packaging Manufacturers Association
 Cattle Breeders' Association of Turkey
 Central Anatolian Exporters Union
 Chamber of Agricultural Engineers
 Chamber of Chemical Engineers
 Chamber of Electrical Engineers
 Chamber of Food Engineers
 Chamber of Independent Accountants and Financial Advisors
 Chamber of Mechanical Engineers
 Chamber of Sworn-in Certified Public Accountants
 Corporate Management Association of Turkey
 Çeşme Torizm Hoteliers Association
 ÇEVKO Foundation*
 Dubai Chamber Of Commerce
 Dubai Turkish Business Council
 Environment Education Foundation of Turkey
 Eskişehir Chamber of Commerce
 Eskişehir Chamber of Industry
 Ethics and Reputation Society*
 European Business Council
 European Coil Coating Association (ECCA)
 European Food Information Council
 Federation of Western Anatolia Industrialists and Businessmen Associations
 Foreign Economic Relations Board
 Foundation of Economic Researches
 Fruit Juice Industry Association
 Gebze Chamber of Commerce

Global Relations Forum
 International Chamber of Commerce
 Isparta Chamber of Commerce and Industry
 Istanbul Chamber of Commerce
 Istanbul Chamber of Industry
 Istanbul Commodity Exchange
 Istanbul Mineral and Metals Exporters' Association
 Izmir Beef and Lamb Producers Association
 Izmir Chamber of Agriculture
 Izmir Chamber of Commerce
 Izmir Commodity Exchange
 Izmir Industrialists' and Businessmen's Association
 Izmir Union of Aquaculture and Fishery*
 Kemalpaşa Organized Industrial Site
 Kocaeli Chamber of Industry
 Learning and Development Association
 Manisa Chamber of Commerce and Industry
 Manisa Organized Industrialists Association
 Marine Chamber of Commerce
 Mersin Commodity Exchange
 National Food Technology Platform
 National Milk Board
 National Red Meat Council
 Nazilli Chamber of Commerce and Industry
 Organic Product Producers and Industrialists Association
 Packaged Water Manufacturers Association*
 Packaging Manufacturers Association
 Paint Research Association

People Management Association of Turkey
 Professional Association of Musical Expositor
 Professional Association for Owners of Musical Works
 Professional Association of Eligible Producers of Phonograms Related to MUYAP
 Pulp and Paper Industry Foundation*
 Sakarya Chamber of Commerce and Industry
 The Association of Listed Companies' Executives*
 The Association of Paint Industry*
 The Chemicals, Petroleum, Rubber and Plastic Industry Employers' Association of Turkey*
 The Institute of Internal Auditing - Turkey
 The Union of Chambers and Commodity Exchanges of Turkey
 The Valley of Kağıthane-Ayazağa Urban Development Association
 TOBB Global Standards Center
 Turgutlu Chamber of Commerce and Industry
 Turkish Economic Association
 Turkish Exporters Assembly
 Turkish Feed Manufacturers' Association
 Turkish Food and Beverage Industry Association*
 Turkish Food Safety Association*
 Turkish Industry and Business Association
 Turkish Investor Relations Society
 Turkish Marine Environment Protection Association

Turkish Poultry Meat Producers and Breeders Association
 Turkish Quality Association*
 Turkish Spas Thalasso and Health Resorts Association
 Turkish Veterinary Medical Association
 Turkish-African Business Council – Foreign Economic Relations Board
 Turkish-American Businessmen Association
 Turkish-Egypt Businessmen Association
 Turkish-Gulf Business Council
 TURKTRADE*
 UN Global Compact (UNGC)
 UN Global Compact Turkey
 Union of Dairy, Beef, Food Industrialists and Producers of Turkey*
 World Economic Forum

*The organizations, in whose board of directors we are involved.

Ethics and Compliance

Corporate Management

At each stage, during which the companies continue their activities, a responsibility to the parties, in which they are in a relation, occurs. Corporate management, which creates an understanding among the company management, board of directors, shareholders and all parties having a connection with the company, is based on the frame of principles such as transparency, responsibility to stakeholders, justice and equality.

Corporate management, which is regulated and whose scope is determined with laws ensures an increase in the good management practices worldwide. The corporate management practices in our country are carried out by the Capital Market Law and the Corporate Management Principles Notification of the Capital Market Board (SPK).

Yaşar Group reflected the corporate management understanding, which it assumes to be a very important factor for the sustainability of its companies, to all its activities together with its vision and prediction from the past to today, its deep-rooted and strong corporate values and culture, ethics understanding, compliance with the laws and legislation. In the Group, it is targeted to manage the interests of all beneficiaries in the best way. The corporate management structure adopted in Yaşar Group is being continuously reviewed within the frame of the Corporate Management Principles. These principles were published by SPK in 2003 and then revised in 2005, also with the amendment made in 2011, many provisions have become obligatory for the companies publicly traded. SPK Notification, which was updated at the beginning of 2014, re-regulated the Corporate Management Principles and finalized them.

In 2015, the corporate management grades of Pınar Dairy, Pınar Meat and Pınar Water, which are included in Borsa İstanbul Corporate Management Index, were revised upwards reaching 9,18, 9,20 and 9,37, respectively.

The responsibilities of the Executive Chief Office and the Board of Directors of Yaşar Holding are separate which is in compliance with OECD Corporate Management Principles. The Chairperson of Board of Directors does not have any executive duties in the company, and Yaşar Holding Chief

Executive Officer, is responsible for all execution activities of Yaşar Holding to the Board of Directors. Furthermore, all processes and responsibilities related with the management and organization structure are defined in "Yaşar Holding Corporate Management Manual" and the business ethics approach is determined with Yaşar Holding Business Ethics Rules Manual and the employees of our Group have to comply with this Manual.

"Yaşar Holding Corporate Management Manual" defines the corporate management operation principles and the decision-making processes of the Board of Directors and the execution, it also determines the authorities and responsibilities of the Board of Directors as well as the sub-committees and their roles. The principles of agenda determination and voting in the Board of Directors are also included in that Manual.

Various systems have been established in order to allow our employees make recommendations or give advices to the top management of the company.

Auditing Sub-Committee, Early Risk Detection Sub-Committee and Corporate Management Sub-Committee carry out their activities in affiliation to the Board of Directors of Yaşar Holding, which consists of 6 members. There are two independent members in the board of directors of the companies of Yaşar Group, which are open to public. Those independent members comply with all independence criteria included in article 4.3.6 of the Corporate Management Principles, which is in the attachment of SPK's II-17.1 Corporate Management Notification.

Furthermore, in four of our companies, which are open to public, there are two female members of Board of Directors and there is one female member of Board of Directors in other two companies. This situation is an indicator of our compliance with the Corporate Management Principle numbered 4.3.9, which is not obligatory. Furthermore, committees required by the legislation are also established within the Board of Directors.

In all companies of our Group, which are open to public, Investor Relations Department is established in order to ensure a healthy and reliable communication between

the investors and the shareholders within the scope of the Legislation on Capital Market. Within the frame of the relevant legislation, the shareholders, the public and other beneficiaries are informed in time, in a correct, understandable way and with accessibility under equal conditions with the informing policy published on the Internet site of our company, which is created on the basis of transparency and accuracy. In this context, the wage, indemnification, profit distribution and donation policies of those companies can be accessed from the Internet sites of the companies. On the internet site of Yaşar Holding, information on the areas of activity of the companies of our Holding is included and detailed information on the companies of our Group, which are open to public, can be accessed from the "Investor Relations" modules. The corporate management process of our companies, which are open to public, and the progresses obtained within such process, are submitted to all stakeholders and the public with the Corporate Management Principles Compliance Reports, which are prepared within the frame of Capital Market Legislation and which are included in the annual activity reports.

The Committee for Auditing, the Committee for the Early Detection of Risk and the Corporate Management Committee, are included in the companies of Yaşar Group, and are open to public, have been established within the frame of the Capital Market Legislation together SPK Corporate Management Principles; and the Candidate Presentation Committee and Wage Committee have been structured within the Corporate Management Committee.

Yaşar Holding, which has taken important voluntary steps about the application of best management approaches starting from the dates, when corporate governance principles were not on the agenda in Turkey, manages the "Corporate Reputation", which has been created as the result of long years, and continuous creating sustainable for its stakeholders and on a wider sense for the society with its affective and proactive applications.

Business Ethics

Business ethics draws a boundary for operating in accordance with principles and the values of society. In societies evolving within multiple social and cultural dynamics ethical guidelines ensure that universal values such as equality, transparency, and impartiality are upheld by the business community.

Respecting social values in the geographical area in which it operates, the Yaşar Group acts in accordance with business ethics and ensures transparency within the framework of those principles. "Business Ethics Rules Manual", which was drawn up in 2009 and printed as a manual and distributed to all employees of the Group in 2010, is a manifestation of the Yaşar Group's approach to business ethics. This manual is used for orientation training for newly recruited employees and training on business ethics is provided through Yaşar Academy, the Yaşar Group's online learning platform.

In 2015 a total of 402 hours of training was provided for business ethics rules.

The employees of our Group companies are encouraged to inform the Ethics Committee, made up of a total of five members, including a chairperson who is a director of the Yaşar Holding, three members from the Yaşar Holding's top management, and a secretary-general, about any non-compliance with or breach of business ethics by email, letter, or telephone. Any issue reported to the Ethics Committee is resolved within one week in accordance with rules laid down in the guide.

Only one complaint was submitted to the Ethic Committee in 2015 and the case has been solved upon the completion of necessary examinations.

Yaşar Holding Business Ethics Rules

- To work in a safe work environment ensuring respect for the rights of others without permitting any discrimination,
- To make an efficient use of the company's resources,
- To avoid any conflict of interest,
- To comply with competition rules set forth in laws and to compete against rival companies without distorting market conditions,
- To ascribe importance to customer satisfaction and to be always considerate and honest toward customers and consumers,

- To pay maximum attention to ensure that the company's data, assets, and records are kept accurately and to treat them as confidential and not to use them for obtaining a personal benefit,
- To ensure that all Yaşar employees protect social benefits and respect the environment during their all activities,
- To adopt a life style that would not create a negative impression about the company and not conflict with social rules both within and outside of the workplace.

Anti-Corruption Practices

All companies within the Yaşar Group fight against all forms of corruption, including bribery and extortion and fulfill their all obligations to prevent corruption.

The employees of the Yaşar Group are required to work in compliance with the "Yaşar Group's Business Ethics Rules Manual."

In Group companies 9 full scope and 27 limited scope audits were realized at 25 functions.

In our reporting period only 2 employees involved in our companies have been dismissed with regard to business ethics and ethical rules, and one of them has pursued a legal complaint.

There were no concluded legal cases involving the company or its employees in corruption during the report period. Only 2 employees who were either in our or third parties' payroll were faced with some penalties with regard to the business principles and our business ethics rules.

In the reporting period, there are no public suits opened in relation with corruption against our Group or its employees. There has not been any violation case in relation with corruption in our contracts with our business partners. There is no lawsuit that is in progress and not decided on about prevention of acts in violation of competition, trustification and prevention of monopolies.

The strengthening of in-house control awareness and precautions for deterring the possible abuses that may occur against the companies is aided within the scope of the auditing activities.

Risk Management

In the globalizing world of today, the determination of risks and making preparations for those risks have become an approach that handles the issue just in one dimension. The connection of risks with each other, the effect of long-period trends on risk formation and remedying are the important factors determining risk management. The process of classification of risks have a specific feature for the corporations acting within the frame of different business models in more than one sector.

Our Risk Management Understanding

Corporate risk management is regarded as a systematic process which identifies, analyzes, controls, and monitors risks in companies which are members of the Yaşar Group. This management concept ensures that unforeseen risks and negative effects on the companies' assets can be controlled.

- To identify existing risks by analyzing all operations, business units, and profit centers of the companies,
- To set up a risk management structure for ensuring a systematic and continuous process, by clearly defining and maintaining roles and responsibilities,
- To assess already existing controls in order to avoid risks with known causes and results,
- To design new and effective controls and putting a long-term effective risk management and monitoring process into practice,
- Strengthening inner corporate communication will allow the risk management process to be systematic and dynamic,
- In order to reach strategic targets and ensure sustainable profit risks should be consistently and conveniently managed. In this light, a common risk perception should be created among the Group.

The above mentioned bullet points are among the objectives of risk management processes within our Group.

This approach provides a competitive advantage to companies while assuring stakeholders that company assets are well preserved and improved.

Internal audits are regularly conducted within our Group companies in order to help achieve their targets by providing a systemic and disciplined approach intended to evaluate and increase the efficiency of the risk management and control processes. These audits enable us to determine if the processes function is in line with the attainment of our Group's goals and objectives. In addition, results related to performance effectiveness and efficiency provide information about potential improvements in those areas.

"It's not me, it's us!"

Selçuk YAŞAR



Caring for Society

Consumer/Customer Health and Safety

As Yaşar Group, we accept the health and safety of our customers as our first priority and we have the target of adding value to their lives with our products and services.

Our operation and products are being regularly audited by public institutions, and within the frame of the standards that we are subject to. Full compliance is ensured with any kind of legal regulations related with the health and safety effects of our products and services, and with the rules created by our Group. No incompliance cases were encountered in the reporting period.

Good Examples And Developments From Companies

Dyo Coating

Regulation on Biosidal Products based on 98/8/EC Directive requires product license and labelling line with the regulation. License applications that were started in 2013 for Teknoplast, Dyojen and Nanoipek opaque products were completed in 2014-2015.

Besides, following the prohibition of formaldehyde and dibutil ftalat in Europe, their use was stopped and product formulations were revised accordingly.

For all of our construction materials supplied to markets with TS standard requires a G document. This document shows compliance of our construction materials. The G sign is used on the product package labels ensuring full compliance with the legislation.

Dyo who takes EU implementations into consideration in the R&D activities reduced the amount of VOC (volatile organic compounds) in the products and made all water-based products fully complied with the 2004/42/EC Directive.

The companies are required to comply with ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road) for loading, unloading and transportation of Dyo products. Dyo have made the planning for the elimination of deficiencies in product transportation and have kept an ADR Security Consultant in its facilities. Furthermore checklists for both raw materials taken into plants and products sent away were prepared and became effective in early 2015.

Pınar Meat

The data that we follow on our process lines within the scope of our food safety and quality management systems are being analyzed using statistical analysis programs and the process performance and efficiencies are improved in line. The studies for online quality recording and monitoring software that is compliant with SAP system are launched with Astron (YABİM) and Yaşar University. With this program, the data will be recorded with tablets on the process line and all information including the monitoring data on a product will be instantaneously accessible in the system and it will be possible to assess the process data online. Furthermore, stationery products will be saved and an environmentally-friendly approach will be exhibited, and at the same time, the foreign material risks that may be caused by those materials will be prevented.

Quality, R&D and marketing teams are carrying out joint studies about the communication of the inputs and food element information of Pınar Meat products to our consumers and customers beyond the legal obligations. For this purpose, besides the legal obligations, EU directives are being examined, and the applications in the domestic and foreign markets are followed up both through visits and by using data programs including the information on the new and existing products on the shelves in the entire world such as Mintel. Furthermore, the requests coming from our consumers and customers to Pınar Communication Center are assessed and the communication information to be included on the package is determined, the design is prepared in line with our procedures including all work steps, and the package design is completed after obtaining approval from all relevant units through the intranet program that we use.

Pınar Dairy

Voluntary notifications such as the energy and nutrient elements table and Pınar Communication Center contact information as well as the obligatory label information are provided on the labels of our products.

The Daily Meeting Ratio (DMR) and voluntary labeling system shows the percentage of recommended daily intake levels for the energy and nutrients that is met by one portion of a food that the consumer buys from a market shelf. This labeling is used in 10% of Pınar trademark products in average. 95% of our products has nutrient elements table.

YBP

A joint project was prepared with Pınar Meat within the scope of improvement of our processes from production to the shelf for protecting the consumer health and within this frame, two new warehouses were constructed for both frozen and delicatessen products. Hence, the process, which was performed with transfers within Pınar Meat Campus and İzmir was reduced to a single point. The delivery to the agencies and chain canal customers is also provided from a single point.

Increasing Access to Healthy Food

Comprehensive works are being performed in the Food and Beverage Group of our Group in order to increase access by our consumers to healthy food products. Reduction of sugar and salt ratios of our products; development of products that are enriched in terms of nutrient values and the development of products for people with different food preferences and sensitivities are some of these works.

Pınar Meat

Our studies for reducing the salt amount in all our products are carried into effect. Furthermore, our studies for reducing the sodium in our emulsified products (sausage, salami etc) are continuing. 55% salt reduction is ensured in our products. Since the salt amount in other products is compliant with the salt value technology, no salt reduction study was performed.

Pınar Water

Pınar Denge Mineral Waters are among mineral waters with low sodium. Low sodium does not mean that sodium is reduced. The neat mineral water is bottled as it comes out of the spring. The sodium ratio differs in accordance with the properties of the underground soil in the place of the spring. Pınar Water ensures mineral water production over a firm, on which it performs all quality and food safety controls.

One bottle of Pınar Denge Natural Mineral Water meets 54% of the daily calcium need and 16% of the daily magnesium need. Pınar Denge Mineral Water Vitamin C lemon and Vitamin C Bodrum Mandarin types meet 100% of the daily vitamin C need. R&D studies for mineral waters with fruits and with reduced energy (sugar) instead of fruit-aroma mineral waters are continuing.

Pınar Dairy

The product category of Pınar Dairy majorly consists of dairy products. This product category is located as "naturally healthy" and does not have any direct relation with obesity when assessed in terms of consumption. In our existing product portfolio, salt and fat reduction studies are performed on our cheeses and applications has been launched and in the following period alternative sugar and salt reduction studies will be continued. Especially in the category targeting children, low sugar, and additive-free and protective-free products will be targeted in compliance with our "Sağlık Pınarım" (My Health Spring) mission.

Pınar Dairy has continued its functional product production, which it launched in 1998 with Denge Lactose-free milk, Denge Calcium A, D, E Milk, Denge Probiotic-Prebiotic yogurt, with various product launchings until today. Furthermore, Kido Triangle Cheese with mineral and vitamin addition was developed to serve to the nutrition requirement of the children; Pink Relax was placed as a beverage especially for women. Pınar Child Follow-on Milk, which is still the most sold product in the market, was presented to the customers in the form of a series.

Our special products, which are produced in compliance with our "Sağlık Pınarım" mission, are; Denge Lactose-Free Milk, Denge Lactose-free yogurt, Denge Calcium ADE Milk, Kido Mineral and Vitamin added Triangle Cheese, İlk Adım Follow-on Milk, Child Follow-on milk, Organic UHT Milk, Organic Yogurt and Organic White Cheese.

Customer and Consumer Informing and Ethical Marketing

Information on our products and services is provided to our consumers and customers through various channels such as our labels, advertisements, internet site and social media.

Each of the companies of our Group is subject to different product/service information regulation and labeling rules depending on the nature of the sectors. The companies of our Group show 100% compliance with all regulations and rules related with product/service information regulations and labeling. No incompliance case was encountered in the reporting period in relation with this matter.

Sharing the information on our food products with our consumers through the labels is subject to the Turkish Food Codex Labeling Regulation provisions. The provisions of that regulation and the Labeling Guide issued by the Ministry of Food, Agriculture and Stock Breeding, determine the information that must be included on the label of a food product.

