

Yaşar 2016

Sustainability Report



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**Taking care of each
circle of our value
chain...**



Joint Statement



Mustafa Selim Yaşar
Chairperson of Board of Directors



Mehmet Aktaş
Chief Executive Officer

Sustainability is possibly the most effective approach amongst all, to lead to permanent changes in business models all over the world. As Yaşar Group, sustainability has been the most trustworthy flag-bearer for our founding values that we tried to transfer to the future from the first day on.

As Yaşar Group, when participating to the United Nations Global Compact in 2007, which is regarded as a start for sustainability activities on a global scale; we have realized that we have entered a path, which is not difficult to follow, but where we will feel better each passing day and with each new decision. Over the past decade, we have been following the sustainability developments all over the world and trying to be pioneer for this new understanding in our country.

When the United Nations (UN) shared Sustainable Development Goals (SDGs) with the whole world in November 2015, they also suggested that we review our goals and analyze the relationship between our goals and the UN-SDGs in order to align our goals according to this analysis.

Starting from the mid-2016, we have accelerated our efforts to determine the best path for all of our companies by comparing our corporate business goals with the world's sustainability goals. In every analysis, the preciseness of the decisions we have taken thus far and the distance we have covered made us both pleased and hopeful for the future.

We have not walked alone in our journey; while spending efforts to make our planet more habitable for humans and all other living things; showing performance to reduce our carbon and water footprint; developing an approach and stakeholder relations for sustainable agriculture; actively working for responsible production and consumption based on the understanding of supporting the formation of healthy individuals and society; pursuing our egalitarian business mentality that

constitutes the backbone of our ethical values and especially our determination in the quality employment of women. Our comprehension in adopting cooperative relations with our stakeholders were almost in full compliance with the new goals.

In the following report, as a beginning on our side, you will find how both our business understanding and our core values and all of our activities are related to the new sustainable development goals, and how we are working as Yaşar Group to achieve these goals in unison.

It is clearly seen, that our work on reducing carbon and water footprints, our efforts on creating a decent workplace, our corporate social responsibility activities for our stakeholders and the value we attach to qualified employment of women which is always top priority for us, all of which have been treated under different titles until recently.

However, as always, we are aware as Yaşar Group, that there is much progress to be made. We want to reiterate that we see the expression of continuity, which is hidden in the name of sustainability, as the fundamental consciousness of all our work.

A thinker emphasizes the value of committing to and acting on the decisions, as well as the value of deciding on a matter, saying "commitment is not a word but an act". As Yaşar Group, together with all our employees, we start to work every morning, remembering the decisions we made to make our world a more livable and sustainable planet for all living and unborn people.

Here you hold the report that certifies that Yaşar Group is carrying on its work with the first day's excitement and commitment to the founding values.

About the Report

G4-17, G4-18, G4-22, G4-27

Yaşar 2016 Sustainability Report contains the current sustainability vision, strategy and sustainability performance of the period 01.01.2016-31.12.2016 in line with our goal to contribute to the sustainable future of the world. Our sustainability journey that we started in 2007 was aligned with the United Nations (UN) Sustainable Development Goals published in 2015. Yaşar 2016 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 UN Global Compact Principles.

The 2016 Report as a whole evaluates the economic, social and environmental performance of our Group in terms of sustainability in a one-year period and reflects our renewed sustainability approach. This sustainability performance evaluation covers only 10 companies operating in Turkey and excludes our companies operating abroad. Sustainability performances of our companies active in Turkey are based on the following sectors and discussed in the report in relation with the sustainability approach of the Group.



Food and Beverage



Coating



Tissue Papers



Trade and Service

In addition, the sustainability performance data of Yaşar Education and Culture Foundation, Pınar Institute and Yaşar University, which are linked to Yaşar Group, are not included in the report, but activities carried out by these organizations in the area of sustainability are included only for information sharing purposes.

Preparation of the report and collecting and evaluating related data was conducted in coordination of the Corporate Affairs Coordinatorship Department and the Extended Sustainable Development Committee, with the contribution of the relevant departments of companies operating within Yaşar Group and within the scope of the report. The report has not been controlled by an external audit. SU Sustainability and Corporate Social Responsibility Consulting has supported the preparation of the report. The following teams have taken part in the works carried out under the leadership of the top management;

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

Our "Sustainability Priorities" included in our report, which is a strategic view of our Group, is shared under the headings "Our Sustainability Journey" based on the past and "Sustainability Priorities" which defines our future direction. Our report has been prepared both in Turkish and English.

