

For all of our stakeholders...

10.3%

Growth in turnover

Pınar Su in 2013

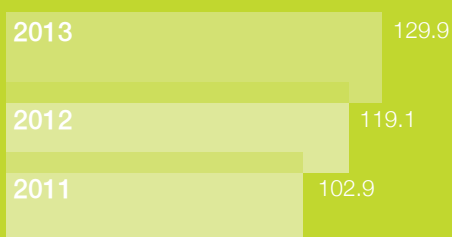
- Increased its total sales increased by 1.0% and 10.3% on a tonnage and turnover basis respectively
- Launched many new consumer-focused projects
- Introduced Turkey's first order-placement app for smartphones and tablets.



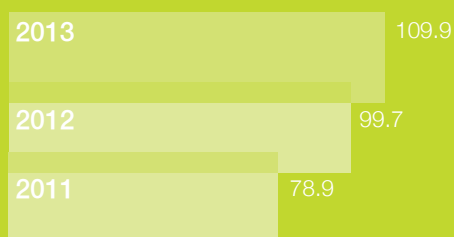
Market share

7%

Despite intense competition in the PET-container segment, Pınar Su succeeded in defending its 7% market share.

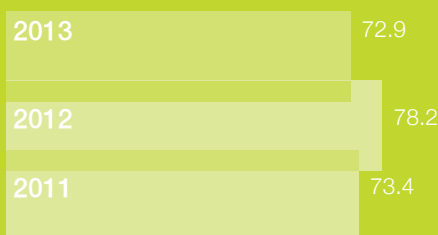
Total Assets (TL million)

At year-end 2013, Pinar Su's total assets rose by 9.1% and reached TL 129.9 million.

Net Sales (TL million)

Net sales increased by 10.3% year-on in 2013 and amounted to TL 109.9 million in value.

In 2013 Pinar Su achieved growth rates in the sales of one-way segment products (PET, glass) in line with the market trends.

Shareholders' Equity (TL million)

Pinar Su has a strong equity base of TL 72.9 million in value.

PET - PC Breakdown of Sales (%)**Breakdown of sales by segment (tons)**

| Segment | 2012 | 2013 | Change (%) |
|-------------------------|----------------|----------------|------------|
| One-way | 257,278 | 268,327 | 4% |
| Returnable | 216,405 | 206,191 | -5% |
| One-way (glass bottles) | 3,420 | 4,227 | 24% |
| Sparkling mineral water | 0 | 2,749 | - |
| Total | 477,103 | 481,494 | 1% |

At year-end 2013 Pinar Su's debt/equity ratio was 0.8 (2012: 0.5).

7.6%

Exports accounted for 7.6% of Pınar Su's total sales in 2013.

In 2013 Pınar Su booked export sales worth a total of USD 4.3 million.

seasonal

"Pınar Denge" naturally-sparkling mineral water, Smurf-movie-themed 0.5-liter Handy-Cap PET bottles, and glass bottles decorated with seasonally-inspired designs mark Pınar Su's first forays into product-specific campaigns.

7% market share in the PET-container segment

Pınar Su's total sales grew by 1.0% and 10.3% on a tonnage and turnover basis respectively in 2013. Successfully defending its 7% market share in the PET-container segment, the Company secured net sales revenues worth TL 109.9 million and increased its total assets to TL 129.9 million last year.

2013 was an "investment year" for Pınar Su.

In the steadily-growing PET segment, two new high-speed production lines (0.5-liter and 5/10-liter) equipped with state-of-the-art technology were commissioned at the Hendek plant while two of its existing lines were relocated to the Isparta plant. These changes have about doubled PET container manufacturing capacity and speed at both locations.

In the carboy segment, bad publicity adversely affected sales throughout the sector. This had an impact on Pınar Su despite the Company's reputation for abiding by product quality and hygiene standards that are higher than those required of the industry.

Pınar Su is currently engaged in modernization investments aimed at increasing productivity.

With its strong ability to correctly perceive, judge, and respond to market demand, Pınar Su undertakes strategic investments both to uphold and to further improve its superior production quality standards.