Besides this, activities are performed in compliance with the legislation related with the promotion and marketing of our products. While our products are promoted through advertisements and other marketing communication tools for our customers, actions are performed with a responsibility of awareness. In the "Advertisement Clients Association", of which we are a member, Advertisement Self-Control Principles are compiled in parallel with the international applications. This way, active efforts are shown to ensure that our advertisements are legal, ethical and honest. In the reporting period, there has been a case resulting in incompliance with the regulations related with marketing communication, and the legal process is in progress.

Customer and Consumer Satisfaction

The companies included in our Group are measuring customer and consumer satisfaction irregular intervals and are taking necessary corrective actions. Customer and consumer satisfaction surveys are important tools for us to obtain stakeholder feedbacks, and they play a critical role in perfecting our products and services.

3.229 people attended to the 2015 customer satisfaction survey of Altın Yunus and the satisfaction ratio was 86%. Çamlı Feed 2015 customer satisfaction ratio was measured as 84%. In Dyo Coating scope, customer satisfaction for Çiğli Factory is 94% and for Dilovası Factory it is 93%. Viking Tissue plans customer satisfaction surveys once every two years and the next survey will be held in 2016.

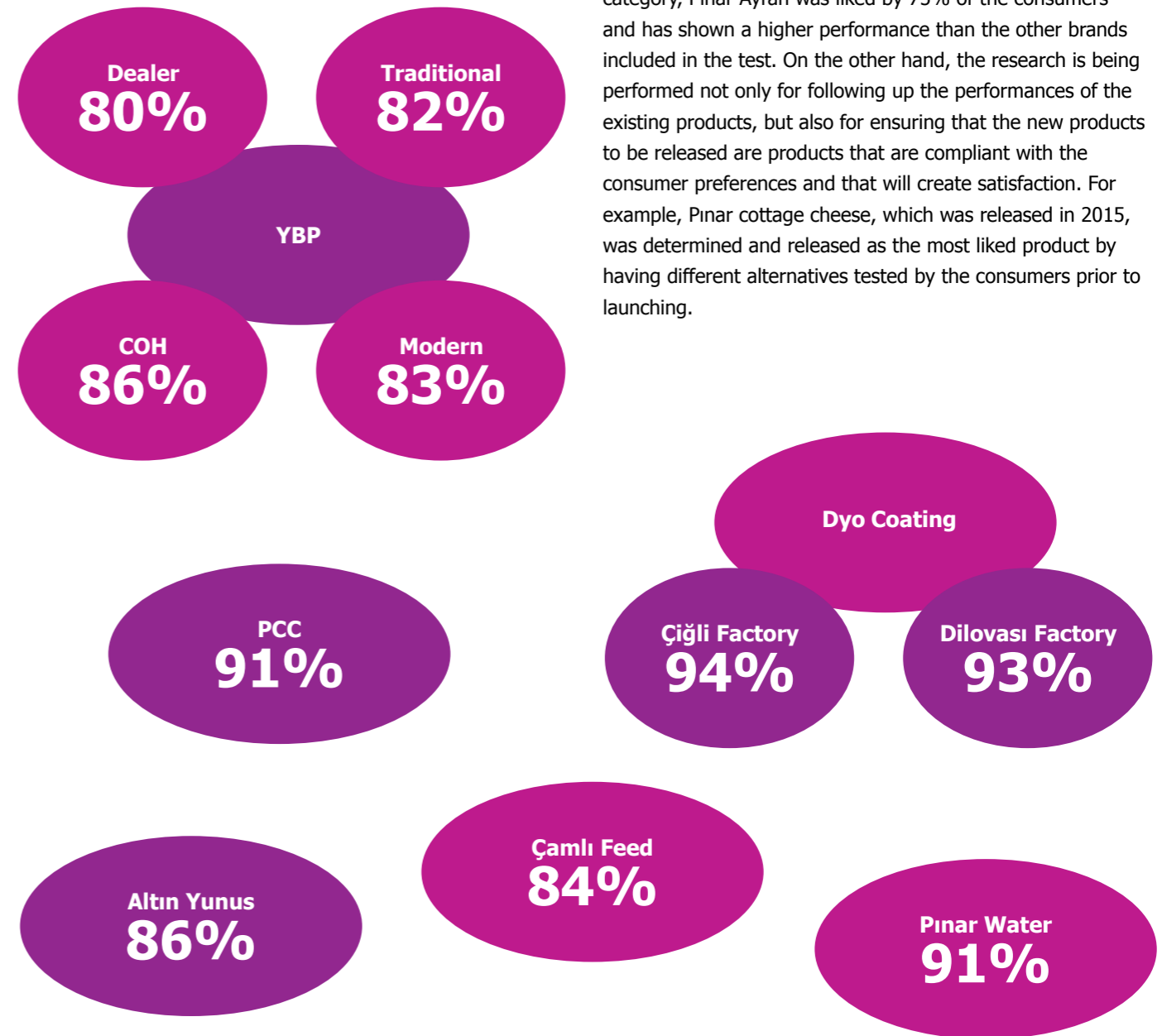
Customer satisfaction surveys dated 2015, which included in YBP scope, were applied to 2.569 customers with closed envelope. In the questionnaires, which are applied on 4 channels as Consumption Outside Home (COH), Modern, Dealer and Traditional, the satisfaction ratios were 86%, 83%, 80% and 82%, respectively.

The customer requests and complaints received by Pinar Communication Center (PCC) through the telephone number 444 7627, which can be called from any point in Turkey without dialing an area code, are answered live by the operators between 07:00-23:00 seven days a week, and information is provided to the consumers within the shortest possible time about the communicated matters. Call responding success ratio of PCC is 92% and PCC responds to 88% of the calls within 15 seconds. In accordance with the results of the satisfaction questionnaire applied on the consumers in 2015, PCC's satisfaction ratio is 91%. PCC examines and solves the requests and complaints received over the social media with the official Twitter account at the address twitter.com/InfoPinar and returns to the consumers.

In accordance with the results of brand monitoring research performed in 2015, Pinar is the first brand that comes to the minds of the consumers in the sector. It is the brand that obtained the highest score among the brands in the sector in relation with the image expressions expressing consumer satisfaction such as "the brand that I feel myself close to",

"The brand that I can recommend to everyone", "Quality brand", "the products are worth the paid money".

Pinar Meat is working with research agencies in order to regularly measure its brand value, customer satisfaction and brand image value. With the latest study performed in November 2015 period, "the first brand that comes to mind"



score of Pinar brand was 30% in the delicatessen category and is the first among all its big competitors in the market. Furthermore Pinar ranks first among its competitors with a total familiarity score of 98%. In the indicators, where the brand image is assessed, Pinar is the leading brand with 73% ratio in the perception of a "quality brand". Its "a reliable brand" score is 72% leading all its competitors. Pinar Su 2015 customer satisfaction score was 91%. As the result of the tasting test performed in 2015 in Pinar Dairy's ayran category, Pinar Ayran was liked by 75% of the consumers and has shown a higher performance than the other brands included in the test. On the other hand, the research is being performed not only for following up the performances of the existing products, but also for ensuring that the new products to be released are products that are compliant with the consumer preferences and that will create satisfaction. For example, Pinar cottage cheese, which was released in 2015, was determined and released as the most liked product by having different alternatives tested by the consumers prior to launching.

Quality, Innovation and R&D

Quality Management

Our Group's quality management approach is laid on the basis of the understanding "Our consumers and customers come first". Our product and service responsibility, together with our operation perfectionism ensures continuous improvement in all areas, where we act.

Our "operational excellence", which is defined among our corporate values, is based on the effective use of technology in all areas, simple work processes, the systematic of performing defined works, data based and rapid decision making systems. This way, we rapidly analyze the needs of our consumers and customers and their changing expectations and we respond to their needs with a proactive and innovative approach.

Our companies are using the quality standards determined by international organizations as well as the standards specific to their sectors. The frame that is drawn with our corporate values as well as with compliance with those standards allows us to reach high standards in all our processes.

Besides this, the recommendations coming from our consumers, agencies and customers as well as our employees also constitute an important part of developing our quality management approach. This approach finds a correspondence in many areas from R&D works to consumer information, from product development to process management.

Our quality management approach, which ensures standardization in all our Group companies, provide value for the lives of our final consumers, while rising the production standards of our suppliers. ISO, Lean 6 Sigma, EFQM Perfection Model are among the tools we use in our quality management.



Our companies are using the quality standards determined by international organizations as well as the standards specific to their sectors.



Stakeholder Opinion



Ahmet Oğuz Uçanlar,
McDonald's General Director

Can you share your experience on your collaboration with Pinar Meat?

Pinar Meat, had just launched its activities in the years, during which McDonald's made investments in Turkey. Pinar Meat was both the only integrated meat production plant in our country and also the only producer suitable for ensuring food safety. McDonald's-Pinar Meat collaboration that started in 1986 in this way, has been continuing without interruption for 30 years. All hamburger meatballs served at our restaurants are being prepared by Pinar Meat on the production line specific to McDonald's using one hundred percent veal, without using any additives including spices and salt, in compliance with McDonald's specifications. Pinar Meat is continuing to obtain the highest audit scores from independent organizations, which audit the meat suppliers of McDonald's in the entire world.

McDonald's always determines the highest standards for all materials it uses and in case there is no facility performing production in compliance with those standards, it either encourages the existing facilities to develop so as to meet those standards, or starts the attempts for making a new investment. In the years, during which McDonald's made its investments in Turkey,

there was no integrated meat production facility in Turkey other than Pinar Meat. Pinar Meat has been the most suitable facility for cooperation with McDonald's about meat supply in terms of food safety.

Therefore, McDonald's decided to work with Pinar Meat, which was the only firm having the potential to comply with the conditions in terms of both production technology and food safety and management understanding as a meat producer in Turkey. During this partnership, which has been continuing for 30 years in a developing environment of trust, McDonald's and Pinar Meat played a leading role in the development of meat industry in Turkey and in the determination of the industry standards.

What do you think of Pinar Meat's ethics approach with the eyes of a customer?

Even if you have the state of the art production technology of the world and produce the most qualified products as a producer, you cannot cooperate with McDonald's if your management does not have clearness, honesty, business ethics, long-term consideration and a competitive partnership understanding. Because, the partnership philosophy of McDonald's that is valid for all producers, with which it works in the entire world, is always based on clearness, honesty, ethics and mutual win-win understanding. Partnership understanding is long-term and has the purpose of mutual development. The cooperation between McDonald's and Pinar Meat in Turkey has been one of the most beautiful and strongest examples of this situation.

Did working with Pinar Meat contribute to the development of your institution?

During the 30-year cooperation period of McDonald's and Pinar Meat, both firms had important contributions in the development of Turkish food industry.

Management Systems

The most important tool in ensuring operational excellence and continuous improvement in our Group is our management systems. The quality and trust that we present to our consumers and customers are documented basing on internationally accepted standards.

With the standards that we apply in many areas such as quality, food safety, environment, customer satisfaction, energy, we are continuously developing our management systems in order to develop an effective management system and increase monitoring.

Management System	System Certification	Pinar Meat	Pinar Dairy	Pinar Water	Dyo Coating	Dyo Printing Inks	Altun Yunus	Viking Tissue	Çamlı Feed	Desa	YBP
Quality Management System	ISO 9001	•	•	•	•	•	•	•	•		
Food Safety Management System Certificate	FSSC 22000	•	•								
Food Safety Management System Certificate	ISO 22000		•	•					•		
Environment Management System	ISO 14001	•	•	•	•	•			•		
Occupational Health and Safety Management System Certificate	OHSAS 18001	•	•	•	•	•					
Turkish Standards Institution Subcontractor Laboratory Approval	ISO 17025	•									
Customer Satisfaction Management System Certificate	ISO 10002			•	•	•					
Energy Management Systems	ISO 50001	•	•		•	•		•	•		
Conformity Assessment - General Requirements for Bodies Operating Certification of Personnel	TS EN ISO/IEC 17024				•						
Automotive Sector and Sub-Industry Quality Management System	ISO TS 16949				•						

Management System	System Certification	Pinar Meat	Pinar Dairy	Pinar Water	Dyo Coating	Dyo Printing Inks	Altun Yunus	Viking Tissue	Çamlı Feed	Desa	YBP
Organic Farming Entrepreneur Certificate									•		
FSC-CoC (Forest Stewardship Council) Management System	STD-50-001							•			
	STD-40-004							•			
	STD-40-007							•			
US National Sanitation Foundation	NSF			•							
British Retail Consortium	BRC	•		•							
International Food Standard	IFS	•									
GLOBALG.A.P.	CFM								•		
National Britannia	NB						•				
Halal Food Certificate	TS OIC/SMIC 1	•	•	•							
Friend Of The Sea	FOS								•		
Good Agricultural Practices	EOS								•		
GLOBALG.A.P.	Aquaculture Standard								•		
McDonald's SQMS		•									
Turkish Standards Compliance Certificate	TSE TSEK			•	•			•			
QUALICOAT	Class 1				•						
Good Agricultural Practices (ITU)	Aquaculture								•		
ESMA (UAE Standard)	ESMA			•							

Innovation and R&D Studies

Innovation and R&D, to which our holding gives strategic importance, is among the areas, where our companies are strong, especially in coating and food and beverage branches.

Innovation and R&D investments, which have a great share in the development of local economy, provide competitive power for our companies acting in the international market, while slightly opening the door for entrance to new markets. The innovative approach, which is followed up in the processes as well as the developed value added products, strengthen the leadership of our Holding companies in their sectors.

Our market researches, consumer expectations and demands, the areas that will ensure compared superiority in competition, legal regulations and cost improvement studies give direction to our innovation and R&D works, which provide very valuable outputs especially in the economic and environmental feet of sustainability.

Our Group, which has the purpose of making innovative approach a part of the institution culture, is encouraging any kind of attempts coming from the employees and supporting them to submit innovative proposals.

Yaşar Group believes that innovation and R&D investments provide big contributions to both sector development and regional development. The value created in the paint sector with Dyo Coating R&D center is an important indicator of this situation. With the Food and Beverage Group R&D Center that is planned to be established, our R&D capacity will increase more and this will allow us increase the number of our value added products, develop new business models and create opportunities for employment.

Good Examples and Developments From Companies

Dyo Coating

Dyo Coating, which carries out 26% of R&D projects for developing innovative products, designed new products in order to meet the needs of the domestic market and the foreign markets. Dyo Coating focuses on products that can be industrially produced, commercially sold and that will create added value, added new types to all its product groups in 2015.

Dyo Coating, whose San-Tez project in Turkey in paint production was accepted in 2015, also launched a European Union project with the partnership of 8 institutions from 6 countries, and continued its works for the 2 additional planned projects.

Dyo Coating R&D Center has the target of enriching R&D works, increasing the number of researchers and their quality and producing more information. In line with this, Dyo

Coating, which increased the number of project researchers and increased the number of Çiğli R&D center personnel to 72, and which has a total of 87 R&D employees together with the team in Gebze, received external support in changing ratios for the international projects and the studies included in the public support program, although they were majorly executed with equities in 2015.

Dyo Coating was involved in public support programs for R&D such as TÜBİTAK-TEYDEB, ARDEB (Research Support Programs Department) and San-Tez (Industrial Thesis), with 16 projects. The application and writing process of many new similar projects is still continuing.

Dyo Coating established a Project and Patent Office in R&D Center in 2015 with the purpose of collecting more project ideas and for more systematic compilation of those ideas. The office serves for the compilation of project ideas within and out of Dyo Coating and for the conversion of the ones, which are found appropriate, into projects in a faster and more systematic way, cooperates with Yaşar Holding Patent Office for projects suitable for packaging.

Dyo Coating made arrangements in its product portfolio in compliance with EU applications in its R&D activities, reduced the volatile matter content (VOC) in its products in compliance with 2004/42/EC directive, which is in force in Europe, and ensured the compliance of all its water based products for internal and external facades with VOC Directive. Dyo Coating closely follows up the REAC process and EU CLP applications and takes the necessary actions and is among the founder members of R&D Centers Communication and Cooperation Platform, which started its activities on March 31st 2015, for the purpose of finding solutions for the common problems of R&D centers and developing R&D in Turkey.

Pınar Dairy

Pınar Dairy offered 10 new products and 30 products, whose packages are renewed, in different categories to the consumers in 2015 as the result of new product and new package works.

Upon the completion of UF Cheese technological investment, it has been presented with a special taste profile to consumers. 100 gr package is a first in this category and designed for eating up at breakfast.

The Company started the production of lactose-free yogurt in 500 gr packages in order to respond to the lactose-free yogurt demand in the market and to provide a solution for the people with lactose intolerance.

Pınar Dairy offered Pistachio Breakfast Cream among the fruit-sauced breakfast cream range, in its 100 gr-package in order to create a difference in the export channel.

Pınar Dairy increased the shelf life of ketchup by completing transition to material with Coex structure in ketchup package bottles having single-layer material structure.

In the context of innovative approach two different projects, under the TÜBİTAK programmes (TÜBİTAK 1509 TEYDEP Project, International Industrial R&D Project Support Programme 2+2 and TÜBİTAK 1511 Research Technology Development and Innovation in Priority Areas) have been carried out.

Çamlı Feed

Çamlı Feed prepared designs for 3 new products as follows;

- New feed formation with high digestibility for 4-5-6 mm feeds for the trout,
- Works for substitution for soy protein concentrate and fish flour raw material in bass feeds,
- Works for substitution for soy protein concentrate and fish flour raw material in trout feeds

Besides this, in relation with the cattle fodders, it has designed 2 new milk fodders under the name "Ege Group" (Ege Süt 19 and Ege Süt 21), 1 fattening feed (Ege Besi) and 1 calf growing fodder (Ege Buzağı).

Jelly ice and pad ice applications are launched in fish packaging.

Pınar Meat

Pınar Meat has an equipped laboratory that is capable of performing many chemical and microbiological analysis including the analysis indicated in the regulations and notifications related with the sector and is capable of providing service to TSE with the Certificate of Approval for Laboratory, from which TSE Test Service can be Purchased, which it obtained in 2008. The Company performs the verification of the products, which it produces in line with HACCP plans, legal requirements and specifications, at its own laboratories, is following up the compliance of personnel hygiene, working environment and all purchased inputs with the specifications through the analysis performed at the laboratory.

In order to follow up innovation and innovating technology and to adopt and apply sustainable development, joint projects are being carried out with TÜBİTAK and the universities. As the R&D department, 3 TÜBİTAK/University projects were carried out in 2015 within the frame of our target to carry out a certain number of projects with TÜBİTAK and the universities.

As of the end of 2015, 1 of those projects was completed and 2 of them are still continuing. Our ongoing projects are 1511 program called as "Obtaining Protein Hydrolizate from the mechanically separated meat and Use of this Hydrolizate in Products"-TÜBİTAK Project, and the university project called

as "Effects of use of Corn Flour, Rice Flour, Bread Crumbs and Rye Flour and Different Cooking Methods in Meatball Production on the Product Properties". The university project called as "The Effects of Using Quince Puree in Meatball Production on Some Product Properties" has been completed.

YBP

Yaşar Group Food Group Companies Reverse Logistic Project

In 2015, the works for improving and developing our logistic processes continued. One of those projects was "Yaşar Group Food Group Companies Reverse Logistic Project".