Your feedback is highly important for us ...

Please send your opinions, suggestions and questions related to Yaşar 2016 Sustainability Report published by Yaşar Group to forabetterlife@yasar.com.tr

Our Sustainability Journey

G4-22

Sustainability is closely related to the core values and goals of our Group as a concept that manages the risks which affect the future of the planet and humankind on a global scale and reflects the essential goals for a more habitable world. Taking into account the common risks and objectives of humanity as well as the opportunities that emerge in a globalizing world and doing business accordingly stand before the business world as today's great responsibility. As Yaşar Group, we are proud to have a sense of consciousness and responsibility long since.

1960 - 2000

Our social responsibility activities go back to the literacy courses that Dyo Coating launched in the 1960's and social amenities for the employees. In 1962, as a first in the private sector, Dyo Coating began to organize a painting contest for the development of art in society. The theater we built in 1969 in the Bademler Village of İzmir reflects the roots of our sense of corporate social responsibility. Pınar Painting Competition, which has been held for 35 years in order to raise the interest of children in the elementary school age in art and to raise the artists of the future, continues with the same enthusiasm. In addition to this, Pınar Children's Theater has been staging plays free of charge to more than three million children across Turkey for 29 years in order to inculcate love of art into our children. Again, as part of our responsible business understanding, the support and trainings provided by Pınar Dairy to raw milk producers in 1975 point to the historical ties of our Group's values and goals with sustainable corporate responsibility.

2000 - 2009

The compliance of our corporate sustainability works with international standards began with the adoption of the Corporate Governance Principles which was issued by OECD in 2000. We continued our Corporate Governance activities required for corporate sustainability with Capital Markets Board principles and human resources performance management systems. For the holistic framework for sustainability, we started our journey with the signature of then the Chairperson of Board of Directors, Mrs. Feyhan Yaşar, to the UN Global Compact for the private sector under the UN Millennium Development Goals on November 12th 2007. The close relationship of the Sustainable principles and goals with our Group's values and strategies was the main reason for our commitment to the contract. The Convention had the basic reference feature that guides the private sector in critical issues such as human rights, working conditions, environment and corruption within the sustainability agenda. We have also started our sustainability journey, which has led Yaşar Group to a new transformation and development process with this signature.

Our Sustainability Journey

G4-22

2009 - 2010

In 2009 we released our first UN Global Compact Progress Report. The report was both our commitment to the objectives of the Convention and the expression of the progress we had made. In the following year, we shared our development and its announcement with the public with the second UN Global Compact Progress Report. Our Group contributed to the implementation and dissemination of the UN Global Compact Principles in our country by transparently presenting our corporate structure, operation and effectiveness to the society and our stakeholders. In 2010, we created the Corporate Communications, Sustainable Development, Social Responsibility, Corporate Governance and Ethics, Corporate Values subcommittees under the committee established to realize the 'Corporate Reputation' project under the leadership of Mrs. İdil Yiğitbaşı, the Chairperson of Board of Directors at that period. In addition, taking as a baseline year, in 2010 we started our carbon footprint calculations within our Group. With the establishment of Carbon Teams and Leaders in our companies, we expanded the processes to every stage of our value chain.

2011

Pinar Meat has been public listed in Borsa İstanbul (Stock Exchange) Corporate Governance Index. In 2011 we decided to move our sustainability journey to a higher level as the Group. We put into practice the reporting method provided by the Global Reporting Initiative (GRI), which is compatible with the UN Global Compact, and published the first Yaşar Sustainability Report. The GRI Reporting approach offered the opportunity to better manage and evaluate our work with the consistency, reliability and benchmarking opportunities. Our Reports, which offer the opportunity to monitor, manage, evaluate and communicate our corporate, economic, social and environmental impact performance on the basis of sustainability, have elevated our sustainability journey qualitatively and quantitatively. In addition, global adoption of the GRI Reporting approach has contributed to making common language and objectives in alignment with our stakeholders. We prepare annual Yaşar Sustainability Reports since 2011 until today and present them to the attention of our society and stakeholders.

2012

We have signed the CEO Support Statement on UN Women's Empowerment Principles, initiated by the UN in 2012. Using the e-learning methodology under the brand "Yaşar Academy", we created a training platform for our employees. We participated in the "Platform for Equality in Business", which was introduced by the World Economic Forum and led by the Ministry of Family and Social Policy. Pinar Meat started to trade in the Borsa İstanbul Corporate Governance Index. Dyo Coating won the environmental prize in the large enterprise category in the 18th Şehabettin Bilgisu Environmental Award Competition of Kocaeli Chamber of Industry.