Pınar Su's total investment outlays in 2013 amounted to TL 20,081,667, of which TL 192,727 was for land and land improvements, TL 235,500 for buildings, TL 16,525,634 for machinery & equipment, and TL 3,127,806 for fixtures.

Pınar Su applied for and has received an investment incentives certificate in the amount of TL 14 million covering the expansion investments to be undertaken at its Sakarya-Hendek plant. Issued by the Ministry of the Economy (Department of Incentives Implementation & Foreign Investment), this certificate is effective as of 19 March 2013.

Pınar brand's strong and respected position in the foods and beverages sector

Whenever communicating with consumers, Pınar Su emphasizes the notions of "confidence", "naturalness", and "family bonding" with which the Pınar brand is associated in consumers' minds. The strong reputation and respect which the Pınar name enjoys in its sector is a crucially important asset for Pınar Su.

Brand-associated values are emphasized along with the qualities of hygienic, palatable water when communicating with consumers. In its sales-oriented campaign and promotional activities, Pınar Su conveys messages within the framework of such values to further cultivate consumer confidence and loyalty while also strengthening the sales & distribution network in line with the same values and continuously undertaking marketing investments in line with defined strategies.

Corporate governance rating

In the report issued by SAHA Corporate Governance and Credit Rating Services following its audit in 2013, Pinar Su was assigned a corporate governance rating of 9.34/10. This exceptional rating qualified Pinar Su's shares for inclusion in the Borsa İstanbul Corporate Governance Index (XKURY).



With the completion of its customer relationship management infrastructure project in 2012, Pinar Su has segmented its customer base and begun planning loyalty campaigns which will be targeted at specific customer groups. National and regional promotional campaigns were conducted all year long in line with household consumers' expectations in the returnable-packaging category, the principal target group for which consists of housewives.

In the one-way (non-returnable) packaging category, the Smurf-themed labels on the 0.5-liter Handy-Cap PET bottle and the same product's six-packs for children were redesigned with the 3D characters from the latest The Smurfs movie while Smurf-themed trading cards were also given away along with the latter. Used in TV communication as well, these elements are the first instance of a product-specific promotional campaign undertaken by the Company.

Newly-designed season-liveried 0.33-liter and 0.75-liter glass bottles continued to be supplied to the market in 2013.

Pinar Su exports goods to nearly 30 countries spread out over a wide region.

Keeping a close watch on global developments and identifying customers' needs, Pinar Su uses this information to formulate strategies and decisions. The Company has been an active player in international markets for about three decades.

In 2013 Pinar Su shipped goods to Germany, the UK, Ireland, Belgium, Netherlands, Austria, Switzerland, Kosovo, Luxembourg, the Czech Republic, Macedonia, Greece, Malta, Northern Cyprus, Libya, Kuwait, Bahrain, Oman, the UAE, Iraq, Singapore, Australia, the USA, Azerbaijan, and Romania. The Company makes the bulk of its international sales to Europe however.

In the period ahead, Pinar Su plans to pursue additional growth in Gulf countries, Iraq, and Libya as well as in Europe. The Company is also exploring new market opportunities in Turkey's near abroad, especially in Ukraine, Russia, and Syria.

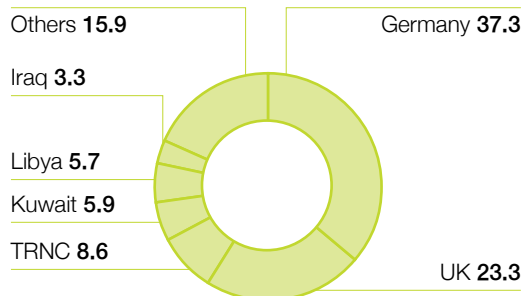
Goods worth a total of USD 4.5 million were sold abroad by Pinar Su in 2013, a year in which exports accounted for 7.6% of total sales.