The purpose of the project is to prevent the delivery of the production inputs, which are purchased by Yaşar Group Food Group companies, to the production facilities by the suppliers separately and in a non-systematic way by using their own resources. The empty return of our vehicle fleet consisting of 130 vehicles used for product delivery, to our production facilities after making the deliveries has been ended. Instead of this, our fleet vehicles took all purchased goods. The taken over goods were delivered to our production facilities just in time and without any damage, and by this way quality was increased and logistic cost advantage was provided.

The planning of "completely full vehicle" purchases from the suppliers, from whom a high amount of purchase is made, started to be planned in the application process of the project. After creating a certain discipline, in 2013, almost all Food Group suppliers were included in the project and the project scope was extended.

The project gave important results in terms of reducing carbon emission. In the Food Group companies, in 2013, a carbon emission reduction of 5.025 tons against a transportation of 5.200.000 km, in 2014, a carbon emission reduction of 5.790 tons against a transportation of 5.800.000 km, and in 2015 a carbon emission reduction of 5.940 tons against a transportation of 6.000.000 km were ensured.

Dealer Tablet Transition (Otonom) Project

The mobile applications constitute a way to establish connection with the potential customers as well as reaching the existing customers. YBP, being aware of this, launched the Dealer Tablet Transition (Otonom) Project in 2014 in order to carry out the work processes at the site in a fast, flexible and strong way in the form of a working culture. This project was awarded with the Quality Award by SAP. Otonom Project, which was spread with operations such as orders, collections, returns, etc, was spread over to our dealers as of May of 2015. With the trainings for the popularization, which we provided with our expert personnel within a short period, a total of 582 tablets started being used actively at our 93 dealers.

Sustainable Agriculture and Stock Breeding

The rapidly increasing world population needs increasingly more food. But the increasing population and food demand will increase the big pressure on the resources of our planet. Climate change, the effects of which we feel more every day, creates a threat on agriculture and stock breeding. For the sustainability of agriculture and stock breeding, the production of qualified and sufficient amount of food must be ensured today and in the future; the natural resources must be used carefully and must be protected, the economic profitability of agriculture and stock breeding activities must be protected and the life qualities of the producers must be improved.

Food, beverage and agricultural production are among the sectors with priority, in which Yaşar Group acts. Dairy products, and animal protein which are the fundamental products of our Food and Beverage Group, are important resources for a healthy and balanced nutrition. Yaşar Group acts with the awareness of its responsibility within the frame of supporting sustainable agriculture and stock breeding; it both shapes its own activities with this awareness and supports and develops all its stakeholders, especially the producers.

Some of our studies included within the scope of sustainable agriculture and stock breeding are given under the following headings of our report: "Contribution to Local Economy", "Caring For Business Partners" and "Caring For Environment".

Producer Support Programs

"The Future of Our Milk is in Conscious Hands"

Pınar Institute is an organization, which is founded with a social responsibility understanding for informing the society about food, health and nutrition, and with the purpose of contributing to the healthy development of society and which has no commercial activities and profit purposes.

The mission of Pınar Institute is to support scientific projects, to be involved in information networks and to perform educational activities with the purpose of informing the society about food, health and nutrition and creating awareness of quality living. The institute, which launched its activities in 2013, is shaping its projects and studies in line

with this mission.

The "Producer Training Meetings", which have been held since the foundation of Pınar Dairy, are being performed within Pınar Institute with a new configuration as of 2014, with the project "The Future of Our Milk is in Conscious Hands". This Project draws attention in terms of being a public-private sector-university joint project.

In 2015, the trainings on "Animal Breeding", "Animal Health" and "Hygiene Sanitation" are launched for Tire District of İzmir on November 18th 2015, within the scope of the project "The Future of Our Milk is in Conscious Hands" for the milk producers. Those trainings were performed for the first time in Milas District of Muğla and continued with Eskişehir. With this project, training was provided to raw milk producers to produce high quality milk in an effective way. In the project, Ege University Faculty of Agriculture, Ankara University Veterinary School, Pınar Dairy and Çamlı Feed were included among the supporters of the process. A total of 5.000 producers were accessed and in 2015, the trainings were provided to a total of 300 producers. A budget expenditure of 40.000 TL was made for the project in 2015 with the exception of in kind contribution. The training activities within the scope of this project will continue in 2016.

Pınar Newspaper

Pınar Newspaper, which is an important source of reference for the farmers performing meat and milk livestock fattening on topics such as livestock fattening, milk technologies, livestock health etc., and which is published once every three months, is being prepared for 20.000 producers supplying livestock and raw milk for Pınar.

Çamlı Feed Producer Trainings

Developmental activities are being performed for other producers, who are included in our supply chain, as well as milk producers. Çamlı Feed is providing practical trainings about turkey breeding and showing ways for developing the coop structures to the farmers, from whom it provides turkey in the districts of İzmir, Manisa and Muğla in Aegean Region, with the turkey breeding production model, for which it has performed all quality and safety controls.

Training seminars are held twice a year for the contracted organic fodder plant cultivators of Çamlı Feed, Fattening Organic Milk Enterprise. The seminars cover "sustainable agriculture" and "organic agriculture" topics. Furthermore, under the organic agriculture heading, the necessary practices in order to increase efficiency about matters such as earth workmanship of the cultivated fodder plants, sowing and fertilizing, are being transferred to the farmers.

Symposiums and fairs including the monitoring and assessment of environmental impacts of fish farms, quality and food safety for sea products are being held. At those fairs, seminars and symposiums, promotions for the equipment, feed additives, and products increasing fish welfare and performance are made, the organization of the necessary tests and their results are shared.

Stakeholder Opinion



Melek Çelik,
Milk Producer

How long have you been supplying milk for Pınar Dairy?

My father in law started working with Pınar Dairy in 80s. He continued until 2012. After 2012, my husband took over this work. Meanwhile, we got married, and I started to look after the animals. In 2016, my husband said "You can do this job, therefore we should transfer it to you, you take care of it, let it be your job" and transferred the animals to me.

What do you think of the approach of Pınar Dairy to the producers as a producer? What do you think of the contributions made by the company to the society and your region?

We think good about Pınar Dairy. When we have a request, they meet almost all of our needs. They provide

our fodder, milking machines, if necessary the machine parts... They also provide training. In this way, they provide contribution. We are also getting paid for the milk we sell. Our milk is valuable in comparison with other places; a downward trend has started in other places, but it didn't start in Pınar Dairy. We are getting paid in time.

The milk we provide is checked to see whether it is spoiled or curdled. They do not buy our milk if it is spoiled, they explain and teach us what to do saying "it is spoiled probably because of this or that, there can be Mastitis". If it is really Mastitis, they provide the necessary medicine. We would not be able to learn all those if we were giving our milk to other places.

Is the amount of returned milk high?

Not much, it is much lower in comparison with the past. If the milk is returned, it does not return due to disease, it is returned generally due to spoiling because of heat. Our milk is always controlled. If the milk is spoiled, it is not bought until it is remedied, the firm checks it until it is good again. And this is necessary. All of us pour our milk in the same tank. If the milk of any of us is spoiled, then the entire tank becomes useless.

Did working with Pınar Dairy contribute to the development of you and the people around you?

Of course. Here, trainings are being provided in many places; they tell us the diseases, care and cleaning of the animals. We become more informed, all of us are learning.

Animal Welfare

One of the topics, to which importance is attached by our Group within the frame of sustainable livestock breeding, is the animal welfare. Yaşar Holding Food and Beverage Group, gives great importance to animal welfare in excess of the relevant laws and regulations and the applications that can be examples in their sectors are being applied about many matters. In the reporting period, there has not been any incompliance case in relation with the issue in Çamlı Feed and Pınar Meat.

Çamlı Feed

Animal welfare is the first priority in Organic Milk Enterprise. The animals bred in the enterprise are Holstein milk cows. All of the animals are accommodated in barns, 4 sides of which are open and the top of which is closed, where there are individual alcoves and where sawdust is used as alcove material, as well as open wandering areas. In the cold and rainy periods, the sides are closed with curtains. There are cooling fans, scratching brushes in the barns due to the climate. The animals are not tied. The animals are wandering freely and can easily access to open wandering areas.

Veterinaries and other necessary personnel are continuously present at the enterprise against any kind of possible problems. The nails of the animals are regularly maintained, flattened and cut. Applications such as tail cutting and shaving are not performed. Anesthetic materials are not used unless necessary.

Growth hormone is not used at the enterprise. Its use is prohibited under the regulations. Again under the regulations, the antibiotics and anti-parasite medicines, which are prohibited to be used for milk animals, are not being used; only the permitted antibiotics are used when necessary. The milk is released for sale after waiting twice the legal period for the purgation of the medicine used for treatment from the milk. Use of hormones to control reproduction is prohibited. Only in cases of anestrus and ovarian cysts, appropriate hormones for treatment are being used.

In Poultry Production Enterprise, works are being performed for broiler turkey of Hybrid Converter race.

A research on the criteria affecting animal welfare for turkeys was performed in cooperation with Milano University and Ege University under the management of Animal Welfare

Indicators Project (AWIN). This study was presented at Antalya White Meat Congress, included in the congress brochure and published in Italian Animal Science magazine.

Turkey breeding is performed in intensive turkey coops with curtains. Although there are coops of different square meters, 5 female or 3 male animals are kept per square meter and female and male animals are being separately bred.

No estrogenic or androgenic hormones are used in production. No antibiotics are used for growth purposes. Antibiotics are used upon the diagnosis and recipe of the contracted veterinary and the slaughtering dates are determined taking into consideration the period for removal from the body. Those periods of removal are also reported to the official veterinaries.

Our shipments are performed in compliance with the Regulation on the Transportation of Livestock and Animal Products in the Country.

In Sea Products Enterprise, edible bream and bass production of 4.500 tons/year is performed with 35 million bream and bass tiddlers. In tiddler production, female and male fish is stocked with certain ratios to ensure reproduction using natural methods for obtaining eggs. Selective genetic programs are not applied.

In our enterprise, sedative chemicals are not used during the manipulation (transportation, grading, and fertilization) of fish for bream and bass among the sea fish. In this area, studies for fish welfare are being continued by using a separate product consisting of a combination of plant oils.

The breeding systems in our enterprise are keeping the bream and bass fish away from stress. The stock densities, oxygenation, feeding ratios have been determined as the result of the analysis of the data obtained in the previous years. Fully open circuit breeding systems are determined and continuity of water quality and fish welfare was ensure through off shore breeding in net cages.

Hormone application is not being performed at any stage of bream and bass breeding at our enterprise. In case of antibiotic applications, which are unavoidable, the antibiotics licensed for the fish by the Ministry of Food, Agriculture and Livestock are being used and the periods of medicine application, which are calculated depending on the sea water temperatures are seriously followed up and recorded.

About fish welfare and the effects of fish farms, research projects funded by various institutions, especially TÜBİTAK, are being carried out in cooperation with the universities. Furthermore, studies such as herbal fodder additives, stress-preventing and supportive vitamins, providing probiotics to the fish with the feed etc. are being carried out.

Pınar Meat

Pınar Meat, giving a high priority to animal welfare, provided any kind of resources for the establishment and effective application of animal welfare system. For animal welfare practices, on-site and practical trainings were obtained in America and Europe from experts. In line with those trainings, our animal welfare system, which includes the necessary infrastructure and internal audit, was established, and all of our employees were trained. The effectiveness of the system is being verified every year with the high scores we obtain in independent third party audits (SAI GLOBAL, England).

At the same time, our suppliers are regularly being trained by us about animal welfare and are informed about the developments. The use of any kind of hormones and growth-increasing medicines on the livestock, which constitutes our raw materials, is prohibited under the laws of our country. Only the permitted antibiotics can be used for treatment of ill animals and in this case, the period for the removal of antibiotic from the body is followed up. It is verified that those materials do not exist in the animals we supply through the analysis performed regularly both by the Ministry of Food, Agriculture and Livestock and by the independent accredited 3rd party laboratories which we hire as Pınar Meat.

In the transportation of animals, the rules of the Regulation on the Transportation of Livestock and Animal Products in the Country and the Regulation on the Welfare and Protection of Animals During Their Transportation are complied with by Pınar Meat.

Contribution To Local Economy

Yaşar Group is among the largest groups of Turkey with the values it has created since 1945 until today. Our Group, which has a very wide ecosystem in terms of the business branches, in which it acts, is supporting regional development and local economy with its widespread supply chain all over the country, export volume, the added value it creates and the direct-indirect employment it provides.

The contribution we provide for local economy is not limited with our products and services, and the trainings we provide for our producers and suppliers, our efficiency studies based on cost optimization, our R&D projects, our greenhouse gas reduction studies and our waste management approach, our social investments are all taken into consideration as our contribution for the local economy.

The Group believes in “growing with its stakeholders” since the day of its foundation and our local producers are in the first ranks among our stakeholders. Therefore, the approach of providing our raw materials from local producers whenever possible has been adopted. Furthermore, improvement of the conditions of our suppliers, increasing the product quality, thus the income they have, are among our targets. The producer trainings we provide and the controls that we regularly perform are the most important tools of this.

Yaşar Group takes the local factors into consideration in its human resource policy and gives priority to “local employment”. It is tried to provide the labor force needed for investments made in different regions from the existing human resources in that region depending on the qualifications required by the relevant position.

Yaşar Group companies, which provide high quality and safe products for its consumers, is trying to make those products accessible. Especially due to the direct effects of food and nutrition on health, a big importance is given to the balanced and sufficient nutrition of the society and care is shown to supply the products that will provide such nutrition to the consumers.

Natural resources is an important economic value as well as being the inheritance of a country for the future. With this awareness, Yaşar Group gives priority to responsible resource use and resource efficiency in its industrial activities.

Good Examples and Developments From Companies

Çamlı Feed

Almost of all our producers, from whom we purchase production service in turkey breeding, are families, who do not have the opportunity of farming or cattle breeding in their villages. With this production method, while income sources are being created for the families in the meantime all services for them such as livestock, feed, veterinary services, and transfer of livestock to the slaughterhouse are provided for them. Within the process, informing meetings are held once a year with the family members and with the veterinary visits, informative trainings are provided in relation with poultry breeding and legal legislation.

Dyo Coating

Dyo Academy

Certification and seminar activities of Dyo Academy, which is developed by Dyo Coating for the coating masters and which is accredited by TÜRKAK according to TS EN ISO/IEC 17024 standard, are continuing regionally. Dyo Academy Directorate was established to support the activities which aims to increase the qualified labor force of our country. In compliance with the Regulations of Occupational Competence Institution (MYK) Dyo Coating performs test and certification. 323 people had taken the tests 299 of them have been awarded by the certificate in the 2015.

Pınar Meat

Pınar Meat Occupational Training Unit

Pınar Meat, which established Pınar Meat Professional Training Unit in 1998 as a first in Turkey, with the purpose of overcoming the problem of trained personnel in the sector, has provided professional skills in meat and meat products operations to 365 apprentice students until today. 46% of the graduates are employed in Pınar Meat. As of the year end 55 students are continuing their training at the professional training unit.

Pınar Water

The investment of the 4th natural spring water production facility of the company was launched in Bursa province İnegöl district in 2015 and the first phase of this investment, which includes dispenser size bottled water in reusable package was completed within the same year. In the third quarter of 2016, it is planned to complete the second phase, which includes plastic bottle package. It is targeted to keep the new facility investment at 70 million TL level and to provide employment for 100 people when the investment is completed.

Pınar Dairy

Since 1973, it has been contributing to the welfare of the society by creating a regular income source for the producers and agencies. Pınar Dairy has more than 20.000 producers, and an ecosystem of 500 thousand people including its producers and agencies. Pınar, which contributes to the development of the sector with the trainings it provides, as created a sector, where agriculture-livestock breeding and industry integration is ensured more. Pınar Dairy started its journey in Izmir and continued it in Eskişehir, and is still contributing to the development of dairying in the Southeastern Anatolia Region with its Şanlıurfa Factory, the foundations of which was laid in 2013.

With Pınar Dairy Şanlıurfa Factory, which was completed in 2014 and established on an area of 100.000 m², the milk processing capacity of the company has increased 180 million liters annually. This investment will have an important share in the development of Southeastern Anatolia Region with the employment and export opportunities it creates. 250 people will be employed in the case that targeted production and export level are realized in line with the projection. In 2015, a new dairy plant investment has been taken in to operation in Şanlıurfa, which is the largest food investment ever made in the Southeastern Anatolia region. We produce milk, ayran and fruit juice in this plant.

This plant is designed to accommodate the increase in the diversity of products according to needs, by using energy efficient and nature-friendly technologies with full automation. The Company increased its raw milk processing capacity by 18% upon completion of this investment. Pınar Dairy purchases raw milk from Şanlıurfa as well as other

surrounding provinces and districts. The Company, which continued its training meetings on care, fattening, breeding for the producers with the purpose of healthy and high quality milk production, has the target of contributing to the development of dairying in the region.

Promotion of Turkey Trademark

Support to the Development Sectors that We Operate In

With the action of national brands to compete with the global brands in the international arena, the requirement to create more added value and to have more market share has occurred. In order to ensure the sustainability of those initiatives, which are handled with importance also in terms of promotion of Turkey, state aids are provided.

The most important of those supports is the TURQUALITY® Program, that has been applied since 2004 by the Ministry of Economy. The program which targets not only increasing export, but also branding, is the only state-supported branding program in the world and has been being carried out with the cooperation of the Ministry of Economy, Turkish Exporters Assembly and the Exporter Unions.

Dyo and Pınar are among the brands steering the market in the country, while providing their product and service quality to the consumers in the global markets with their investments abroad. Pınar, which started to take stronger steps in its activities abroad has been supported with TURQUALITY® Program since 2007 and Dyo has been supported with the same since 2008, and they are increasing their market shares continuously, while competing with the world brands.

Pınar and Dyo have completed the first 5-year period successfully and included again in the Program for the second 5-year by the Ministry of Economy.

We are proud of increasing loyalty to our brands and contributing to the creation of a positive Turkish commodity image also abroad.

Community Investment

Yaşar Group is in the effort of producing sustainable values since its foundation. Besides the contribution that we provide for the development of country economy, for the health and life quality of our consumers, the main element of our efforts is our corporate tradition and corporate citizenship responsibility.

Our Group targets the development of the society as whole in the projects, especially the disabled groups, with the social investments it makes in the areas of education, sports, art and culture. The effectiveness of the communication network that we have with our stakeholders give us the opportunity to directly learn and analyze the needs of the society. Thus, our social investment efforts are shaped as the result of those analysis and ensure conversion in terms of their results.

Targeting to provide sustainable contributions to the society have resulted in long lasting investments and projects. The social responsibility activities being carried out by our brands for long years are the indicators of this condition.

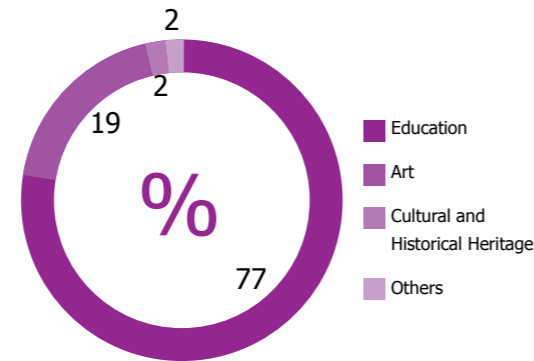
Besides the social investments made by our Group, Yaşar Education and Culture Foundation, Selçuk Yaşar Sports and Education Foundation, Pınar Institute and Yaşar University are developing projects with the aim of increasing the social development and welfare.