2013

In 2013 we added on to the already increasing number of activities for our sustainability journey. Pinar Institute, which was founded in order to raise awareness of the society on food, health and nutrition and to support scientific studies, has started its activities. We have conducted a water survey in all our companies to determine the needs for water and wastewater management. We published the "Orientation Procedure" in order to ensure that the orientation process of all employees of the Group is carried out in alliance. We completed the construction of Yaşar Education and Culture Foundation Special Education Implementation Center and Business Implementation Center with 18 classrooms, to educate autistic students only, and delivered to the Provincial Directorate of National Education. Pinar Water started to be traded at Borsa İstanbul Corporate Governance Index. In the 2013 GRI Report, we evaluated the progress we made and shared it with the public. In the research made by Superbrands International, Pinar took place among Turkey's super brands.

Our Sustainability Journey

G4-22

2014

In 2014, we started to work on creating a greenhouse gas inventory management system. We also started to work on water footprint calculations. Pinar Dairy and Pinar Meat Borsa İstanbul Corporate Governance Index corporate governance ratings were revised upward. Pinar was granted the grand prize award with "Pinar Kids Painting Competition" in the category of "Brand Voice", where successful projects in PR field are granted with Felis awards by Mediacat. Pinar Dairy won the first prize in the food and beverage sub-sector in the Energy-Efficient Industrial Plant category in the 15th Industrial Energy Efficiency Project Competition organized by the Ministry of Energy and Natural Resources. Dyo Coating R&D Center became the most successful R&D center in the chemical sector according to the results of "R&D centers performance index" which evaluates all R&D centers.

2015

Continuing to make new additions every year to its sustainability journey, our Group realized the project of Improving Animal Welfare within Pinar Meat in 2015. In December 2015, Bursa Plant, which produces Recycled Packed Natural Spring Water, was opened as Pinar Water. Thus, our recycled product capacity has increased by approximately 70% from 335.000 tons / year to 568.000 tons / year. Pinar Dairy, the first producer of milk and dairy products to take part in CDP (Carbon Disclosure Project) including the water transparency project, ranked first among the volunteers in the CDP 2015 Climate Change Turkey Report.

2016

As an indication of importance has been given by Yaşar Group to sustainability along with economic, environmental and social dimensions, "Productivity Contest" and "Yaşar's Stars Contest" has been combined under the roof of sustainability and has been started with the name of "Yaşar Sustainability Contest".

As of 2016, the UN has launched the new sustainability vision and approach under the Sustainable Development 2030 Goals, in relation to the changing world conditions. This change gave a new direction to Yaşar Group's sustainability journey. We implemented an alignment between the business goals of our Group with the 2030 Development Goals and an update through the studies that we conducted starting from the senior management. Based on these studies, we prepared the Yaşar Group 2030 Business Goals.

We started our sustainability journey with the awareness of protecting a habitable world and a country not just as an economic but also a social and environmental actor. We had the opportunity to redefine, integrate and develop our corporate vision, our values, our business model and our goals within this journey on the basis of sustainability. We adopted an approach that follows and strategically internalizes best practices as well as being responsive to new developments emerging in the world. Apart from our own business models and strategies, we made utmost efforts to disseminate and implement our philosophy of sustainability in our processes, products and services, and more importantly in our stakeholders. Lastly in our sustainability journey, we aligned and identified our own business goals with 2030 Sustainable Development Goals set by the UN in 2015.

Our Sustainability Journey

G4-22

Yaşar Group has a holistic sustainability approach. It carries out its activities in all its companies according to responsible growth approach. This understanding, which is based on the continuous reduction of the adverse effect created in the environment while growing economically, is at the same time under constant control and development with our standards and practices. Our sustainability strategy supported at the highest management level is expanded to all value chain operations through the committees established and the activities carried out.

We are in utmost compliance with our corporate standards and practices in the areas of human rights, gender equality, career development and employee safety throughout our operations in different sectors. We regularly measure our environmental impact through carbon and water footprints and strive to improve our performance every year. We have zero tolerance for bribery or corruption in accordance with our transparent management policy.