In 2013 the Company began exporting its newly-launched Pinar Denge line of naturally-sparkling mineral waters. These goods were shipped to eleven countries: Germany, England, Iraq, Libya, Austria, Greece, Kosovo, Macedonia, Azerbaijan, Australia, and Switzerland. The Iraqi and Libyan markets in particular appear to have very strong potential for additional growth. The Company is also exploring other possible markets for this new product group.

Sales of glass-bottled products grew by 145% in 2013. The efforts to foster additional growth include packaging design such as the collectible series of season-liveried bottles and Arabic labeling designed for Middle Eastern and North African markets.



Breakdown of Exports by Destination (%)



For our customers and consumers...

care

In the conduct of its investment processes, Pınar Su makes a great effort and takes care to ensure that it selects nothing but the very best sources of water for harvesting.

Rather than just tracking the market, Pınar Su proactively seeks to change and take it forward through the new ideas that it comes up with. In 2013 the Company continued to introduce consumer-focused innovations.

awards

Pınar Su was the recipient of BrandSpark International's "Best New Product" awards for its five-liter carboy and season-liveried glass bottle packaging formats.



New products introduced to the market in 2013

Aware that the way to keep ahead of competitors is to provide more efficient and convenient service and to proactively change the market and take it forward rather than just following it, Pınar Su once again introduced consumer-focused innovations in 2013.

The decorations on the season-liveried collectible series of 75- and 33-cl glass bottles that are filled at the Madran plant were redesigned based on the winning entries submitted in an inter-university design competition that was organized in 2013. The new bottles have been widely acclaimed.

The designs on the Smurf-themed 0.5-liter Handy-Cap PET bottles specially created to appeal to children were replaced with the 3D characters from the recent The Smurfs movie. Smurf-themed trading cards were also specially produced and given away along with six-packs of this product.

The newest member of the Pınar family: Pınar Denge Naturally-Sparkling Mineral Water

The source of wholesome quality that consumers know they can trust, the Pınar family introduced its newest member last year: Pınar Denge Maden Suyu, a naturally-sparkling mineral water that both addresses consumer demand and rounds out our product portfolio. Besides plain, this product also comes in five fruit-flavored varieties, two of which are additionally enriched with vitamin C.

This addition to the product portfolio is in line with Pınar Su's principle of offering consumers a range of choices wider than that of any other company in the sector.

Awards and recognitions

- In a survey conducted by BrandSpark International in which about 15,000 consumers took part, Pınar Su received "Best New Product" awards for its five-liter carboy and season-liveried glass bottle packaging formats in the "Food & Beverages" category.
- In the fourth Ay Yıldızları awards competition conducted by the Packaging Manufacturers Association to recognize excellence in packaging, Pınar Su's series of season-liveried glass bottles received a gold medal last year.
- As reported by the RepMan Reputation Survey Center, according to a survey conducted by GfK Türkiye in which 16,243 people in all seven of Turkey's geographical regions were polled and which ranks companies and sectors on the basis of their perceived reputations, Pınar numbered among Turkey's ten most highly respected companies. In this year's popularity poll, Pınar advanced from 8th to 7th place.
- All four of the top names in the Superbrands list are in the foods & beverages category. Pınar was one of them.
- In 2013 Pınar Su was the recipient of the Aegean Region Chamber of Industry's (EBSO) the Food & Beverages Industry first-place awards in the "Most Tax Paid" and "Most Manufacturing Jobs Provided" categories and second-place awards in the "Highest Investment Performance", "Highest Production Performance" and "Highest Export Performance" categories.
- At the İzmir Chamber of Commerce's annual taxpayers' awards ceremony, Pınar Su received a special award in the Alcoholic and Non-Alcoholic Beverages Group based on its net reported commercial earnings and also a citation for its foreign exchange earning performance.



Pinar Su harvests its water only from superior-quality natural sources

In the parlance of the water industry, a good source of water is one which is far from inhabited places and whose flow rate and chemical properties do not vary during the year owing to changes in rainfall or to drought. Pinar Su was the first national-level company in Turkey to harvest and supply natural mineral water in bottled form. When undertaking investments, the Company devotes great effort and attention to the issue of selecting only superior-quality natural sources of water.