Being independent from these projects, demands voiced by different groups and individuals are also assessed by our Group and are supported to the extent of their appropriateness.

Yaşar Education and Culture Foundation

Yaşar Education and Culture Foundation, which was founded in 1974 by Durmuş Yaşar, is primarily acting in the education, culture and art areas. Since its establishment, the Foundation has undertaken the construction of many schools as well as the construction of additional buildings, dining halls, sports and culture facilities in line with the needs of the schools. In

addition this Foundation has also met the science, language, food technology, and computer laboratory needs of schools.



Yaşar Education and Culture Foundation 2015 Supports

In 2014-2015 education and training year, Yaşar Education and Culture Foundation provided non-refundable scholarship for 57 students, who lost their kinsmen in the mine accident in Soma. Also to 157 master, graduate, higher education, and successful students who are being educated in Anatolian Vocational High Schools this non-refundable scholarship was offered. Furthermore, Yaşar Group companies and managers provided conditional donation scholarships for 25 students. To this date, our Foundation contributed to the education of 5.992 students by providing scholarship.

One of the purposes of Yaşar Education and Culture Foundation is to ensure the cooperation of the Ministry of National Education to make education investments. Yaşar Education and Culture foundation Special Education Application Center and Activity Practice Center that was constructed in Izmir Güzelbahçe with the purpose of preparing the children and the young with autism to social life, was officially opened on March 25th 2015 with 19 classrooms providing education to 67 students.

The protocol between Istanbul Governorship, Esenyurt Mayorality and our Foundation regarding the construction of Ministry of Health-Yaşar Education and Culture Foundation Esenyurt Community Health Clinic and Education Facility, was signed and construction process has been started.

The Foundation has published about 40 works so far consisting of cultural publications, Atatürk publications and other publications in various areas, especially archeology and science. The Foundation also organizes congresses, symposiums and panels, where current problems in Turkey and in the world are assessed, researched with a scientific approach and where solutions are discussed.

The month of April, which is declared as the World Autism Awareness month has also been an active month for Yaşar Education and Culture Foundation since our Foundation held "Autism and Communication" panel with high participation at Yaşar University Conference hall for the means to draw attention to Autism and also to contribute to awareness.

In 2015 with the notion of presenting our culture and history on a global scale Yaşar Education and Culture Foundation has continued to extend financial support to the Nysa excavations. Furthermore, our Foundation became the official sponsor of Ancient Smyrna city, which is in Bayraklı and is also known as Bayraklı Tumulus. The excavation and restoration activities are being performed by Prof. Dr. Cumhuri Tanrıver whom is affiliated in Ege University.

Besides these activities small donations and public reliefs were made to schools such as book donations, or on a larger scale contributing to the improvements of the schools playground.

47 Years with Dyo Painting Competition

Dyo Painting Competition, which started in 1967 by Yaşar Holding as the only private painting competition in Turkey and which has been organized by the Yaşar Education and Culture Foundation since 1993, which was biennially held for the 36th time and 1,574 works by the 992 artists entering the competition were presented.

Dyo Painting competition, with the purpose of carrying the art of Turkish painting to various parts of Anatolia by introducing it to large masses. In 2015, 73 awarded worthy pieces of art were exhibited respectively: Eskişehir Atatürk Culture art and Congress Center, Izmir Ahmed Adnan Saygun Art Center,

Adana Metropolitan Municipality 75th Year Art Gallery, Samsun Atatürk Culture Center State Fine Arts Gallery, Şanlıurfa Metropolitan Municipality Exhibition Hall and Ankara Modern Arts Center.

Selçuk Yaşar Art Gallery and Painting Museum

Put into service in 1990, the Selçuk Yaşar Art Gallery operates within the Selçuk Yaşar Museum, which was opened in 1985 and which is the first private painting museum in Turkey.

In 2015, the Foundation continued its activities with exhibition consisting pieces of art by Fatih Mika, Mixed Painting Exhibition (Fevzi Karakoç, Yalçın Gökçebağ, Kayıhan Keskinok, Fahri Sümer, Zahit Büyükişliyen), Alp Tamer Ulukılıç, Güngör İblikçi, Zeki Serbest, Güven Zeyrek and Ayhan Türker in the museum gallery.

The summer exhibitions were held with the pieces of art of Çetin Erokay, Gencay Kasapçı, Abdullah Kasapçı, Fabri Sümer and Foundation collection exhibitions in Çeşme Altın Yunus Art Gallery.

Selçuk Yaşar Museum

Selçuk Yaşar Museum of Yaşar Education and Culture Foundation is aimed to be constructed in Izmir Konak. The benchmarking, restoration, restitution design activities were completed and preliminary approval application was made to Konak Municipality in 2015. The construction is foreseen to start in 2016 after obtaining the approval of Municipality and Natural Assets Protection Board. This Museum will gather such statutes, carpets and archeological pieces of art.

Pınar Institute

Pınar Institute is a non-profit organization without any commercial activities, which was founded to inform the society about food, health and nutrition and to contribute to the healthy development of society.

In 2015, "Games and Training Tools for Healthy and Balanced Nutrition" project was conducted by the Institute. This project was designed to inform the children to learn the food groups and the amount of consumption in each food group in order to maintain a healthy and balanced diet with the help of specific toys created just to suit this purpose.

Among 15 designs that were developed, the first 4 toys, were assessed by result of expert jury votes and the design students were presented their awards in ceremony. The project was performed jointly with Yaşar University, Art and Design Faculty, Industrial Design Department and was completed in 2015 with a budget of TL 12.600. The chosen 4 toys have been the starting point of a new Scientific Research Project (SRP) named as "Design of Games and Training Tools for Healthy and Balanced Nutrition". A new toy, which was inspired by the toys chosen in SRP project, will enter in professional design process and will be used as a training material in the project "Let's Enjoy Moving and Eating Healthily". The preparations and content studies are further supporting to popularize this project with the help of protocols signed with the Ministry of National Education.

Pınar Institute supported the doctorate studies performed on sarcopenia by Ege University Faculty of Medicine, Department of Internal Diseases. Thanks to this cooperation, the Institute has become a part of the studies on the detection of sarcopenia frequency among individuals aged 65 and over and assessment of nutrition on the disease, creation of data on sarcopenia frequency in Turkey and creating awareness in households and informing the individuals about protein deficiency and physical activity. A total support of TL 10.000 was provided for the researches named as "Sarcopenia frequency and risk factors in elderly living in the society" and "The relation between sarcopenia and depressive indications and functional condition among the elderly", which were launched in 2014 and the results of which were obtained in 2015.

The support provided for the producers with another project of the Institute, namely "The Future of Our Milk is in Conscious Hands", is included in the "Sustainable Agriculture and Livestock Breeding" section of our report.

Good Examples and Developments From Companies

Dyo Coating

Newly developed social investment projects have emphasized the importance of paint use for the effective living spaces, pointing out four main factors as color, layout, heat and lighting. These four main factors are covered by trainings conducted in 2015-2016 education and training year with the attendance of employees as well as primary school students, the parents and the coating masters. The projects are performed in 10 provinces of Turkey (Kocaeli, Izmir, Istanbul, Ankara, Antalya Adana, Bursa, Gaziantep, Samsun, Trabzon), with Ministry of National Education and Mimar Sinan Fine Arts University.

Targeting to reach 24.800 primary school students and 220 coating masters with the education trainings, it is aimed to access all primary schools in Turkey with the "School Painting Guide" study to be performed in cooperation with the Ministry of National Education.

Social responsibility projects are joined under three sub-projects called "It's Worth To Learn", "It's Worth For Schools", "It's Worth For Masterships" with the corporate approach of Dyo with the slogan "It's Worth For Tomorrows".

Dyo Coating Social Investment Expenses

	2015
Sports	596.309
Art	462.914
Education	139.286
Sector	95.561
Other	335.891
Total (TL)	1.629.961

Pınar Children Theater

Having reached more than three million children across Turkey free of charge in 28 years, the Pınar Children's Theatre aims to inculcate a love of theatre in children and continues in every play to contribute to the cultural, psychological and mental development of children.

Staging its new play "The Love Coming with Milk" in 2014-2015 education and training year, Pınar Children Theater gave a visual theater festival for thousands of young theater-lovers. This play, was professionally prepared in terms of stage, music, decor and costumes and toured around Çanakkale, Eskişehir and Izmir. Acting also as a school that has been effective in gifting many famous actors and actresses to the Turkish theater, Pınar Children Theater started staging the play "Game Train" as of the beginning of 2015.

A budget of TL 347.488 was reserved for Pınar Children Theater in 2015.

Pınar Children Painting Competition

Pınar Painting competition has being held for 34 years now with the purpose of increasing the interest of children in painting and fine arts and to support the painters of the future. This notion was held with the theme "My Family and I" in 2015.

The competition received a large number of entries, a total of 49,255 works from every region of Turkey, and beyond Turkey such as; Turkish Republic of Northern Cyprus, Germany, Qatar and United Arab Emirates. 25 little painters selected by the jury including lecturers and specialists were awarded with tablet computers and the right to participate in a 1-week Art Camp in Istanbul under the coordination of the famous painter Zahit Büyükişliyen.

Pınar used a budget of TL 326.272 was used for Pınar Children Painting Competition.

"Yaşam Pınarım" Magazine

Containing useful information especially for parents and having been published since 2004, the "Yaşam Pınarım" magazine is an important instrument of the link established with Pınar's consumers and business partners and with academic and bureaucratic circles. The magazine is published quarterly and distributed freely. Starting to be sent to consumers as an e-bulletin in 2013, the magazine reaches more than 10,000 people every month.

YBP

Electricity, food and beverage problems occurred in Rize-Artvin shore region as the result of the flood disaster in 2015. In order to prevent any loss of the tradesmen, the relevant markets were contacted and their products were kept in the fridges of YBP for an extended period. Water was sent to the relevant region by Pınar Water to help people meet their water need.

Stakeholder Opinion



Cenar Çiftci,
Pınar Dairy Human Resources Specialist

How long have you been working for Pınar Dairy?

I've been working for Pınar Dairy since October of 2013.

What are your opinions on being an employee of Pınar Dairy? What do you think of corporate responsibility studies of Pınar Dairy?

I'm proud of working in Yaşar Group, which is an established organization of Turkey. I completed my university apprenticeship in Pınar Dairy. It is pleasing to work at a place, in which the corporate culture can be internalized even when I was just a university student. Besides my existing assignment, I worked in

all recruitment and training processes of Pınar dairy Şanlıurfa Factory during December 2013. Being vested with such responsibility gave me the opportunity to meet new cultures, see the entire work, perceive the differences and join them in corporate culture and was very useful in my personal development.

It is very important in terms of communication with the employees that new practices are started for the employees in Pınar Dairy and many of them are planned by the Human Resources department. Activities such as Zumba, Classical Turkish Music Chorus and Dragon Cup bring together our coworkers working in different areas and contribute to the creation of a team spirit.

Furthermore, among our social responsibility activities that are traditionally supported, Pınar Children Theater, Pınar Painting Competition, Pınar KSK Basketball Team and Apprenticeship School are providing contribution to development in the areas of sports, arts, cultural and social areas.

What do you think about Pınar Painting Competition?

Pınar Painting Competition is a competition, which was being held in my childhood and which I participated then. It is an important competition since it did not lose its purpose and is one of the most long-term competitions in Turkey, it makes children like milk and improves the creativity of children with a certain theme every year. Since it was opened to other countries, it will gain international recognition.

Stakeholder Opinion



Yasemin Espit,
Dyo Coating Social Media Specialist

How long have you been working for Dyo?

I've been working for Dyo since 2009.

What is your opinion on being a Dyo employee?

Working in a big and reputable organization as Dyo is everyone's biggest dream. I had the chance to reach this dream in 2009. I feel lucky because Dyo not only gave me the opportunity to work for a leader organization, but also provided a peaceful and happy family environment.

We are not only fed by the past and current culture of Dyo, but also our belief and trust in the future. Knowing

that we can contribute to the future of such a company makes me and my friends proud. I'm sure that this process from the past to the future will provide great successes for long years to come with the determination and labor of each employee participating in our family.

What do you think about Dyo's corporate responsibility activities?

With our social responsibility practices, which we realized with the slogan "It's Worth For Tomorrows" and in which I was actively involved, we created models targeting to obtain "a better life" for our stakeholders. Our "It's Worth To Learn" project in the education area draws attention. The target population of our project consists of the students and teachers and we informed children to help them obtain a better living environment thanks to the cooperation we ensured with our stakeholders. With our "It's Worth for Masterships" project, which targets the professionals, we provide information contributing to the professional and personal development of our coating masters, who are our most important stakeholders. The most important gain obtained from our social responsibility projects is the opportunity given to the employees to participate in the projects. I'm happy to be involved in such a project.

What are your opinions on Dyo Painting Competition?

Dyo has been supporting education, culture, art and sports activities for long years as do all Yaşar Group Companies. The most important example of this is Dyo Painting Competition, which has been held since 1967 in order to support the art Turkish painting and the talented artists. Being a part of an organization, which gives value to art and the artist, honors all employees.

Sponsorships

Main Sponsorships

Pınar KSK

Continuing its contribution in sports by supporting Pınar Karşıyaka Spor (KSK) basketball team since 1998, Pınar supports approximately 1.000 children within the basketball team every year so that these children can make use of Selçuk Yaşar Pınar KSK sport facilities located in Çiğli. Pınar KSK, is the champion of Turkey Major Basketball League in 2014-2015 season. Pınar KSK succeeded to be one of the best 24 teams in the Europe League.

Turkish Basketball Federation

In the context of uninterrupted support it gives for sports, Pınar acts as the Official Beverage Supplier of Turkish Basketball Federation and Basketball National Teams.

Other Sponsorships

- Pınar undertook the name sponsorship of "Pınar International Teenage Men Basketball Tournament". The 18th annual tournament was held in Konya between January 31st and February 7th 2015 in cooperation with Turkish Basketball Federation.
- Pınar which not only participates in, but also supports many fairs and congresses held in many areas such as quality, food, R&D and marketing for the development of the sector, was the sponsor of 8 congresses, 5 symposiums and 44 activities in 2015.
- The sponsorships of Dyo Coating are as follows in 2015:
 - Paint sponsorship for Academy of Dreams
 - KİTVAK Paint sponsorship
 - Eskişehir Atatürk Culture Art and Congress Center Exhibition Hall Paint sponsorship
 - Private Piri Reis Schools "From Masters to Tiny Hands" Art and Culture Week sponsorship
 - 4th International Polymeric Composites Symposium Sponsorship

- Exhibition and Project Market Sponsorship
- 24th Quality Congress sponsorship
- Sponsorship of 16th Symposium on Search for Perfection
- Sponsorship of Tiyatro Martı's "Welcome Dyer" play
- Berkay Besler sponsorship support
- Karşıyaka Sports Club
- Altay Sports Club
- In April of 2015 Pınar Professional supported AŞOMDER (Culinary High School Graduates Association) meeting in Bolu Mengen. During this organization popular chefs of today shared valuable information to student chef candidates from universities coming from all parts of Turkey.
- Pınar Professional was involved as a sponsor in the organization, the 1st of which was held by Foodinlife, which is a sector press organ, in November 2015.
- It was the product sponsor for the stand of Usla (Food Academy), which participated in Sirha (Food, Equipment and Services Fair for Hotels, Restaurants and Catering Sectors) in November 2015.

Yaşar University

Targeting to educate individuals sensitive to the environment and his/her own life and capable of acting with social responsibility awareness, Yaşar University started its activities in 2002-2003 academic year. In Yaşar University, which has 6.945 students are being educated with the help of 441 academic and 266 administrative personnel.

The university currently consist of, 7 faculties, 25 departments, 11 graduate programs, 2 Profession Higher Education Schools and 1 Foreign Languages High Education School, further more there are 13 masters and 5 doctorate programs in Social Sciences Institute as well as 10 masters and 3 doctorate programs in the Institute of Science and Technology.

The basic philosophy of Yaşar University, which is one of the 5 foundation universities in İzmir, is to support the academic, cultural and social development of individuals with a point of view based on universal values and questioning.

104 students went abroad under Erasmus Program and 114 Erasmus students came to Yaşar University for education during 2015-2016 academic year.

Yaşar University provides an international education experiences with a student profile which is diversified in the campus and students from 48 different countries including Europe, USA, Canada, Australia, Nigeria, Kenya, Oman, Iraq, Azerbaijan, Pakistan have full and halftime education.

Yaşar University supports the successes of and provides contribution to the education of students through different scholarship opportunities such as Education-Training, Academic Success, Talent, Martyr and Disabled Veteran, Accommodation, and International Student Scholarship. In this context, 45% of the students make use of the scholarships provided in different ratios.

Yaşar University targets to provide education with 8 additional faculties in 2016-2017 academic year once the Faculty of Business Administration and the Faculty of Human and Social Sciences starts their activities.

Yaşar University is leading projects in areas of software, design, improvement of business processes, communication, measurement of perception and education in a wide spectrum from social projects to university-industry cooperation projects. A big part of those projects are supported by TÜBİTAK, and the others are financed with the sources of Yaşar University or industry and other institutions and

organizations. Many university-industry cooperation projects are applied jointly with Yaşar Group companies.

Some of the Projects Performed by Yaşar University are as follows.

TÜRKSAT 6a Domestic Communication Satellite Development and Production Project

The project was accepted for support within the scope of the legislation of 1007 Program of Turkish Scientific and Technological Research Institution (TÜBİTAK), which was stipulated on December 15th 2014 by and between the Ministry of Transportation, Maritime and Communication, Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş., TÜBİTAK Space Technologies Research Institute, ASELSAN Elektronik Sanayi ve Ticaret A.Ş., C Tech Bilişim Teknolojileri Sanayi ve Ticaret A.Ş., TUSAŞ Türk Havaçılık ve Uzay Sanayi Anonim Şirketi and TÜBİTAK, C Tech Bilişim Teknolojileri firm, which is one of the signatories is executing a service purchase project with Yaşar University on the design, production and testing of some parts to be used on the satellite (antenna and microwave elements).

In the project scope, it is targeted to design, produce and measure the prototype of a transmitter hybrid adapter and an undirected transmitter antenna to be used in the telemetry and telecommand systems of TÜRKSAT 6a satellite, which will be the first 100% domestic satellite of Turkey and which is planned to be sent to the space in 2019.

What Makes You Strong? Relation of Psychological Strength of the Young Immigrants with Cultural Context and Acculturation

The purpose of the project is to research the relation between strength and cultural context and tendencies of the young, who exhibit a positive psychological development in spite of the difficult living conditions in the migration environment. The project is supported in the scope of "2232 Return to Home Country Research Scholarship Program" that is executed by TÜBİTAK Scientist Support Department. The participants of this two-stage project, which will adapt a culture-sensitive psychological strength model to the acculturation environment for the first time, consist of the young people from families, which migrated from rural areas of Turkey to Europe (Belgium) and from other cities or the rural areas to İzmir.

It is planned to publish the findings of the project both as a scientific article and as a verbal announcement at the national and international conferences.