We have contributed to the goal of a habitable future with the investments that we have made in civil society and the academic field, and the positive impact we have made, beyond the operation and economic values we have created. We continue to contribute to the development and enrichment of social life through the social, cultural and artistic activities we organize every year. In addition, with the projects and activities carried out in the field of education and sports, we contribute to making future generations professionally stronger, healthier and more advanced.

Sustainable business and value creation approach based on the balance of economic, social and environmental factors is especially the responsibility of the private sector. We also take it as a mission to lead the private sector to become more responsible and effective social stakeholders in our country. The path we have taken and the successful results we receive confirm preciseness and rightfulness of our mission and the effort we have shown in this path. Yaşar Group continues to be a responsible and influential organization that is sensitive to economic, social, cultural and environmental improvements. Our goal is to have reached the 2030 sustainability goals set at the global level in our own organization and in our sphere of influence. We wish that the positive contributions we make for a sustainable world and the future increase every year and establish a precedent in our country and in the world.



Sustainability Priorities

G4-18, G4-19, G4-20, G4-21, G4-23, G4-27

Yaşar Group has updated its sustainability priorities in the course of the past year with a more systematic approach. In this respect, it has carried out a comprehensive prioritization study involving all relevant stakeholders. When Yaşar Group's sustainability priorities are determined, it is taken into consideration of both strategic sustainability priorities and the Yaşar Group's stakeholder companies' priorities.

Sustainability topics that have strategic priorities for Yaşar have been identified after determining the relevant sustainability topics. Then sustainability topics were determined for the stakeholders and "Yaşar Group Materiality Matrix" was established with the conclusion of the results.

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.

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. 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.

Determination of Sustainability Topics That are Material for the Stakeholders

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 and 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:

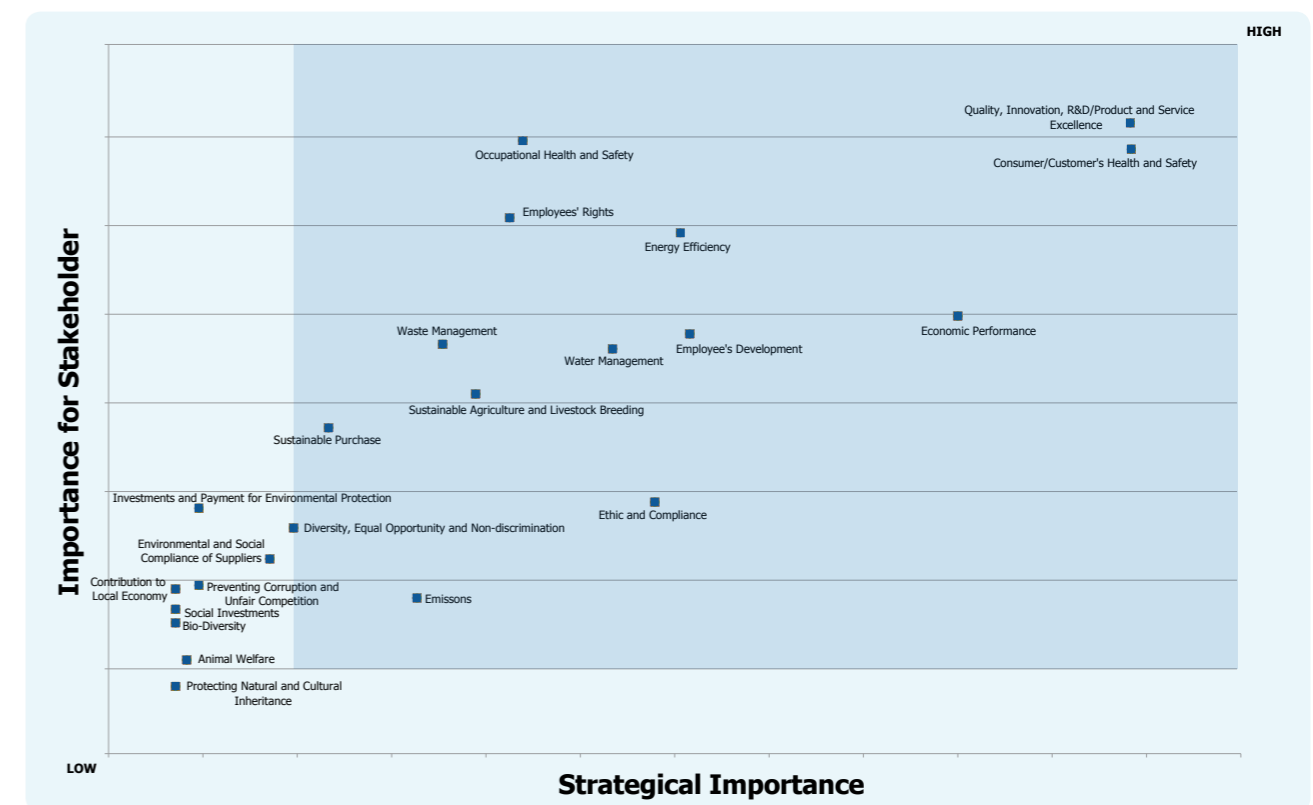
Yaşar Holding	Food and Beverage Group	Coating Group	Tissue Papers Group	Trade and Service Group
Employees (workshop)	Employees (workshop)	Employees (2 workshops)	Employees (workshop)	Employees (workshop)
	Consumers (2 workshops)	Coating Masters (workshop)	Customers (online questionnaire)	Customers* (online 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)		