Pinar Su harvests and packages superior-quality natural mineral water in modern plants whose combined production capacity is 1,372,567 tons and which are located beside naturally-occurring springs in three different parts of the country.

- Aydın-Bozdoğan,
- Isparta-Eğirdir
- Sakarya-Hendek

The ability to harvest and package water at these three different locations gives Pinar Su significant advantages from the standpoint of logistical costs.

Pinar Yaşam Pınarım-Madran

Located 1,000 meters above the nearest places of habitation in Aydın-Bozdoğan, the Pinar Madran spring is the source of some of the best-quality and most palatable mineral water available in Turkey. Its average hardness rating is 1.65 Fr. Water from the Pinar Madran plant is supplied in 0.33 liter, 0.5 liter handy-cap, 1.5 liter, 2.5 liter, 5 liter, and 8 liter PET containers; in 0.33 liter and 0.75 liter glass bottles; and in 5 and 19 liter carboys.

| | |
|------|-----------|
| F- | 0.05 mg/l |
| Mg++ | 1.11 mg/l |
| Ca++ | 3.14 mg/l |
| Na+ | 4.85 mg/l |
| Cl- | 3.80 mg/l |
| NO2- | None |
| Ph | 7.04 |

Pinar Yaşam Pınarım-Akçaağaç

The Pinar Yaşam Pınarım-Akçaağaç spring is located in Isparta-Eğirdir at a place remote from centers of habitation and potential sources of industrial pollution. The unique magnesium and calcium content of the water harvested from these springs is said to help keep human metabolism in balance. State-of-the-art technology and the Pinar approach to quality are deployed at the Pinar Yaşam Pınarım-Akçaağaç plant to bottle water in 0.5 liter, 1.5 liter, and 5 liter PET containers and 19 liter carboys.

| | |
|------|----------|
| SO2- | 2.2 mg/l |
| Na+ | 1.5 mg/l |
| Cl- | 2.0 mg/l |
| NO2- | None |
| Ph | 8.01 |

Pinar Yaşam Pınarım-Gökçeağaç

The Pinar Yaşam Pınarım-Gökçeağaç spring and plant are located in Sakarya-Hendek. Water from the plant is supplied in 0.33 liter, 0.5 liter, 0.5 liter handy-cap, 1 liter, 1.5 liter, 3 liter, 5 liter, and 10 liter PET containers and in 19 liter carboys.

| | |
|------|----------|
| SO2- | 7.7 mg/l |
| Na+ | 5.6 mg/l |
| Cl- | 1 mg/l |
| NO2- | None |
| Ph | 8.2 |

The source of trusted quality, the Pinar family has introduced its newest member: Pinar Denge Maden Suyu, a naturally-sparkling mineral water that both addresses consumer demand and rounds out the product portfolio.



modern

Pınar Su's bottling plants are equipped with state-of-the-art technology.

Thanks to Pınar Su's extensive laboratory facilities, mineral water is subjected to physical, chemical, and microbiological tests at every stage of production from harvesting to bottling.

quality

Having make quality an essential element of all of its business strategies, Pınar Su constantly raises the bar by which that quality is judged.

All production at Pınar Su's plants conforms to the strictest rules of hygiene.

Pınar Su's bottling plants are equipped with state-of-the-art technology. At all of its plants, Pınar Su's bottling operations take place in a completely hygienic environment in which sterile air is maintained at a positive pressure inside to prevent contamination from outside while the interior air is constantly recirculated and filtered to keep it clean. Bottling takes place without any manual intervention whatsoever. In fully-equipped laboratories, the water is subjected to a battery of physical, chemical, and microbiological tests at every stage of production.

Pınar Su procures its PET preforms under long-term agreements which it has entered into with manufacturers.

Pınar Su procures PET preforms and all of its other packaging materials only from fully accredited national and international manufacturers. In order to ensure the sustainability of its production, the Company's R&D, Machinery & Maintenance, and Production units engage in a systematic and coordinated effort to increase the number of approved and active suppliers

Pınar Su adheres strictly to international quality standards.