“Success is only possible with good teams, and good management for these teams as well as moral and motivation.”

Selçuk YAŞAR



Caring for Employees

Profile of Employees

The main works in the Holding and the affiliated companies are performed by white collar and blue-collar employees. The auxiliary works or the works requiring technical expertise are performed by white collar and blue-collar personnel in sub-employer staff. Stock control, shipment and sale support duties can be given as examples for the auxiliary works connected with the main work, while examples for the works requiring technical expertise include the works in food, service, security and cleaning areas.

With the start of the summer season (April-September Period) in Altın Yunus, an increase occurs in provisional staff. A personnel increase in temporary staff occurs also in Pınar Water, in the production function during the summer period (June-October period) due to the increase in water consumption. In Pınar Dairy, an increase occurs in the sub-employer staff in production function due to the increase in the consumption of food and beverages (yogurt, ayran, fruit juice) in the summer period (June-October period).

Total Labor Force by the Employment Contract

	For an Indefinite Duration		For a Definite Duration		General	
			Temporary/Contracted		Total	
	Male	Female	Male	Female	Male	Female
Number	5.919	1.262	166	29	6.085	1.291
Percentage	80,2	17,1	2,3	0,4	82,5	17,5

Total number of employees consists of the sum of the staff and the employees of the sub-employer employees.

Total Labor Force Percentage by Type of Employment

	Key		White Collar		Blue Collar		Temporary		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2013	4,6	1,3	33,7	10,3	42,4	4,6	2,6	0,5	83,2	16,8
2014	4,5	1,4	32,7	10,5	42,8	4,3	3,1	0,7	83,1	16,9
2015	4,4	1,3	31,8	10,9	43,5	4,7	2,9	0,5	82,6	17,4

In the table of total payroll employees, the sub-employers are excluded.

Total Labor Force by Employees and Supervised Workers

	Employees		Supervised Workers		General	
	Total		Total		Total	
	Male	Female	Male	Female	Male	Female
2015						
Number	4.696	987	1.389	304	6.085	1.291
Percentage	63,7	13,4	18,8	4,1	82,5	17,5

Total labor force consists of the sum of staff and the employees of the sub-employer

Regional Percentages of the Total Labor Force

Region	2013		2014		2015	
	Female	Male	Female	Male	Female	Male
Aegean	12,3	53,1	12,1	53,1	11,4	51,8
Marmara	3	17,2	3	16,7	3,5	17
Central Anatolia	1,6	9,5	1,8	9,9	2,1	9,7
Mediterranean	0,2	2,2	0,3	2,3	0,3	2,2
Black Sea	0	0,4	0,1	0,4	0,1	0,4
Southeastern Anatolia	0,1	0,3	0,1	0,3	0,1	1,4
Eastern Anatolia	0	0	0	0	0	0
Total	17,2	82,8	17,3	82,7	17,5	82,5

Total labor force consists of the sum of staff and the employees of the sub-employer.

Percentage Of Total Employees Covered By Collective Bargaining Agreements

	Dyo Coating		Dyo Printing Inks		Pınar Meat		Pınar Dairy		Viking Tissue	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
2013	1	52	0	54	14	62	8	58	0	0
2014	1	53	0	53	13	60	7	56	0	59
2015	1	54	0	54	14	60	7	54	0	62

Newly-Hired Employees by Age Group

Age	Excluding Temporary and Sub-employer				Including Temporary and Sub-employer			
	Total Number of Hired Employees		Total Number of Hired Employees		Total Number of Hired Employees		Total Number of Hired Employees	
	Male	Percentage	Female	Percentage	Male	Percentage	Female	Percentage
Under 30	284	40,5	121	17,2	1.429	52,3	301	11
Between 30-50	238	33,9	49	7	757	27,7	214	7,8
Above 50	10	1,4	0	0	26	1	4	0,1
Total	532	75,8	170	24,2	2.212	81	519	19

Newly-Hired Employees by Region

Region	Excluding Temporary and Sub-employer				Including Temporary and Sub-employer			
	Total Number of Hired Employees		Total Number of Hired Employees		Total Number of Hired Employees		Total Number of Hired Employees	
	Male	Percentage	Female	Percentage	Male	Percentage	Female	Percentage
Aegean	300	42,7	88	12,5	1.336	48,9	327	12
Marmara	93	13,2	39	5,6	428	15,7	77	2,8
Central Anatolia	73	10,4	35	5	350	12,8	88	3,2
Mediterranean	3	0,4	4	0,6	35	1,3	22	0,8
Southeastern Anatolia	56	8	4	0,6	56	2,1	5	0,2
Black Sea	7	1	0	0	7	0,3	0	0
Total	532	76	170	24	2.212	81	519	19

Personnel Turnover Rate by Age Group

	2013		2014		2015	
	Female	Male	Female	Male	Female	Male
Under 30	12,3	6,5	15,6	11,9	10	9,9
30-50	7,3	7,2	9,5	9,2	10,1	7,7
Above 50	7,4	20,6	22,2	21,2	9,5	25,3
Total	8,5	7,7	11,5	10,1	10	8,8

Personnel Turnover Rate by Region

	2013		2014		2015	
	Female	Male	Female	Male	Female	Male
Aegean	0	3,5	0	4,1	6,3	4,2
Marmara	7,7	7,5	11,1	9,7	9,8	7,8
Central Anatolia	33,3	4	0	12	8,3	16,4
Black Sea	6,2	5,3	15,6	8,7	9,2	6
Mediterranean	0	3,7	0	16,7	0	15,2
Southeastern Anatolia	12,6	10,2	12,3	12,7	11,9	12,8
Total	8,5	7,7	11,5	10,1	10	8,8

Rate of Returning to Work and Retention at Work After Parental Leave*

2015	Total Number of Employees Entitled to Parental Leave		2015	Total Number of Employees Took Parental Leave	
	Female	Male		Female	Male
Total	53	220	Total	53	220

2015	Total Number of Employees Returned To Work After Parental Leave Ended		2015	Total Number Of Employees Returned To Work After Parental Leave Ended and Still Employed 12 Months After Their Return To Work	
	Female	Male		Female	Male
Total	49	220	Total	42	219

2015	Rate of Returning to Work	Rate of Retention at Work
Female	92,5	79,2
Male	100	99,5

*The 5-day paternal leave is given to our male employees in case their wife gives birth.

Gender Distribution of Employees in Governance Bodies (Percentage)

2015	Executive*	Director
Female	20	23
Male	80	77

*The executive group consists of members of Board of Directors, CEO, Chairpersons, Vice Chairpersons, Coordinators and General Directors.

Age Distribution of Employees in Governance Bodies (Percentage)

2015	Executive*	Director
Under 30	0	2
30-50	32	71
Above 50	68	27

*The executive group consists of members of Board of Directors, CEO, Chairpersons, Vice Chairpersons, Coordinators and General Directors.

Rate of Disabled Employees in Governance Bodies

There is no disabled employees in governance bodies.

Gender Distribution by Employee Category (Percentage)

Key Company	2013		2014		2015	
	Male	Female	Male	Female	Male	Female
Dyo Printing Inks	74	26	63	38	62	38
Dyo Coating	76	24	76	24	76	24
Pınar Meat	72	28	71	29	75	25
Pınar Dairy	66	34	65	35	70	30
YBP	90	10	92	8	92	8
Çamlı Feed	85	15	84	16	88	12
Pınar Water	85	15	77	23	76	24
Viking Tissue	94	6	100	0	100	0
Yaşar Holding	53	47	50	50	44	56
Altın Yunus	100	0	71	29	86	14
Desa	75	25	80	20	67	33
Total	77	23	76	24	77	23

Blue Collar Company	2013		2014		2015	
	Male	Female	Male	Female	Male	Female
Dyo Printing Inks	99	1	100	0	100	0
Dyo Coating	98	2	98	2	99	1
Pınar Meat	82	18	82	18	81	19
Pınar Dairy	88	12	89	11	89	11
YBP	100	0	100	0	100	0
Çamlı Feed	100	0	97	3	98	2
Pınar Water	87	13	90	10	87	13
Viking Tissue	100	0	100	0	100	0
Yaşar Holding	68	32	67	33	67	33
Altın Yunus	89	11	87	13	83	17
Desa	100	0	100	0	100	0
Total	90	10	91	9	90	10

White Collar Company	2013		2014		2015	
	Male	Female	Male	Female	Male	Female
Dyo Printing Inks	56	44	53	47	50	50
Dyo Coating	74	26	73	27	71	29
Pınar Meat	71	29	69	31	70	30
Pınar Dairy	68	32	67	33	66	34
YBP	86	14	86	14	85	15
Çamlı Feed	71	29	71	29	73	27
Pınar Water	75	25	75	25	76	24
Viking Tissue	80	20	83	17	75	25
Yaşar Holding	35	65	43	57	44	56
Altın Yunus	78	22	79	21	76	24
Desa	88	13	88	12	87	13
Total	76	24	76	24	74	26

Temporary Company	2013		2014		2015	
	Male	Female	Male	Female	Male	Female
Dyo Printing Inks	88	13	91	9	100	0
Dyo Coating	88	12	88	13	87	13
Pınar Meat	0	100	0	100	-	-
Pınar Dairy	67	33	100	0	0	100
YBP	67	33	67	33	100	0
Çamlı Feed	50	50	80	20	-	-
Pınar Water	89	11	90	10	84	16
Viking Tissue	-	-	-	-	-	-
Yaşar Holding	-	-	-	-	0	100
Altın Yunus	-	-	-	-	80	20
Desa	-	-	-	-	100	0
Total	83	17	82	18	85	15

Age Distribution Percentage by Employee Category in the Group General

2015	Key	White Collar	Blue Collar	Temporary
Under 30	0	23	28	55
30-50	83	75	71	42
Above 50	17	2	1	4

Rate of Disabled Employee by Permanent Employee

Number of Disabled Employee	Number of Permanent Employee	Percentage
144	5.683	3

Employee Rights

Equal Opportunity and Non-Discrimination

In Yaşar Group, equal opportunities are provided for the employees in all human resources processes such as recruitment, waging, performance assessment, promotion, assignment, training and improvement and no discrimination is made about nationality, religion, gender, age and marital status. No complaints were received in 2015 from our employees related to discrimination.

The health, safety, education and personal improvement of all individuals, whether female or male, who are employed in the Group Companies, are encouraged. As indicated in the recruitment process included in our website, there are competences and qualifications defined for each position in Yaşar Group. In the recruitment process, the assessment is performed taking into consideration the compliance of the candidate with the qualifications and competences required by the position. There is no difference in wage in recruitment and promotion terms between the male and female employees.

Empowering of Women Employees

Yaşar Holding supports empowerment of women in all sectors of activity of its companies. In 2012, "CEO Support Declaration for UN Women's Empowerment Principles" was signed. "Equality at Work Platform", which is brought to the agenda by the World Economic Forum, and which is continued under the leadership of the Ministry of Family and Social Policies, and the "Work Group for Women's Empowerment" by Global Compact Turkey Board of Directors are among the formations, in which our Group is included.

Activities for empowerment of female employees:

- 20% of the promotions to the managerial offices in the reporting period consist of female employees. Activities to increase the number of female managers in the following period have been planned and the ratio of female participants to the mentoring program launched in 2016 in this scope has been 47% in the 1st period. The same project will be conducted widespread for the blue-collar women employees working in production.
- The ratio of women is greater than the ratio of men in the apprenticeship programs, which is assessed as a strong

labor force pool in recruitments, and the increase in the number of female apprentices will be continued in the following period.

Our pregnant and nursing employees work within the time lines indicated in the law. When our female employees return from their maternal leave, they are employed at the same position and no negative change occurs in their carrier plans due to such maternal leave. There are nursing rooms in our companies for our employees, who gave birth.

Furthermore, the next period plans include a contracted kindergarten, which the employees can use with advantaged terms, carrier guidance programs for the daughters of our employees and carrier support programs for our female employees.

Appropriate Working Conditions

Labor and Labor Force

Yaşar Holding manages its human resources policy with the target of employing innovative and quality labor force with high motivation and performance and increasing the loyalty of that labor force. The human resources strategy, based on the axis of placing "correct people to the correct work", has placed Yaşar Group companies in the higher ranks in the list of "companies preferred for employment" with its fair human resources policy and practices.

In Yaşar Group companies, if people are assigned other duties, the transactions are performed within the periods indicated in the Labor law and Staff Regulation numbered 4857. For the employees, who are employed under Collective Bargaining Agreement, the periods indicated in the Agreement apply.

Child Labor

The child labor is regulated under the Labor Law numbered 4857 in our country. Under the relevant provisions, the children under the age of 15 can not be employed, however, as an exception, the children, who completed the age of 14 and graduated from primary education may be employed in light works with limited working hours so as not to prevent their education. Although there is no legal obligation, Yaşar Group companies adopted the principle of not employing personnel under the age of 18.

Forced Labor and Involuntary Servitude

Work days and hours as well as public and general holidays and weekly rest days are defined and notified to employees in all companies of Yaşar Group.

If the nature of the work requires or due to increase in production overtime maybe required, such work is arranged in accordance with the provisions of the Law and compensation is paid as stipulated in the Law.

Job descriptions are drawn up for the employees of the Group companies and they are informed of their job descriptions upon their recruitment; documents related to job descriptions are shared in updated condition within the company through a common system which is used in accordance with ISO 9001. Newly recruited employees attend an orientation program.

No incident involving forced labour or compulsory work has ever been reported in companies that are members of the Yaşar Group.

Union and Collective Bargaining Agreement

In Yaşar Group Companies, collective bargaining agreements are made with all employees for an indefinite period of time under the Labor Law numbered 4857. The workers of the contractor and subcontractor firms, which enter into a business partnership with the Group Companies, have to be insured.

The rights of our employees to become members of a union without any concern are respected. Always constructive dialogs are established with our employees, who are members of the legal trade unions. In this context, the rights of the employees are taken under warranty with the workplace and operation labor contracts entered into by and between the employer and Petrol-İş for the Coating Group companies, Tekgıda-İş Union for Pınar Dairy and Pınar Meat, which are the Food Group companies, and Selülöz-İş for Viking Tissue. Dyo Coating is the only company in the coating sector, which has a collective bargaining agreement.

Percentage of Union-Member Employees

Pınar Meat	74
Pınar Dairy	61
Dyo Coating	55
Dyo Printing Inks	54
Viking Tissue	62

Recruitment

Yaşar Group creates its human resources in respect to knowledge, skill and experience criteria required by the position in the light of the "science, unity, success" principle. Yaşar Group adopts a human-focused management understanding, which brings together individuals who care for information sharing and unity spirit, who are open for all developments based on science, who adopt a participative and success-oriented work understanding, and who are educated and experienced.

During the assessments performed within the recruitment processes, it should be taken into consideration how open the candidate is for development as well as the requirements of the position. Yaşar Group Basic Competencies and the Business Family Competencies that are separately defined for each level ensure the assessment of the candidate on competence basis.

The Group companies follow an approach complying with the universal principles in human resources management, as is the case for all activities. The candidates, who want to be recruited by Yaşar Group companies, can make their applications through the Internet site of Yaşar Holding, through recruitment sites directly or through the consultancy companies. Apprenticeship announcements and job announcements are published on Yaşar Group companies internet sites and the candidates are free to record their resumes in the application pool whenever they desire.

In 2015, Yaşar Group companies received applications from 61.322 female and 86.341 male candidates.

The assessments performed by the human resources unit continue with the reference check and jobs are offered to the candidates found appropriate after those processes. The candidates, whose applications are not accepted, are informed through the career portal, e-mail or telephone.

Since all the applying candidates are responded rapidly, Yaşar Group has been awarded in 2015 for the 5th time with "Respect to People Reward" of "kariyer.net", which is accepted as one of the indicators of the value given to human resources.

The companies of Yaşar Group apply their recruitment procedures in compliance with the Labor Law numbered 4857 and Yaşar Holding Personnel Regulation.

When the recruitment process is completed, the employees of the companies of our Group are informed on the Company Personnel Regulations, which regulate the working conditions,

rights, duties and responsibilities of the recruited personnel, and the current personnel policies and principles.

New employees are provided with e-learning based "Yaşar Group Orientation Training" on the very same day and

participate in the "Company Orientation Program" that is specifically designed for each company. In 2013, "Orientation Procedure" has been issued with the purpose of applying the orientation process in the same way in all companies of our Group.

Rights Offered to The Employees

Social Rights Offered to the Employees

		Key	White Collar	Blue Collar (*)	Temporary
Life Insurance				not applicable	
Health Care		✓ (company pays)	✓ Certain levels (company pays)* The employee pays the premium himself/herself*	The employee pays the premium himself/herself*	
Disability and Invalidity Coverage				not applicable	
Parental Leave		✓	✓	✓	✓
Retirement Provision				not applicable	
Stock Ownership				not applicable	
Others	New Year Gift Package	✓	✓	✓	✓
	Fuel Contribution	✓ Certain levels	✓	✓	
	Pocket Money for Religious Day	✓ Certain levels	✓	✓	✓ Certain levels
	Food Contribution	✓	✓	✓	✓
	Travel Allowance		✓	✓	✓
	Marriage Help	✓ Certain levels	✓	✓	✓ Certain levels
	Maternity Help	✓ Certain levels	✓	✓	✓ Certain levels
	Death Benefit	✓ Certain levels	✓	✓	✓ Certain levels
	Car	✓	✓ Certain levels		
	Gas	✓	✓ Certain levels		
	Telephone Device and Line	✓	✓ Certain levels		
	Seniority Promotion Premium	✓	✓	✓	
	Clothing		✓ Certain levels	✓ Certain levels	✓ Certain levels
	Sale Premium	✓ Certain levels	✓ Certain levels		
Performance Premium	✓ Certain levels	✓ Certain levels			

* It does not include the social rights of blue collars, who are union members.

Employee Development

Good Examples and Developments From Companies

Dyo Coating

Color Creators Proposal System

In Dyo Coating factories, "Color Creators Proposal System" continued in 2015 in order to award employees who provide "color creating" ideas about the works performed by both themselves and others in line with the vision and targets of the company. The ideas and applications, which are deemed to create colors by making the existing sources more useful and by facilitating life, constitute the basis of this system. All employees, without any difference of level and scope, may make recommendations for this system. The established committee assesses the recommendations and the recommendations found worth of awarding are awarded following the approval of the General Directorate.

Red Chair Practice

The Red Chair Practice allows gathering of employees to tell their opinions and proposals directly to the General Director. In sessions, which are held in groups of 8-10 people, the General Director examines the opinions of the employees and monitors. Red Chair Practice was continued actively in 2015.

Training and Development Activities

Yaşar Holding attaches importance to the professional development of its employees as much as their continued personal development. Thus, we aim to provide training supporting the individual development areas as well as opportunities allowing them achieve their goals and to enhance Yaşar Group Basic and Business Family Competencies. Orientation training, on-the-job training, personal development training, management skills training, specialization training, and workshops and conferences are among the training and development opportunities offered to employees.

The number of users were increased in 2013 who used training platform which was formed by using e-learning methodology with the brand name of "Yaşar Academy" in 2012. All white-collar employees and blue-collar employees managing teams were included in the system. Comprising a total of 3,071 people in 2015, the learning program allocates different training programs to each level and function. In addition to ready-to-use content, training programs outlining the policies, procedures, and business models of the Yaşar Group companies are prepared and shared with employees via Yaşar Academy learning platform. In 2015, 21 trainings, the contents of which have been prepared by Yaşar Group, have been provided through Yaşar Academy.