In its never-ending efforts to achieve and maintain the highest level of quality, Pınar Su has made quality an essential element not just of its production operations but of all of its other business processes and strategies of which distribution is just one.

As a company that has repeatedly demonstrated its commitment to the consistent excellence of its quality, Pınar Su makes use of internationally-approved quality systems and it abides by recognized international standards.

At all of its plants, Pınar Su has received certifications for compliance with the following standards: TS ISO 9001 Quality Management System, TS ISO EN 22000 Food Safety Management System, ISO 14001 Environmental Management System, TS 18001 Occupational Health & Safety Assessment Series, and TS ISO 10002 Customer Satisfaction Management System.

Auditing and product certification work is currently being carried out at the Company's Madran plant by NSF International (USA) and by SGS Institute Fresenius (Europe) to determine this facility's compliance with international production standards.

Operational Cost Improvement and Lean Six Sigma projects being conducted effectively.

Pınar Su concentrates on keeping all elements of cost under control in order to maintain the efficiency of its business processes. Cost optimization is always one of the most important items on Pınar Su's agenda.

Pınar Su conducts its Lean Six Sigma projects not just to improve production standards and efficiency but also to increase the effectiveness of its customer relationship management as well. The implementation of such projects results in sustainable improvements and process simplification.

Because inflating lighter-weight PET preforms also requires less energy, the Company's energy efficiency has been increased and its carbon footprint has been reduced.



Distribution services have been standardized.

In order to maximize the quality of the service given to customers, Pinar Su has formulated storage, back office, stock, vehicle, and delivery personnel standards that are applicable to both its carboy and its PET dealerships. Dealers are made aware of these standards by means of brochures, regional meetings, and training programs. Pinar Su quality management personnel regularly check dealers' compliance with these standards and they rate and certify dealers' performance based on their findings.

A procedure incorporating an interactive voice response system and the Pinar Su order hotline has been set up in order to better manage service and delivery performance in the carboy segment. Another system which dispatches orders directly to delivery personnel's mobile phones also makes it possible to keep track of whether or not deliveries are being made within prescribed periods of time. Most recently this system has been further developed to be compatible with smartphones. Customers' addresses are now being sent to delivery personnel by means of a mapping app.

The SAP system has been expanded to include dealers in order to standardize distribution services in the PET products segment. This makes it possible for customer-related information, financing terms, etc to be more effectively managed according to pre-determined principles and procedures.

Social media

twitter.com/PinarKurumsal

Consumers are provided with specially-created recipes, press releases, announcements, and holiday- and week-specific celebratory messages via the Company's corporate Twitter account.

A special twitter.com/InfoPinar page was also opened in order to separate consumers' wishes, needs, and suggestions from the corporate page so that they may be dealt with more effectively. This page is monitored by the Pinar Communication Center, which is responsible for resolving any issues that may come up.

Call center management, customer loyalty & satisfaction

Pinar Su gives great importance to the efficient and effective operation of its call center. Known as the Pinar Su Order Hotline, this call center greatly improves the Company's ability to hold onto existing customers, to acquire new customers, and to enhance customer satisfaction.

Through the Customer Relations Management (CRM) project, which became operational in late 2011, the system has become much more effective and thus brought Pinar Su another step closer to its goal of being a company which knows its customers, responds quickly to their needs, and seeks to enhance consumer satisfaction and loyalty.

Pinar Su gives great importance to the efficient and effective operation of its call center. Known as the Pinar Su Order Hotline, this call center greatly improves the Company's ability to hold onto existing customers, to acquire new customers, and to enhance customer satisfaction.



first

In 2013 Pinar Su developed an order-placement app specially designed to work on smartphones. The first of its kind in Turkey, this app allows consumers to directly place orders by specifying the appropriate product, date, time, and address information themselves.



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

By means of a single and easily-remembered telephone number (444 99 00), the Pinar Su Order Hotline makes it easy for customers to reach Pinar Su from everywhere in Turkey. The system redirects customers to their nearest regional dealership, thus ensuring that they receive the fastest and most effective service possible.

As was the case in previous years, in 2013 Pinar Su customers who had registered with the CRM system were sent gift packs as a way of thanking them for their loyalty to the Company.

Recognizing that excellence in service is one of the prerequisites for staying ahead of the competition, Pinar Su originally launched the Pinar Su Order Hotline on 444 99 00 at the beginning of 2010. This accessibility was subsequently expanded with the introduction of online ordering and the launch of an app for IOS smartphones in late 2012 and for Android units in 2013. For the first time in Turkey, customers now have the convenience of directly placing orders online and given the option of specifying delivery on dates and times of their own choosing.

Pinar Communication Center

Pinar's "Consumer and Customer First" principle demands that all company units quickly and correctly perceive not just consumers' but all external and internal customers' needs as well. The principle also requires them to take a nimble, proactive, and innovative approach in responding to customers' and consumers' expectations for a better way of life. Adhering to a consumer-focused business approach, Pinar Su carefully examines and gives importance to requests and suggestions that are received.

Accessible from everywhere in Turkey on 444 76 26 without the need to dial an area code, the Pinar Communication Center (PİM) is staffed by live operators who are on duty and respond to incoming calls between the hours of 07:00 and 23:00 every day of the week. Their job is to ensure that callers are provided with the information that they need as quickly as possible. PİM has a call success rate of about 90% and 92% of all calls are answered within 15 seconds. Last year a dedicated PİM Twitter account was opened by means of which it is possible to examine and respond to consumers' wishes and suggestions submitted through social media. Satisfaction surveys are regularly conducted among consumers who contact the center in order to systematically quantify PİM's service levels. A poll conducted among consumers who contacted the Pinar Communication Center in 2013 indicated that 91% of them were satisfied with the service they had received.

For our employees...

Pinar Su's actions are informed by its awareness that its human resources are among its most important assets.

430

At end-2013, Pinar Su had 430 people on its payroll.

IN 2013

The fundamental mission of human resources management at Pinar Su is to ensure that the Company has a sufficient number of people who are innovative, who are committed to the total quality approach, who have the ability to easily keep pace with changes and developments, and who give the Company a competitive advantage at the global level. In doing so, Pinar Su acts with an awareness that employees are among its most important assets, without regard for differences in nationality, race, sex, ethnic background, religion, or marital status, and in order to be an employer that people want to work for.

The basic tenets of Pinar Su's human resources policy consist of:

- Creating employees who are successful and happy and who have a strong sense of belonging by putting the right people in the right jobs and by developing their qualifications
- Conducting a variety of intramural and extramural training programs that are enriched by means of methodologies such as distance learning and are formulated in order to ensure the progression of employees in line with the Company's current and future needs
- Regularly reviewing systems and processes and making such changes as are seen to be necessary in order to ensure organizational success and continuity
- Being mindful of equality of opportunity and supporting career planning in the management of all promotions and appointments throughout its organization

- Reducing the time it takes for newly-hired employees to adapt to their workplace environment and job by means of carefully designed and executed orientation programs
- So that employee performance may be improved: assessing employees' performance in order to ensure that company objectives and individual objectives dovetail, to encourage results-focused job performance, and to systematically support employees' progression; making use of performance evaluation results in such matters as HR training & development, career planning, and compensation & merit awards
- Soliciting employees' opinions on various issues by means of Employee Opinion Surveys and developing and implementing appropriate action plans that enhance employee satisfaction and loyalty
- Taking all measures mandated by the Occupational Health and Safety Act so as to prevent occupational risks and ensure the existence of a safe workplace and working conditions, to protect health and safety, and to eliminate factors that may give rise to risks or lead to accidents.

All human resources processes are carried out with attention being given to staffing requirements, corporate values, competencies, and human resources-related procedures and policies. Such practices are informed by the requirements of laws and regulations and by company procedures and rules of conduct.