Ensuring the development of our employees in technical point of view is also included among the priorities of our human resources policy and technical, managerial and personal developments are assessed as a whole. In order to improve the technical competencies of our employees in the work branches, Occupational Health and Safety Training, Hygiene-Personal Hygiene Trainings, Training on the Safe Use of Chemicals, Fire Extinguishing Training, Pest Control Training, Fire Extinguishing and Evacuation Training, HACCP (Hazard Analysis Critical Control Points) trainings have been held. A total of 96.017 hours of training has been held in Yaşar Group in general in 2015, and average training hour per employee is 13 hours. The average training hour per female employee is 15, and the average training hour per male employee is 13. The average training hour per key employee is 21, the average training hour per white collar employee is 16, the average training hour per blue collar employee is 10, the average training hour per temporary employees is 22.

Performance Management System

In the Yaşar Group, the performance management system is regulated by premium regulations for the employees of the sales function and by performance evaluation regulation in case of other employees. The Group has adopted an integrated management system in order to attain its fundamental objectives and strategic goals. Launched in 2005, the Performance Management System aims to achieve corporate objectives and personal objectives simultaneously. The results of performance evaluation are used in personal development career planning, and regional compensation. Based on the balanced scorecard technique, the evaluation system uses key performance indicators (KPI) that are selected at the beginning of the year and have targets agreed upon. Achievement of goals is monitored through counseling and follow-up interviews in the middle of the year and necessary adjustments, if any, are done. At the end of the year, the realizations are assessed in comparison with targets. Employees who are subjected to the Premium Regulation are excluded.

In 2015, 658 people were included in the Performance Management System implemented by Pınar Meat, Pınar Dairy, Pınar Water, YBP, Viking Tissue, Çamlı Feed, Dyo Coating, Dyo Printing Inks, Yaşar Foreign Trade, Yaşar Holding and the companies outside Turkey.

Yaşar Group employees take advantage of Yaşar Group Basic Competencies and Business Family Competencies for their personal and Professional development. Employees who identify competences that they can develop in collaboration with their supervisors can select some of those areas by using Personal Development Forms. An employee's training and development needs are identified based on those forms and training plans are drawn up after the completion of analyses. Year-end evaluations are reflected in performance cards subject to pre-defined rates. Employee performance cards were integrated with SAP system in 2012 and Personal Development Forms followed this in 2013, by this way the human resources information systems infrastructure was reinforced.

Only white-collar employees are included in the performance management system launched in 2005.

Percentage of Employee Included in the Performance/Premium System

2015	
Female	28
Male	22

2015	
Key	72
Out of Scope*	33

*Out of scope of Collective Bargaining Agreements

Carrier Management System

With the career-planning model, which we have launched in 2013 by selecting a pilot company, which we target to extend, and which is based on performance, competence and development, the qualifications expected from the positions (education, foreign language, experience) have been defined and career paths have been formed (determination of recruitment, progress assignment/ promotion criteria). In line with those criteria, the employees are assessed every year. The objective of this application is to closely follow upon our employees. The other objective of it is to ensure the development of our existing employees and by this way, to keep the labor available for the Group's needs. The basic principle of Yaşar Group is "to raise its own manager". The study defining position qualifications for all companies has been completed.

Leadership Development Programs

I Live as a Leader

In 2015, the preparations for the design of contents of "I Live as a Leader Leadership Development Program" was started. The program's aim is to raise leaders who lead our business and human resources in the most efficient way in line with the vision and strategies of Yaşar Group. The other output expected from this program is the creation of joint leadership culture.

Mentoring

A Mentoring program was designed with the target of developing the potential managers, who will be assigned to important duties in realising Yaşar Group's targets and in its future successes, by making use of the knowledge and experiences of the managers of today. The managers, who will be included in the program scope as "mentor" are expected to transfer their knowledge and experiences to the managers and potential managers, who will be their "mentees" by sparing the necessary time for this purpose.

The purpose of the Mentoring Program is ensuring the transfer of the knowledge, experience and culture in the company from generation to generation, ensuring the rapid adoption of institution culture, feeding the Group with its own resources, extension and reinforcement of in Group communication network with an inter-companies approach, increasing employee loyalty and strengthening leadership properties.

Good Examples and Developments From Companies

Dyo Coating Work Assessment System:

Dyo Coating Work Assessment System, which covers blue-collar personnel with the purpose of attracting skilled people to the company, motivating them and keeping them in the company with a just human resources system supporting the company strategy and human resources plan, continued to be applied in 2015. Together with the system, besides of the positions in accordance with criteria such as the work conditions of positions, responsibility, training, skill, effort, risk, it was ensured that the performances and competencies of the employees are assessed, the targeted performance level is awarded and the personal development is continuous. The system was configured with the joint efforts of company managers, union representatives and a consultant, who is an expert in the area.

Pınar Dairy

The works have been started for the employees in production to offer them assistant master training in the first group, 27 of our employees obtained their certificates. In 2015, 313 hours of Lean 6 Sigma training was provided. The activities for preventing waste are continuing and 1.018 hours of training is provided to the employees for the prevention of time, paper, water, energy waste. Personal and professional development trainings are being provided in Yaşar Academy scope over Enocta training platform. 982 hours of hygiene training was provided for our employees in 2015.

Çamlı Feed

The efforts for preventing waste are continuing and a training was provided for preventing time, paper, water, energy waste. Personal and professional development trainings are provided over Enocta training platform in Yaşar Academy scope. 123 hours of hygiene training was provided in 2015.

Pınar Meat

The activities for preventing waste are continuing and 451 hours of training is provided to the employees for the prevention of time, paper, water, energy waste. Also 311 hours of environmental awareness training is provided to increase the level of environmental awareness. Personal and professional development trainings are being provided in Yaşar Academy scope over Enocta training platform. 492 hours of hygiene training was provided for our employees in 2015.

Occupational Health and Safety (OHS)

Yaşar Group aims to increase employee satisfaction and devises plans in order to ensure development in their living environment as a whole. Paying attention to its employees' life quality, the Yaşar Group organizes training programs focusing on waist diseases, diabetes and obesity, hazards of smoking and quitting methods, family planning, healthy nutrition and obesity in childhood in order to support its employees and their families.

Workplace health units monitor health checks performed for employees who are subjected to health checks for infectious diseases and audiometry examinations in addition to taking their throat cultures and stool culture screening and lung X-rays as part of eradication of tuberculosis.

Comprehensive examinations are needed in some areas because of the nature of work performed. In that context, Dyo Coating employees undergo quarterly heavy metal and solvent tests, lung screening, respiratory function tests, and annual blood tests.

Health service including workplace doctor and nurse is provided in Yaşar Group companies 2 and/or 5 days a week.

All requirements aiming to ensure health and safety at work are met in our companies and an Occupational Health and Safety Internal Regulation is implemented with a view to preventing work accidents and occupational diseases that could occur. Occupational Health and Safety Board has been set up in accordance with the Regulation.

Necessary notifications are communicated to the Ministry of Environment and Urban Planning pursuant to Seveso II Regulation in order to prevent major industrial accidents in the Coatings Group companies.

In our companies, where a collective bargaining agreement is applied, agreement is ensured upon the protection of the right to live, which is the most basic and indispensable right, and ensuring a sufficient level for the workplace conditions in terms of health and safety in order to increase efficiency in production and the necessity of training and controlling the workers in this area.

The headings related in compliance with occupational health and safety rules, strict compliance with the precautions and measures taken by the Occupational Safety Board, assignment of an employee representative for the representation of employees in Occupational Safety Boards, use of personal protective equipment and discipline penalties in case of incompliance with the rules are included in collective bargaining agreements.

Average OHS Training Hours*

Total Training Hours		Total Number of Employee		Average Training Hours	
Female	Male	Female	Male	Female	Male
5.680	31.985	1.420	8.422	4	3,8

*Covers OHS training hours of staff and the employees of sub-employer.

OHS Boards

The companies of our Group act in compliance with the relevant laws and regulations in the follow up on occupational health and safety programs. Within this scope, in our companies, where 50 or more employees are employed and where works lasting more than six months are performed, there is an Occupational Health and Safety Board. OHS Boards of our companies represent 100% of our staff members.

Furthermore, under the Regulation on Occupational Health and Safety Boards;

- In case the number of employees of the main employer and the sub-employer reaches fifty or more separately, then the employer and the sub-employer establishes separate boards. The cooperation and coordination for execution of occupational health and safety activities and the decisions taken by the boards.
- In case the number of employees of the main employer at a workplace is fifty or more, then the board shall be established by the main employer. The sub-employer, who is not obliged to establish a board, assigns an authorized representative as proxy in order to ensure coordination in relation with the application of the decisions taken by the board.
- If the number of employees of the sub-employer is fifty or more and the number of employees of the main employer is less than fifty, then the board shall be established by the sub-employer. The main employer assigns an authorized representative to the board established by the sub-employer as proxy in order to ensure coordination and cooperation.
- If the number of employees of the main employer and the sub-employer are less than fifty separately and if the number of total employees is more than fifty, the coordination shall be ensured by the main employer and a board shall be established by the main employer and the sub-employer together. In the formation of the board, the members shall be assigned with the joint decision of both employers under article 6.

	Dyo Coating	Dyo Printing Inks	Pınar Meat	Pınar Dairy	Çamlı Feed	Viking Tissue	YBP	Pınar Water	Yaşar Holding	Altın Yunus	Desa
Workplace Hazard Class	High Hazardous		Hazardous				Low Hazardous				High Hazardous
OHS Board Yes/No	Yes										No*

*It is not obligatory to have OHS Board in companies, where the employee number is less than 50.

Work Accidents and Lost Days

No occupational disease case is encountered in our Group, and the information on work accidents is given in the following table.

	Region	Accident Frequency Rate		Lost Day Rate		Absentee Rate	
		Female	Male	Female	Male	Female	Male
Çamlı Feed	Aegean	122,674	132,104	0,000	0,001	0,013	0,014
Dyo Coating	Aegean	0,000	148,712	0,000	0,001	0,012	0,012
	Marmara	0,000	198,651	0,000	0,001	0,017	0,023
	Central Anatolia					0,000	0,001
	Mediterranean					0,000	0,002
	Black Sea					0,000	0,001
YBP	Southeastern Anatolia					0,000	0,007
	Aegean	0,000	24,794	0,000	0,000	0,024	0,007
	Marmara	94,473	98,979	0,001	0,001	0,023	0,011
	Central Anatolia	222,140	31,491	0,000	0,000	0,045	0,008
	Mediterranean	0,000	60,214	0,000	0,000	0,021	0,008
Pınar Meat	Black Sea	0,000	0,000	0,000	0,000	0,000	0,003
	Aegean	89,991	268,225	0,001	0,002	0,010	0,028
Pınar Dairy	Aegean	270,962	343,693	0,001	0,002	0,071	0,019
	Central Anatolia	1933,924	2172,726	0,003	0,001	0,032	0,023
	Southeastern Anatolia					0,006	0,033
Viking Tissue	Aegean	40,891	256,233	0,000	0,004	0,014	0,022
	Central Anatolia			0,000	0,000	0,000	0,002
Pınar Water	Marmara	0,000	69,654	0,000	0,000	0,000	0,000
Altın Yunus	Aegean	44,914	26,217	0,000	0,000	0,016	0,011

Number of working days is considered 365 days.

Permanent sub-employer temporary workers are included.

First lost day is the day after the accident occurs.

Types of Injury

Female	Male
Fall as the result of sliding on the floor	Fall as the result of sliding on the floor
Foot crushing, head hit	Foot crushing, head hit, arm hit
Jamming of hand and fingers, knee jamming	Hand jamming
Cuts	Cuts
Foreign material in the eye	Foreign material in the eye
Twisting as the result of trying to lift heavy loads	Skin burns as the result of intervening to hot water lines
Spill of chemicals on the face due to not using face protection while working with chemicals	Spill of chemicals on the face due to not using face protection while working with chemicals

Good Examples and Developments From Companies

Altın Yunus

Regular board meetings are being held within the scope of OHS activities. Worksite physician, Class B OHS expert, employer's representative, employee representatives and human resources expert attend to this board and the unit managers participate although this is not compulsory. The decisions are taken with the majority of the votes. The represented labor force is 94% (Management 20%, Front Office 11%, Floor Services 17%, Food and Beverage Directorate 35%, Technical Service 11%).

A lightning arrestor design was prepared in the reporting period, lighting, noise, air conditioning, gas and dust measurements were performed and incompliance were remedied. Emergency action, fire and evacuation drill was performed.

Near miss reports were explained one by one to all unit responsible personnel and in some sections, to the employees, and the employees started keeping those reports.

Dyo Coating

Within the scope of the First Air Regulation published by the Ministry of Health, first aid trainings are being provided in our companies in order to allow first intervention to be made in case of possible accidents. The purpose of trainings is to provide life-saving information to the personnel to be used in extraordinary cases for himself/herself, for his/her surrounding and affiliates and to intervene such cases by protecting their calmness.

In order to develop the technical competencies of our employees in the work branches, Occupational Health and Safety Training, Safe Chemical Use Training, Fire Extinguishing Training etc are being held. Furthermore, the relevant trainings are provided within the scope of the "Notification on the Professional Training of workers to be employed in Heavy and Hazardous works", which was prepared basing on the Labor Law numbered 4857.

Pınar Dairy

In Pınar Dairy, many improvement activities and routine applications are being performed in the scope of OHS. The dust exposure measurements of the employees of the milk powder unit in İzmir Factory were made under the Regulation on Struggle Against Dust. As the result of the measurement, exposure to dust was found to be high; therefore a suction system was installed at the powder filling point to decrease the dust exposure of the employees. In the cheese packing

unit, a hoop/film carrying cart is constructed to prevent the possible work accidents and waist diseases. In Şanlıurfa Factory, a near miss board is installed at the entrance of the cafeteria for the personnel to notify the near miss events they have been subject to. The diversity of the bottled gas being used at the factory was increased and a wire fence room was constructed for the correct and healthy storage of the bottles.

Viking Tissue

Converting it into a short stay unit extended the physical area of the infirmary in the company. By this way, medical treatments can be applied by both the worksite physician and other healthcare personnel whenever necessary. First aid cabinets located at certain points in our enterprise were renewed. The actions related with the risks that were uncovered as the result of the "Occupational Risk Analysis" performed were continued. Occupational Health and Safety Board holds regular meetings and hold our OHS performance has been reviewed and improved constantly. The minutes of the board are being shared with all employees. Total OHS training hours in 2015 in comparison with the previous year was increased 6,7 times.

YBP

In 8 regional warehouses of YBP (Adana, Ankara Region-Ankara Center, Antalya, Asia, Europe-Thrace, Bodrum, Bursa and İzmir), emergency trainings were provided and building evacuation-fire extinguishing drills were performed. At the 7th Regional Directorate (Ankara, Antalya, Asia, Europe, Bursa, İzmir, Thrace) a total of 29 Occupational Health and Safety Board meetings were held. In regions, where there is no Occupational Health and Safety Boards (Bodrum 2, Adana 1), environment checks were performed 3 times.

OHS applications of YBP on its subcontractor company Dinçtem are as follows:

- OHS Boards were established and regular meetings were held in Ankara, İzmir, Asia, Europe and Thrace regions, where the number of employees is 50 or more.
- Employer representatives and emergency teams were assigned in Ankara, İzmir, Asia, Europe and Thrace regions, which have more than 50 employees and in Antalya, Bursa, Adana Regions and at Bodrum warehouse, which have 50 or more employees.
- First aid personnel in the number required by the law was selected and trained.
- Dinçtem emergency teams were included in the emergency trainings of YBP regional directorates to provide the necessary training.
- Personal protective equipment was provided and debited to Dinçtem employees in accordance with their duties.

“Individual success is the very thing but collective successes must be spectacular!”

Selçuk YAŞAR



Caring for Business Partners

Supply Chain Management

Originating from the understanding of "management of environmental, social and economic impacts of products and services during their lifecycle and encouragement of good management practices", includes its suppliers in its sustainability approach.

Having a very big supply network consisting of different sectors, our Group is trying to develop its suppliers and to expand the sustainability approach to the entire value chain.

We organize regular trainings in order to improve the performance of our suppliers.

They are expected to comply with our principles and values, standards and undertakings. Therefore, our control and audit mechanism is operated with supplier assessment systems. Our audits are focused on quality and product safety and criteria's such as human rights and ethical practices are about to be included.

The existing conditions and areas need to be improved by our suppliers these areas are assessed in audits carried out by our companies. A detailed notification is made to the supplier. We support our suppliers in preparing action plans which contain corrective measures, then the suppliers performance is monitored regularly to assess if the corrections have been made and the ratio has been improved. These audits and feedbacks allow our companies as well as our suppliers to effectively perform risk management.

Furthermore, good practice examples are shared with our suppliers and whenever necessary, trainings on those practices are provided.

Our suppliers, whom we support to increase their performances, increase their competitive power while managing their business processes more effectively.

Altın Yunus locally supplies the vegetables and fruits, which constitute 5-10% of its total supply, and almost all of those products are cultivated in Aegean Region. The organization procures the meat and meat products, water, dairy products from Yaşar Group companies. The beverages are provided from well-known firms in the country through their dealers. Security, garden pesticide application and landscaping services are outsourced. There are articles related with OHS in the supplier contracts. An audit is applied once a year for the food suppliers. In case any incompliance is detected, a detailed notification is made to the supplier and a correction is requested. In case a correction is not made, a new supplier is searched for. It is planned to add environmental and social additional indicators to the supplier selection criteria after 2017.

Çamlı Feed is importing 60% of the raw materials used in the Feed Work Unit and is providing the remaining 40% from local resources. The products produced at Pınarbaşı Feed Production Plant of the company are delivered to the small farms, to which sale is performed through agencies, big farms, cooperatives and milk unions to which direct sale is made. Furthermore, a part of the production is being used by the enterprises of the company, which perform turkey and fish production.

The concentrated feed raw materials used in Organic Milk Enterprise are provided from suppliers having organic agriculture certificate in the country, while the coarse feed materials are grown on the lands of the enterprise and some of them are produced by the contracted farmers in the region. The produced organic milk is sold to Pınar Dairy and the grown calves are sold to other breeders in the region.

The fertilizers used in Plant Feeding Enterprise are collected from the Organic Milk Enterprise and other farms in the surrounding. The fertilizers, which are composted in the areas belonging to the enterprise are pelletized, dried and packed. The fertilizers are delivered to the farmers, who are our customers, through the dealers.

The eggs used for turkey production at the Poultry Production Enterprise are provided from Canada through a representative in Turkey and become chickens in 28 days in our hatchery in Seferihisar-Izmir. The turkeys are transferred to the coops of our producers, from whom we obtain care service, by our logistic supplier. Our veterinary responsible for the site makes weekly visits during the production process

Stakeholder Opinion



Nejat Çalışkan
Tetra Pak Turkey and Caucasians General Director

Can you explain your cooperation with Pınar Dairy?

Tetra Pak and Pınar Dairy have been fellow travelers and business partners basing on long years beyond their customer – supplier cooperation. As Tetra Pak, we have the target of making the food products safe and accessible everywhere with our customers. In line with this vision, Pınar Dairy presented Turkey's first long-life milk (UHT) in Tetra Pak package to the Turkish consumers under the brand name of Pınar. In other words, UHT milk started with Pınar Dairy in the Turkish market. In our co-operation continuing increasingly for more than 40 years, we brought different innovations to the market with Pınar Dairy by protecting customer satisfaction at top level.

What do you think of Pınar Dairy's ethical approach as a business partner? How do you assess the contributions of the company to the environment and the society?

Pınar Dairy and Tetra Pak have always been at the same spot in terms of respect to human, the contribution to the society, the importance given to the environment

and innovation. Presenting long-life milk in Tetra Pak, which was the healthiest option for food safety, and thus human health to Turkish consumers 43 years ago is a good indicator of Pınar Dairy ethical approach. Acting in compliance with the laws and ethic rules, attaching importance to the environment and nature, keeping the approach of development and increasing the awareness of the society and providing safe, quality, innovative products to the future generations always at the topmost level, Pınar Dairy has been an organization, of which Tetra Pak is pleased to be a supplier.

Beside our cooperation, Yaşar Group has become one of the leading organizations of our country with a high social responsibility awareness with its support for both basketball and activities for developing the society such as the painting competition, which enlarges its admirer population every year.

Did working with Pınar Dairy contribute to the development of you and your organization?

Just as Pınar Dairy, Tetra Pak has determined its main target as growing with its suppliers and producers. Working with an innovative brand, which presents long-life milk in cardboard package for the first time in Turkey, making Turkish population gain long-life milk habit with Pınar Dairy, have been important experiences for Tetra Pak. On the other hand, we can say that we obtained important contributions by integrating the experiences and knowledge of Pınar Dairy's team to our projects.

We believe that the joint operation of such deep rooted firms will contribute to the development of both organizations and the biggest benefit of long-term, successful co-operations such as Pınar Dairy-Tetra Pak will be for the consumers. In this respect, we would like to say that Pınar Dairy is a very valuable firm both for Tetra Pak and for the Turkish dairy industry and we wish our successful journey fellowship continue for many more years.

and follows the animal performance. At the end of 4-month raising period, another logistic supplier loads the turkeys from their coops and sends them to Pinar Meat.

The tiddlers used in fish production at the Sea Products Enterprise are produced by using the broodstock fish of the enterprise. The tiddlers are raised in ponds on the land for a period of 4 months and then transferred to cages in the sea. They are grown for approximately 18 months there using the feeds obtained from the feed enterprise. 60% of the harvested fish is exported and the remaining amount are delivered to the customers through the agencies in the country.

The selection of new suppliers is performed in accordance with the Supplier Selection and Assessment Criteria and Methods Instruction. The necessary quality, food safety and sustainability standards for each product are questioned. For the fish flour and fish fat suppliers, the existing quality certificates, if any, the sustainability policies of the country and/ or firm producing the fish flour and fat, MSC, IFFO certificates, the origin indicating the types of fish used in product production (if possible, including the origin ratios) and/or relevant documents and certificate and/or letter of compliance with legal fishing are asked and provided.

In the supply of fish flour/fat used in fish feed production, during each purchase, IUCN Red List is checked to see whether the fish species used for the production of the product are included in that list depending on the regions of production of the suppliers. In case the species origin of the product is included in that red list, that product is not purchased.

Each supplier, from whom purchase is made, is subjected to assessment by the Purchase and Quality Departments once a year. When the Quality Directorate finds it necessary, it performs an on-site supplier audit in order to assess the product provision competencies. The deficiencies are notified to the suppliers and they are expected to remedy such deficiencies until the next year. Alternative suppliers are looked for or improvement activities can be performed for the suppliers with a score under 80. Work with the suppliers with a score under 50 is terminated. Hence, the List of Approved Suppliers is revised every year.

The number of suppliers subjected to assessment in 2015 in terms of labor force and environmental impacts was 15.

Dyo Coating, the main production of raw materials namely resin, solvent, monomer, titan, pigment and filling material with additive are provided through a wide supplier network. More than 350 suppliers are worked with in raw material and packaging area. Thanks to the resin production performed in-house, Dyo Coating has important cost advantage in the supply of this material and the global distribution of its commercial product purchases is as follows: 42% Europe, 25% Turkey, 9% America, 9% Middle East, 8% Far East and 1% other countries. The sum of the products and services purchased locally constitute 37% of grand total.

In service area 973, in raw material and packaging area 373, in machinery and spare parts are 250, in consumables area 94 and in commercial product area 32 suppliers, corresponding to a total of 1.722 suppliers are collaborated with. All of our global suppliers have declarations on sustainability and they have criteria such as business ethics, environment policy, child labor, labor rights, fair trade, social responsibility, equality, education in the context of the sustainability strategy.

The assessment of the firms included in our supply chain is performed in line with ISO 9001 quality standards at producer firms. In 2015, 100% of our suppliers were subjected to assessment within the frame of ISO 9001 criteria and 32 new firms were added to our supply chain, 25 of which are raw materials producers. Project works are commenced in 2015 in order to subject all of our suppliers to assessment about labor force practices, human rights and environmental criteria in compliance with ISO 14001, OHSAS 18001, SA8000.

Furthermore, the improvements of suppliers are monitored through the audits performed every year under the supplier improvement program for the determined suppliers. If necessary, trainings are provided and site activities are performed. The business with the suppliers, who remain under the limit score is terminated.

Furthermore, all suppliers are assessed with AHP (Analytic Hierarchy Process) method. Additional scores are given to suppliers having systems such as 14001, 18001 and a contribution is made to their total scores.

Stakeholder Opinion



Emrah Yapar
Canay Coating Firm Partner

Can you explain your cooperation with Dyo, which is a Yaşar Group Company?

Our co-operation with Dyo goes back to 1985. We sell Dyo industrial paints.

What do you think about Dyo's ethics approach as a business partner? What do you think about the contributions of the company to the environment and society?

We have always appreciated the sensitivity of Dyo and its employees about ethical values during our 30-year history.

Its brand value increases every year with the investments it makes and the employment it creates, as well as sponsorships and social responsibility projects. Thus the added value it provides to the environment and the society provides an example to other firms.

Did your collaboration with Dyo contribute to the development of your organization?

Working with Dyo has always been a pride for us. We assume the brand as our own firm and we are continuing business in this direction. We are trying to replicate the activities of which Dyo leads the sector, as much as possible and to create added value. As the Dyo grows, we also grow proportionally.

Pinar Water presents Madran (Aydın-Bozdoğan), Gökçeada (Sakarya-Hendek), and Akçaağaç (Isparta-Eğirdir) springs to the consumers in Turkey and in other countries with the means of export under the brand name of Pinar Yaşam Pınarım. Furthermore, it has released its mineral water products under the brand name of Pinar Denge. Pinar Water performs its sale to the consumers either through dealers or directly to the customer warehouse.

Having 435 suppliers in 2015, Pinar Water takes management systems and certifications (ISO 9001, 14001, 18001, Food Safety, etc.) of the firms into consideration in supplier selection. Audit visits are paid to the candidate firms by the quality assurance and purchase teams. 36 audits were performed in 2015 in this context.

R&D And Quality Assurance Directorate divide our suppliers into two groups as the ones contacting and not contacting with the product and prepares audit plans. It is a principle to audit the suppliers contacting with the product once a year and the suppliers not contacting with the product once every two years. The audits are performed on-site and quality, food safety, occupational health and safety, compliance with environment systems are questioned. The audit letter prepared by the R&D expert after the audit is sent to the Purchase Department and the suppliers. Each supplier is assessed on 100 full score basing on the question list. The supplier score average for 2015 is 90,1.

Pınar Meat obtains the needed materials and services in compliance with the ethical and moral rules, all legal legislation, Pınar Meat Purchase Regulations and Procedures. The main supply items of the company are livestock purchase, food auxiliary materials, packing materials, operation materials, spare parts, investment and equipment purchases.

Almost 90% of livestock supply is provided within the country. Approximately 90% of our domestic supply is from Aegean and Mediterranean Regions and rarely livestock is supplied from Central Anatolia. In the transportation of animals, the Regulation on the Transportation of Animals and Animal Products in the Country and the rules on the Welfare and Protection of Animals During Their Transportation are complied with. Our Meat Raw Material Purchase Directorate performs the livestock purchase operations with a team consisting of veterinary and agricultural engineers.

The animals that we purchase are examined and their compliance with our standards is checked. The livestock purchased by the Raw Material Purchase Directorate are transported with livestock transportation vehicles authorized by the Provincial Directorates of Agriculture. In case of long-distance animal transportation, our animals are taken into processes after being kept waiting in resting paddocks.

Pınar Meat gives the opportunity of improvement to the contracted farms, from which it provides livestock, through the visits periodically made by the expert veterinarians, provides trainings on animal health and welfare practices and follows up on their development.

Pınar Dairy produces milk, yogurt, ayran, cheese, fruit juice, butter, cream, ketchup, mayonnaise, honey, sauce, jam, deserts and powder products. The production sites are in Izmir, Eskişehir and in newly opened Şanlıurfa factories.

The company works under contracts at 358 different points including 144 farms for quality raw material supply and is supporting its more than 20.000 producers.

Raw milk is purchased from 4 supplier groups in 22 provinces in total, namely village, cooperative, farm and company. Milk samples are taken from our farms minimum twice a month. The results are notified to the farm owner and information on

their quality is given. Pınar Dairy's expert veterinarians visit periodically, contracted farms which are suppliers of livestock. Our expert veterinarians provide training on-site. All of the performed works are recorded. A penalty is applied to the farms, whose sample averages are out of standard, based on the milk price, and premiums are paid for the farms compliant with the standards.

Pınar Meat and **Pınar Dairy** completed the infrastructure of "Increasing Supplier Performance" project, which will enter into force in 2016 in relation with the selection of new suppliers and business partners for a sustainable and quality supply. In the scope of this project, the suppliers will start signing the Supplier Protocol evidencing that they comply with "Compliance with Laws and Regulations, Human Rights, Fair Working Standards, Environmental Responsibility, Struggle against corruption", which also include the criteria of Global Compact.

In the existing supplier assessment system, the supplier firm performance is monitored and assessed through the collaboration of Purchase and Quality Assurance units. Our raw material, auxiliary material and packaging material suppliers are being assessed in quarterly periods basing on the criteria determined within the scope of "Supplier Assessment Procedure" and efforts are shown to improve them with corrective and preventive activities. In this scope, the suppliers are classified in accordance with the risk groups and in line with this, the type of assessment is determined. With the performed audits and assessments, it is ensured that the suppliers perform production in compliance with food safety and Pınar quality. The determined deficiencies and the matters requiring correction/improvement are reported to the suppliers and their correction is ensured. The firms, which do not ensure the necessary improvement about topics, which are required to be corrected in the provided period, are taken out of the supplier list and purchases from that firm are stopped until the necessary improvement is obtained. In supplier assessments, Environmental Management Systems, Occupational Health and Safety Management Systems and social responsibility matters are examined by the Quality Assurance teams.

Pınar Institute held trainings in Izmir-Tire in 2015 following Muğla and Eskişehir for training the producers within the scope of; "The Future of Our Milk is In Conscious Hands" project targeting collaboration between the public, private sector and university. Continuing since 2014, more than 5.000 producers were trained during the trainings. Detailed information on the topic can be accessed from the "Sustainable Agriculture and Livestock" section.

Pınar Newspaper, being an important reference for the milk and meat stockbreeding farmers about topics such as stockbreeding, milk technologies, livestock health, is issued quarterly and is prepared for 20.000 producers providing livestock and milk for Pınar.

Viking Tissue prepared the technical specifications related with the materials/products/services to be provided under the Purchase Procedure. An important part of the auxiliary materials used in the process are being provided from other countries. Projects are implemented for the creation of domestic alternative suppliers for those materials. Raw material and auxiliary raw material purchases are made both from Turkey and other countries. The used raw materials have Forest Management Council Protection Chain (FSC CoC) certificate. This way, forest management is supported and provision of raw materials of our products from controlled sources is warranted.

The sale of our products in Izmir Aliağa campus is made through agencies and directly through customers in Turkey, and the sales in other countries, they are made through our Export Directorate. Viking Tissue, collaborated with 650 suppliers in 2015. Product certification, management system documents (ISO 9001, 14001, 18001, 50001) technical service infrastructure and the references are among the requested criteria in supplier selection.

YBP distributes food and beverage products of both Pınar Dairy and Pınar Meat as well as the other producer's products. Our sale teams and distribution fleet play an active role in the distribution of those products; and they are distributed to the markets, which are traditional channels, to chain markets, consumption outside home points and to overall Turkey through the dealers.

YBP is very careful about the selecting process of customers other than Pınar. It pays attention to ensure that the customers are in the same line with Pınar brand values, that they are complementary to and supportive of Pınar products, that they comply with the laws and ethical values, and that they pay care to consumer health and product quality.

Quality system based audits are performed in supplier selection. Furthermore, our suppliers are assessed once a year and reported in terms of food safety, food quality and social responsibility by an auditing firm. The audited criteria exists in our supplier contracts. The matters open for development, which are determined in the process, are notified to the supplier firms and their development is supported.

Audits especially about compliance with environmental criteria are performed for the service providers in logistic area. At this stage of following the agreement with the dealers, follow up is performed especially for social security premium payments of sales support personnel.

**“Each and every industrialist and intellectuals
should focus not only on economic development
but also on human beings and their environment.”**

Selçuk YAŞAR



Caring for Environment

Environment Management

Climate change, population increase and the rapid decrease in resources have brought environmental risks. This condition created new business models shaping in the context of sustainability for the business world and those business models showed methods of reducing environmental impact.

Our Group, has noticed the environments importance since it is one of the main factors steering its activities, is acting to decrease environmental impact at any stage from investment decisions to the production processes, from distribution to final consumption, to improve business processes and to use the resources efficiently.

All of our Group companies have exhibited the precautious approach which simply states that "In cases where there is a serious and irreversible damage to the environment, and if there is a lack of scientific definiteness to this damage the definiteness cannot be used as a reason of delay in taking any cost effective precautions that will prevent damage to the environment.

The tools that we developed to effectively manage our environmental impact are based on the protection of environment and biodiversity, responsible resource use, development of environment-friendly work processes, implementation of investment programs in accordance with the environmental impact assessments. In this context, our efforts for reducing the toxic and chemical use as well as carbon dioxide emissions and reduction of toxic and chemical materials, making water management effective, reducing the amount of waste water and reflection of good practices are continuing. Our investment decisions are taken by taking into consideration the flora and fauna of the relevant region and by completing the environmental impact assessments.

Our Goup takes as reference and develops environment management policies, international standards as well as good practice examples and assessments of various initiatives such as UNGC and CDP (Carbon Disclosure Project). Stakeholder expectations and recommendations, scientific and technologic developments also provide improvement opportunities in areas of environment management. The system security of our environment management tools is ensured with ISO 14001 Environment Management System, which is accepted as the basic methodology in this area.

The trainings we provide about in environment prove to be effective in increasing our environment management performance. The trainings we provided for our suppliers and dealers, and especially for our employees, increase awareness and ensure diversification of environment protection methods.

Environmental Targets

Being determined in the scope of our sustainability approach, "water management", "energy and climate change" and "waste management" are the environment-related priorities of our Group.

Significant results are being obtained in the management of factors which are effective on climate change, especially in terms of reducing the carbon emissions. In this light carbon footprint calculations performed on corporate basis for 10 companies of our Group, have aimed a reduction target of 15% per unit ton production. This target was announced to be realized until the year 2020. Started in 2014, the activities for greenhouse gas inventory management system, which allows collection of data on the Group companies in a single system and their instantaneous follow up, were completed and the system was commissioned in 2015.

Our Group Companies target sustainability in efficiency increase with their activities performed for issues such as energy saving, process design, loss-cost optimizations with Lean 6 Sigma and OCI (Operational Cost Improvement).

Being included in the work program of our Sustainable Development Committee, the water footprint activities provided valuable outputs in the areas of water use and waste water. In 4 of our facilities selected from different sectors and basins in 2014, Water/Waste water Management Assessment and Water Efficiency Improvement Opportunities projects were implemented. The water footprint calculation activities, which we started in Dyo Coating Gebze, Pınar Dairy Eskişehir, Viking Tissue Aliağa and Çamlı Feed Manisa Beydere Milk Breeding Enterprise facilities were completed in 2015. In the facilities, for which risk assessments were completed, the possible risks and the areas of improvements were determined. To increase savings and reduce water use per unit ton of production studies were conducted upon waste water. These activities target a water saving of 20% to 40% in our facilities. Water Efficiency and Risk Assessment Reports are completed for these facilities, for which water footprint calculations are completed.

Targeting recovery in packaging, our Group assumes package waste as an economic value and follows a process starting from the design phase for less waste production and for the use of the material that will cause the least damage to the environment after production and consumption.

Our studies for increasing recycling in the entire value chain and for the production of less waste are ongoing without interruption.

Water Management

The pressure on water resources are increasing everyday due to the climate change. Less than 1% of water resources are concluded to be the primary reason of existence for all life and this ratio is continuously decreasing. When an assessment is made for our country, which is not rich in water resources, it is obviously seen that per capita and per production water consumption has to be reduced and the amount of usable water has to be increased.

Adopting an efficient use principle for resources, our Group added water management among its priorities and started the water footprint studies. In 4 of our chosen facilities among different sectors and basins, the implementation of the projects Water/ Waste Water Management Assessment and Water Efficiency Improvement Opportunities were started in 2014. In this context, in 2015, water footprint calculations were performed for Dyo Coating Gebze, Pınar Dairy Eskişehir, Viking Tissue Aliağa and Çamlı Feed Manisa Beydere Milk Breeding Enterprise facilities and Water Efficiency and Risk Assessment Reports were prepared for those facilities.

In the studies, water and waste water map was prepared, water pinch analysis, water and waste water analysis were performed, water and waste water performance indicators were determined, sector comparison was made and the opportunities of improvement were determined for water efficiency. Furthermore, a comparison with the quality criteria for water recovery was performed. As the result of the analysis, it was seen that the waste waters could be assessed in many processes.

The studies we performed for water use and waste water management indicated that 20% to 40% water saving at our facilities were crucial, the preparation of a periodic maintenance and repair procedure with water reduction target and the performance of improvement studies were have importance. Thus, Our Group plans to expand the water footprint calculation study to other facilities.

Among our Group companies, Pınar Dairy participated in CDP (Carbon Disclosure Project) Carbon and Water Disclosure Program, in 2015 which acts to decrease the impacts of climate change and to contribute to the effective distribution of resources. In accordance with CDP 2015 Climate Change Report for Turkey, Pınar Dairy is the first dairy producer, who voluntarily responded to CDP climate change program. Furthermore, it has been one of the companies in rank 6 in transparency category with a grading score of 95B in CDP grading methodology.

Good Practices and Developments From Companies

Altın Yunus

The water used in Altın Yunus is obtained with an artesian system and thereafter passed through reverse osmosis system and made ready for use. A total of 101.442 m³ of water were produced in 2015. The waste waters used in the facility are treated at the waste water treatment plant and are recovered to be used in garden, forest area irrigation. Hence, 100% of the consumed water is recycled. In order to use the water with saving, all water consumptions are followed up with daily additional counters and appropriate methods are continuously being developed by the technical personnel.