For the environment and the community...

sensitive

Pinar Su uses packaging materials that will generate the least amount of waste and have the least environmental impact during both the production and use stages of its products.

Pinar Su strives to constantly improve its environmental performance.

Pinar Su: For a sustainable future...

In the management of its products from initial inputs to final consumption, Pinar Su constantly strives to improve its environmental performance by identifying environmental impact issues and to ensure that such issues are effectively controlled so as to minimize their environmental impact.

Pinar Su's operations focus on the effective and efficient management of limited natural resources. To this end, the Company engages in many different efforts to protect the environment, to prevent pollution, to make economical use of natural resources, and to properly dispose of waste.

There was a decrease in both energy consumption and energy costs in 2013.

Intensive, ongoing efforts are made at Pinar Su plants to:

- conserve and make efficient and productive use of energy resources
- seek out and make use of energy resource alternatives
- reduce the carbon footprint of operations.

Inefficient and unnecessary use of energy has been prevented by the installation of frequency inverters on high-pressure air compressors in plants. Product unit energy costs are reduced wherever possible through the use of "smart meters" and by rescheduling production activities to off-peak times of the day when electricity is cheaper.

Aware that the measurement and management of greenhouse gas emissions is of vital importance to efforts to protect the environment and to combat climate change, Pinar Su keeps a close watch on the latest developments in energy conservation and alternative energy resource use and it regularly calculates and tracks the carbon footprints of its operations.

- Pinar Su calculates its own carbon footprint to be the equivalent of two ten thousandths (0.02%) of Turkey's total. As a member of the Yaşar Group it ranks third, accounting for a 3% share of the Group's overall carbon footprint.
- As measured on a 12-month basis, Pinar Su generates 0.019 tons of CO₂ on average for every ton of product that it makes.
- 75% of Pinar Su's CO₂ emissions stem from its use of electricity.

Consolidated production line efficiency ratings improved.

Pinar Su seeks to turn out more product at the same unit energy cost by increasing its production line efficiency. As a result of such efforts in 2013, Pinar Su achieved consolidated production line efficiency performance ratings of:

- 79.4% at its Aydın-Bozdoğan plant
- 75.0% at its Adapazarı-Hendek plant
- 78.8% at its Isparta-Eğirdir plant
- 78.6% overall.



Pınar Su - ÇEVKO collaboration

Pınar Su is a founding member of the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO), which has been designated as an "authorized agency" by the Ministry of Environment and Urban Planning pursuant to the Packaging Waste Control Regulations. The Company has entered into a contractual agreement with ÇEVKO under which the Company has assigned to the trust all of its own packaging waste collection and recycling rights and obligations.

Pınar Su only works with firms that are licensed by the ministry to collect and recycle all packaging waste materials. The Company has formulated a waste management plan, which is based on contractual agreements and has been approved by the ministry, under which activities such as at-source waste sorting and segregation, recovery, and recycling are carried out by ÇEVKO, which also engages in public education activities that are aimed at both individuals and municipalities.

The packaging of Pınar Su products is designed and executed with reusability and recoverability in mind. From initial production and post-use, attention is given to the use of packaging that will cause as little harm to the environment as possible.

Social responsibility

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

Pınar Art Competition

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

Focusing on a different theme every year since it was inaugurated in 1981, the Pınar Art Competition has

also been serving as guide for future artists as well. A record-breaking number of youngsters took part in the 2013 competition, whose theme was "Let's Protect Our Environment And Take Charge Of Our Future".

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

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

Source: GfK Flavored Dairy Products Tracking Survey

Pınar Children's Theater in its 26th year

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

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

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

Source: GfK Flavored Dairy Products Tracking Survey

32

The Pınar Art Competition has been held annually for 32 years.