Çamlı Feed

In 2015, 2.380.034 m³ surface water and 2.083.193 m³ underground water were drawn. There is no recycled or reused water. There is no resource that is significantly affected by the drawn water.

Dyo Coating

Dyo Coating takes water from the city supply. Therefore, there is no water source that is significantly affected.

Water Consumption on The Basis of Years (m³/year)

Years	Çiğli	Dilovası	Manisa
2014	34.988	106.131	1.235
2015	36.630	112.058	1.622

Pınar Meat

Targets an efficient management of water use, in all the production processes. With this regard Pınar Meat made a change in the cleaning applications, which relies heavily on water usage. This change provided savings of the water consumption through measurement and monitoring activities in 2015. The amount of water consumed in 2015 is 732.564 m³. In comparison with the previous year, a decrease of 12,7% unit tons in total water consumption and a decrease of 5,89% per product, was ensured.

Within the scope of "Green Belt" project, saving was ensured in both water consumption and energy consumption by installing staged hydrophore operating in accordance with

load instead of the old pumps providing hot water for the facility. After this project, a similar implementation was made also on the cold water system.

At the facilities of Pinar Meat in Kemalpaşa OIR, DSİ-licensed underground waters are being used; and in Işıkkent Facility city supply water is being used. The water used in the steam boiler is subjected to reverse osmosis operation in order to ensure saving in the energy and natural resource consumptions.

Pinar Meat recovers approximately 8.709,12 ton/year of the water it uses.

Trainings on the efficient use of water are given to all newly recruited personnel-including apprentices and apprentice students. The current environmental issues are shared with the prepared environment bulletins and informing and awareness increasing activities are being implemented.

Water Consumption in Years

	2014	2015
m³ water/ton product	18,34	17,26
m³	839.425	732.564

Pinar Water

- The spring of Pinar Yaşam Pınarım Aydın Bozdoğan Facility originates on Madran Mountain, which is fed from Akçay Basın. The spring is at a distance of 5 km to Madran Quarter, and at an elevation of 1.006 m on Madran Mountain.
- The spring of Isparta Eğirdir Facility is fed from Davraz Basın. The spring is at a distance of 5 km to Aşağı Gökdere Village, which is the closest settlement area, and is at 890 m elevation on Taurus mountain.
- The spring of Sakarya Hendek Facility is fed from Sakarya Basın. The spring is at a distance of 2 km to the closest settlement area and is at an elevation of 650 m on Keremali Mountain.
- The spring of Bursa Inegöl Facility is fed from Sakarya Basın on its northern hillsides. The spring is at a distance of 9 km to the closest settlement area and is at 1.500 m elevation on Uludağ Mountain.

The regulations of Special Provincial Directorates, Municipalities and State Hydraulic Works are taken as basis in the management of all springs.

Pinar Dairy

The total amount of water drawn by Pinar Dairy in 2015 is 2.090.764 m³. Our plants acting in Organized Industrial Regions meet their water needs from underground water wells belonging to the OIR within the frame of the regulations made in OIR.

Water Consumption

Izmir Factory	938.030 m ³
Eskişehir Factory	921.401 m ³
Şanlıurfa Factory	231.333 m ³
Total	2.090.764 m³

At Eskişehir factory, water counters are placed at each point of use for measurement and the average consumption values are determined. The studies are ongoing for following up the consumptions by installing counters on ground washing satellite lines and for the determination of ideal washing amounts. Automatic bluff system installed on evaporative condenser and water cooling towers ensured water and energy saving.

In Şanlıurfa Factory, the construction and commissioning of the treatment plant, continuously target determination to reduce water use, performing measurements by installing machine-based water counters and for the determination of average consumption value are ongoing.

Viking Tissue

Viking Tissue started its water footprint calculation studies under the consultancy of GTE Carbon and Water Footprint Network and issued its first report in April 2015. Activities for projects of reducing water consumption were commenced and cooperated with TTGV (Turkish Technology Development Foundation) for this purpose. With the prepared Water Management Report, the water map of the system and water pinch analysis were prepared in detail and their points of recovery were determined.

Viking Tissue obtains the water necessary for the process from underground waters through the use of wells. In 2015, the amount of drawn water was 1.095.680 m³. In 2015, total water footprint was reduced 40% in comparison with year 2012.

Due to the continuous growth of Aliağa Organized Industrial Region located in the region of Viking Tissue production campus, and due to the agricultural lands in the close surrounding, water management is very important for the local population and the population interested in Agriculture. Therefore, the water management studies of Viking Tissue gain importance.

Energy and Climate Change

Climate change is an issue discussed on global plane due to its effects and requires international cooperation. The occurring effects result in companies to develop new business models, while opening the path for a low carbon economy.

Since our Group acts in different sectors of areas that will be directly affected by climate change, developments are closely followed up on and climate change is assessed on the basis of risks and opportunities.

Climate change brings economic and social effects as well as environmental effects. Therefore, our Group follows an integrated approach in its studies. While risk assessments are performed along the entire value chain, the studies for reducing carbon footprint and energy density are continuing.

Our Group, which calculated carbon footprint for 10 companies on corporate basis, announced in 2012 its target of reducing its average carbon footprint with 15% per unit ton production until 2020 with the Greenhouse Gas Reduction Project. As of 2015, a reduction of 6,41% was ensured in carbon footprint. The most important reason for carbon reduction ratio, which was 10,94% as of the end of 2014, to become 6,41% in 2015, is the capacity increase caused by Şanlıurfa factory taken to production by Pinar Dairy in 2015.

Our Group uses national and international criteria and standards in its carbon emission studies. ISO 50001 and ISO 14064-1 system standards guide us in our studies. In our reporting studies, ISO 14064-1 "Guide and Properties related with the Calculation and Reporting of Greenhouse Gas Emissions at Foundation Level" is used.

The studies for greenhouse gas inventory management system, which allows gathering and following up the data belonging to our companies in a single system, were completed in 2015 and were taken to implementation for the calculations.

Complying with the general Group targets and strategies about climate change and energy that we assess in the scope of environment management, our companies perform studies in their geography and sector of activity. Projects are developed to reduce energy consumptions and to ensure efficiency increase in business units with Lean 6 Sigma project implementations.

Efficiency in logistic processes is also targeted with the studies supporting the "green logistic" concept. Ensuring efficiency in national terrestrial operations in the entire country with the new route optimization model, our Group contributes to environmental sustainability with the model based on more transportation volume with less distance. The service qualities and performances of service provider firms providing logistic services are regularly analyzed every month in the scope of Lean 6 Sigma.

Total Energy Consumption (Gigajoule)

In Accordance with Primary Energy Source	2014	2015
Direct Energy Consumption	2.142.514	1.812.181
Indirect Energy Consumption	328.385	385.484

In Yaşar Group companies, the non-renewable energy resources consist of electricity, natural gas, LPG, LNG, Coal and Vehicle fuel. There is no renewable energy use, for now. In all companies, energy consumption, heating consumption and vapor consumption are not calculated separately, however Carbon Footprint calculations are made so as to cover all those energy consumptions. Among Yaşar Group companies, Desa is an electricity production company, therefore the product of this company is electricity and it is being sold. Desa also produces vapor and this is sold to the Group companies.

Resources are indicated herein above, are converted into GJ and reported as Direct and Indirect Energy Consumptions. The consumption amount of all energy types are converted into GJ with the help of energy unit conversion factors.

Waste Management

Greenhouse Gas Emissions

kg. CO ₂ /year	2014	2015
Scope 1	145.045.791	155.459.916
Scope 2	104.187.482	107.313.700

Direct and Indirect Energy Greenhouse Gas Emissions are calculated in accordance with ISO 14064 Chapter 1. The calculations include the greenhouse gases mentioned in ISO 14064 (CO₂, CH₄, N₂O, HFC's, PFC's, SF₆) and does not include biogenic emissions. Although the choice of base year differs for each company in the calculations, it is chosen as 2010 or 2011. The base year choices are made so as to choose the years, during which they operated under conditions close to the ideal arrangements of the enterprises. The emission factors are taken from domestic public institution annual reports (such as TEİAŞ) or from the annual country reports of international organizations such as IPCC or UNFCC.

The consolidation approach preferred for emissions is the administrative control approach.

The most important effective solution in efficient resource use is a successful waste management and recycling method. Using the packaging materials that will produce the least amount of waste and that will cause the least damage to the environment in their entire life cycle is of utmost importance. Our Group companies are continuing their innovative studies about the recycling of industrial wastes and are continuously updating their practices. Trainings on waste management are being provided in the entire organization and the co-operation that we established with our stakeholders are being developed.

Many of our companies are in co-operation with licensed organizations following the package wastes management plan, which is approved by the Ministry of Environment and Urbanization and prepared within the frame work of the contracts and submitted to the Ministry in relation with the collection and recycling of the packaging wastes.

Environment Protection and Package Wastes Evaluation Foundation (ÇEVKO), in which one of the founder members is Pınar Water, is among the organizations that we co-operate with. Our Group is continuing its activities with ÇEVKO in order to expand the recycling and conversion culture in the society and to develop responsible consumption habits.

Recovery Amount as of Years (%)

Type of package	2014	2015	2016*
Paper - cardboard	44	48	52
Plastic	44	48	52
Glass	44	48	52
Metal	44	48	52
Wood	5	5	7

(*) Planned

Hazardous and Evaluable Waste Amounts

Kg	Hazardous	Evaluable
Pınar Meat	20.111	3.219.598
Çamlı Feed	3.550	289.805
Viking Tissue*	35.630**	250.455
Pınar Dairy	50.510	6.057.230
Dyo Coating	3.834.867	2.120.370
Dyo Printing Inks	800.000	220.000

(*) Amount of non-hazardous and evaluable sludge 26.570.150 kg

(**) Evaluable and recyclable hazardous wastes

Stakeholder Opinion



Okyar Yayalar,
ÇEVKO Foundation Chairperson of Board of Directors

Can you explain the dimensions of your cooperation with Pınar Water among Yaşar Group companies and the studies you are involved in?

ÇEVKO is a non-profit organization established with the attempts of 14 leading industrial organizations of our country, including Pınar Water, on November 1st 1991 in order to contribute to the establishment of a sustainable recovery system with the participation and contribution of industry, local administration and consumers for the economic and regular recovery of package wastes in Turkey.

Setting off with 14 members in 1991, ÇEVKO was announced as the Authorized Organization by the Ministry of Environment and Urbanization within the frame of "Regulation on the Control of Packages and Package Wastes", which was published in 2005 in Turkey's EU integration process. Starting as of 2005, the

firms releasing packaged products started transferring their obligations to ÇEVKO for the recovery of packaging wastes.

Our foundation is continuing its activities currently with almost 2.000 releasing firms within the frame of the obligations determined in the "Regulation on the Control of Package Wastes", which entered into force in August of 2011.

Since 2005, ÇEVKO takes over the obligations of Pınar Water arising out of the relevant regulation under the mutually signed contract, and complies with those obligations before the Ministry.

Can you briefly assess the impact of those activities on the society?






ÇEVKO holds consumer informing and training activities in order to comply with the obligations it has undertaken. It is involved in practices for the separate collection and assessment of package wastes at their source with the local administrations and licensed firms. It takes over a role in the creation of the recovery sector related with the assessment of the collected wastes and performs education activities for informing the consumers, and especially the primary education students about recovery. This way, ÇEVKO fills an important gap in the system development and sustainability stage.

What do you think of Pınar Water's contributions to the environment and society? Can you assess Pınar Water as a corporate citizen?

Pınar Water is one of the most responsible industrial firms of Turkey, which complies with all its undertakings within the frame of the regulations issued by the Ministry of Environment and Urbanization, which is aware of all its responsibilities related with environment, which transfer resources to the system for the development of the system of package wastes recovery.

Environmental Benefit Obtained with Recovered Wastes

The amounts of glass, metal, plastic, composite and paper/cardboard type package wastes that are recovered by our Group companies in co-operation with ÇEVKO and the created environmental benefit are indicated hereunder.

					
Material					
Company	Paper, Cardboard, Plastic Weighted, Wool	Aluminium, Steel, Tin, Paper, Cardboard, Glass, Metal Weighted, Plastic Weighted, Plastic	All Material	Plastic	Paper, Cardboard, Plastic Weighted
Dyo Coating	9,818 trees were saved 9 hectars of forest area	3,007,392 kw/h electricity saving 1,089 yearly electricity consumption per family	7,446 m ³ storage space saving 1 an area equivalent to a football field	118,816 litre fossil fuel saving 2,640 car fuel tank	13,286,442 m ³ water saving 75 yearly water consumption per family
Dyo Printing Inks	1,270 trees were saved 1 hectars of forest area	324,992 kw/h electricity saving 117 yearly electricity consumption per family	876 m ³ storage space saving 0 an area equivalent to a football field	6,016 litre fossil fuel saving 133 car fuel tank	1,784,068 m ³ water saving 10 yearly water consumption per family
Viking Tissue	38,998 trees were saved 38 hectars of forest area	17,246,492 kw/h electricity saving 6,247 yearly electricity consumption per family	27,906 m ³ storage space saving 3 an area equivalent to a football field	1,021,216 litre fossil fuel saving 22,693 car fuel tank	59,647,874 m ³ water saving 340 yearly water consumption per family

Trees	Electricity	Storage	Fossil Fuel	Water
				

Material	Paper, Cardboard, Plastic Weighted, Wool	Aluminium, Steel, Tin, Paper, Cardboard, Glass, Metal Weighted, Plastic Weighted, Plastic	All Material	Plastic	Paper, Cardboard, Plastic Weighted
Company					
Pınar Dairy	116,552 trees were saved 115 hectars of forest area	72,664,538 kw/h electricity saving 26,325 yearly electricity consumption per family	184,728 m ³ storage space saving 25 an area equivalent to a football field	5,611,424 litre fossil fuel saving 124,698 car fuel tank	177,242,936 m ³ water saving 1,012 yearly water consumption per family
Pınar Meat	76,024 trees were saved 76 hectars of forest area	22,420,400 kw/h electricity saving 8,122 yearly electricity consumption per family	49,710 m ³ storage space saving 6 an area equivalent to a football field	526,400 litre fossil fuel saving 11,697 car fuel tank	116,276,472 m ³ water saving 664 yearly water consumption per family
Pınar Water	33,473 trees were saved 33 hectars of forest area	95,919,204 kw/h electricity saving 34,750 yearly electricity consumption per family	132,954 m ³ storage space saving 18 an area equivalent to a football field	11,201,792 litre fossil fuel saving 248,928 car fuel tank	51,211,654 m ³ water saving 292 yearly water consumption per family
Çamlı Feed	102 trees were saved 0 hectars of forest area	5,180,782 kw/h electricity saving 1,876 yearly electricity consumption per family	5,400 m ³ storage space saving 0 an area equivalent to a football field	671,536 litre fossil fuel saving 14,923 car fuel tank	167,778 m ³ water saving 0 yearly water consumption per family

* The environmental benefits have been realized during 2010-May 2016 period.

Good Practices and Developments From Companies

Altın Yunus

The wastes produced at the facility are separated through on-site sorting and then collected in areas determined in the hotel. Those wastes are given to the recycling firms on time. The hazardous wastes are periodically removed from the facility by licensed firms in the same way.

A total of 105.346 m³ of thermal water was discharged to the sea in 2015. Since thermal water has the properties of sea water, it does not cause water pollution. Since the water facility uses is recovered for reuse at the waste water treatment plant, it is not discharged. There has not been any important leakage in our facility in 2015.

Çamlı Feed

On-site practical trainings are provided by the environment officer at the waste creation points. The waste creation amounts are assessed at the management review meetings held within the scope of ISO 14001 system and preventive actions are commenced at points having important environmental impacts.

In the Feed Enterprise water discharge is performed through İZSU canal. In Plant Feed Enterprise through İZSU canal, in Milk Breeding Enterprise through MASKİ canal, and in Poultry Enterprise through İZSU canal with the help of vacuum truck. In the Sea Enterprise water is discharged to sea. There is no water mass that is significantly affected by the water discharge. There has not been any important leakage and spillage so as to cause damage to the environment in Çamlı Feed activities in 2015.

Dyo Coating

For all factories, waste water discharge is made to the waste water treatment facilities of organized industrial regions. The waste water is subjected to preliminary treatment prior to discharge. Compliance with KOİ, AKM and pH values has to be ensured, and there is a report prepared by the OIR in relation with this. There is no water mass that is significantly affected by the water discharge. There has not been any leakage from our facilities in 2015.

Dyo Coating performs waste management in compliance with the regulations issued by Ministry of Environment and Urbanization. The method of removal for each type of waste is indicated in the regulations.

Pınar Meat

Plastic waste loss ratios are decreased through the modernization of packaging lines, use of packaging machines with a less technologic loss and training of packaging machine operators in relation with this matter. In the white meat section, the plastic waste loss ratio was decreased from 0,14% in 2014 to 0,03% in 2015, in the advanced processed foods section, from 2,34% to 1,60% and in the meat product packaging section from 2.42% to 1.68%.

Pınar Meat placed waste collection containers in its factories in order to facilitate the collection and sorting of wastes produced in the production processes. All recyclable wastes are sorted at the source in the entire factory.

1 sapling is planted for each employee, who brings 10 waste batteries. 386 saplings were planted through Regional Directorate of Forests against the waste batteries collected in 2015.

The waters used in all production processes in Kemalpaşa Facility are treated at the waste water Treatment Plant, which has a capacity of 2.500 m³/day in accordance with the receiver environment discharge standards and are discharged to the receiver environment (Nif Brook). The treatment method used is physical, chemical and biological treatment. In Işıkkent Facility, the waste waters that are subjected to preliminary treatment are discharged to İZSU canal and physical and chemical treatment method is used. Actions are taken in accordance with the requested water discharge quality reference values. The waste waters are not used by any other organization. There has not been any leakage recorded in our facility in 2015.

Pınar Water

Within the frame of the ratios indicated in the icon "Lighter bottle, weight is reduced ..%", which is included on our plastic bottle products, we reduced our package weights as follows;

23% for our 0,33 lt products,
26% for our 0,5 lt products,
18% for our 1,5 lt products and
12% for our 5 lt products.

Pınar Dairy

A treatment plant was installed and commissioned at Pınar Dairy Şanlıurfa Factory in 2015.

The waste waters produced at Pınar Dairy factories are separated as domestic and process-sources. Under the discharge permission document obtained from the relevant organized industrial regions, the domestic waste waters are discharged to OIR discharge point and process waste waters are discharged to OIR treatment plants after being subjected to preliminary treatment at the waste water treatment plants in the factories. Rain waters are collected in a separate rain water manhole and discharged to OIR rain water connections.

Viking Tissue

In 2015, 29.000 tons of scrap paper was processed and gained for economy at Deink Facility. The number of trees corresponding to this amount of scrap paper is 290.000.

With the amendment made in Water Pollution Control Regulation, the waste water sector criteria were changed. While being analyzed only with 3 parameters before, the number of parameters used for analyzing the waste water of Viking Tissue was increased to 9.

The treatment plant of Viking Tissue has been in operation since 1995 and is operated in accordance with aerobic treatment technique, which includes physical, chemical and biological treatment units. The water discharged from the treatment plant reaches Güzelhisar Brook. There has not been any case causing any important leakage or spillage in 2015.



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	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	26

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