33%

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

PINAR

ÇOCUK TİYATROSU



Recycled Packaging Materials

| (Kg) | 2012 | | 2013 | |
|-----------|--------------------|-----------|--------------------|-----------|
| | Supplied to Market | Recovered | Supplied to Market | Recovered |
| PET | 3,808,416 | 1,523,366 | 4,169,493 | 1,751,187 |
| PE | 963,039 | 385,216 | 1,165,206 | 489,387 |
| Cardboard | 1,036,969 | 414,788 | 1,115,294 | 468,423 |
| Glass | 1,112,669 | 445,068 | 1,616,558 | 678,954 |

support

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



Pınar & UNICEF Hand-In-Hand

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

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

Pınar Institute

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

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

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

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

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

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

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

Support for sport

Pınar KSK

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

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

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

Pınar Su was also the official beverages sponsor for the 2013 Spor Toto Turkish Men's and Women's Basketball Championship games.

Yaşam Pınarım KVSK

In 2013, Pınar Su also supported volleyball sports through its sponsorship of the Pınar Karşıyaka Volleyball Sports Club.

Turkish Athletics Federation

In an effort to increase public interest in alternative forms of sport, Pınar has become an official beverages sponsor for the World Indoor Athletics Championships. Pınar is also a prime sponsor of the European Team Championships national meets that are conducted in Turkey by the Turkish Athletics Federation.

ESTİ

Pınar Su is a prime sponsor of the Aegean Water Sports and Water Polo club (ESTİ), which was founded in İzmir in 1993. Since 2008, ESTİ has been successfully representing İzmir in the Turkish Water Polo Premier League. It also represents Turkey at the international level in tournaments held in other countries.

Pınar Su sponsored the "Hido Talent Camp" organized by the Hidayet Türkoğlu Sports Schools at the Halkapınar Gymnasium from 23 to 29 June 2013.

Publications

Yaşam Pınarım

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

Dolu Dolu Yaşal! Dergisi

Dolu Dolu Yaşal! [Live Life To The Full!] is a magazine published by Pinar Su and distributed free to 19-liter carboy subscribers. The publication is an enjoyable read that provides consumers information about Pinar Su new product and service offerings while also strengthening the emotional bonds between subscriber and brand.

Published quarterly, Dolu Dolu Yaşal! appeals to the interests and tastes of its readers with seasonally appropriate articles and current news about beauty, health, and lifestyle issues as well as recipes in which Pinar-brand products are used.

Fairs & congresses

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

Last year Pinar showed off its products at GULFOOD 2013 in Dubai, the İzmir International Fair in İzmir, and AFH EXPO in İstanbul. The Company also supported and sponsored a variety of congresses, symposiums, and similar activities.

In 2013 Pinar Su:

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

Sponsorships

Leading events supported and sponsored by Pinar in 2013:

- "Aegean Brands Summit", organized by Ege University (12 March)
- "14th Pediatrics Days", organized by the Dokuz Eylül University Hospital School of Nursing at the İzmir Sabancı Cultural Center (5-6 April)
- "10th Leadership Summit" (11 April)
- "TRT Kids' Country", organized by the TRT KIDS TV channel (15-23 April)
- "International Children's Theater Festival", organized by the Ankara State Theaters (24-30 April)
- "28th Grandkids' Athletics Meet", organized at the Atatürk Olympic Stadium by the Karşıyaka Rotary Club (2-3 May)
- "4th Food Safety Summit" (14-15 May)
- "1st Quality of Life Project and Idea Contest", organized by the İzmir branch of KalDer (30-31 May)
- "Foods R & D Project Market", organized by the Aegean Exporters' Association (3-4 June)
- "14th In Search Of Excellence Symposium", organized by the İzmir Quality Association (5-6 June)
- Aegean Water Panel (7 June)
- "49th Turkish Pediatrics Congress" (11-13 June)
- "World Food Day", organized by FAO Headquarters (10 October)
- "Engelsizmir", a project undertaken jointly by the Güzelyalı Rotary Club and İzmir Metropolitan Municipality for the benefit of the physically handicapped (30 October)
- "22nd Quality Congress" (12-13 November)
- "UIP-4 Bosphorus Summit" (20-22 November)
- "Brands Conference" (19-20 December)

115,000

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