Sustainability Priorities

G4-18, G4-19, G4-20, G4-21, G4-23, G4-27

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

Yaşar Group Materiality Matrix:



Sustainability Topics

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 Livestock 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 2016 Sustainability Report, the sustainability priorities of Yaşar Group were taken as basis. In the Matrix, all of the high priority topics for the Yaşar Group are included in our report. 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.

Yaşar Group in Brief

Yaşar Group started its journey in modest steps in İzmir in the first years of the Republic of Turkey. Today, Yaşar Group is one of the leading economic actors in Turkey with 21 companies with 4 of them in top 500 in Turkey, 24 factories and plants, 2 foundations and providing job opportunity for 7.500 employees in food and beverage, paint, cleaning papers, tourism, foreign trade and energy sectors with more than 1.000 distributors and 200 thousand sales points. Yaşar Group exports to more than 70 countries and has six companies located abroad.

Offering innovative products that increase the quality of life in every sector it operates and firmly protecting "the pioneer of innovations" title, Yaşar Group continues to exist with values of Holding Consumers and Customers First, Operational Perfectionism, Human Resources, Ethical Management, Environmental and Social Responsibility values with its mission to provide quality products and services that add value to the lives of consumers with its reliable brands.

Our Group, which values and gives importance to social development as well as economic development, supports education, sports, culture and arts with Yaşar Education and Culture Foundation and Selçuk Yaşar Sports and Education Foundation and provides social benefit through the social responsibility projects it carries out. Yaşar University is one of the leading universities of Turkey with the education provided in international norms.

Yaşar Group is committed to maintaining strong business collaboration in all sectors it is involved in and increasing sustainable value. While the Group companies strive for the development of the sectors in which they operate, on the other hand they continue their production in an ethical and environmentally conscious manner, aware of their collective social responsibility.

Considering the interests of all stakeholders in terms of transparency, fairness, accountability and responsibility as adopted by the whole Group, Yaşar Holding constantly monitors its practices in terms of its corporate governance structure and Corporate Governance Principles.

Carrying out humanitarian activities in all areas of life with the responsibilities of corporate citizenship, Our Group works for a sustainable world with the slogan "for a better life". Managing all business processes on the axis of sustainability within this scope, our Group reports these activities as per the transparency principle. Our Group has been publishing Sustainability Reports every year since 2011, having participated in the United Nations Global Compact signatories in 2007 and published the 2009 and 2010 Communication on Progress (COP) Reports under the UN Global Compact framework. The mentioned reports can be found at www.yasar.com.tr

Corporate Profile

Company Name:	Yaşar Holding A.Ş.
Fields of Activity:	Food-beverage, paint, agricultural production, cleaning papers, trade-services, energy
Number of Employees:	7.500
UN Global Compact Membership Date:	12 November 2007
Address:	Şehit Fethi Bey Cad. No:120 35210 İzmir, Türkiye
Name and Title of Contact Person:	Dilek EMİL, Coordinator, Corporate Affairs
Contact Information:	Tel: 0 312 294 92 00 / E-mail: dilekemil@yasar.com.tr

Yaşar Holding - Board of Directors

Mustafa Selim Yaşar	Yaşar Holding	Chairperson
Feyhan Yaşar	Yaşar Holding	Vice Chairperson
İdil Yiğitbaşı	Yaşar Holding	Vice Chairperson
Yılmaz Gökoğlu	Yaşar Holding	Board Member
Cengiz Erol	Yaşar Holding	Board Member
Mehmet Aktaş	Yaşar Holding	Board Member

Yaşar Group - Top Management

Mehmet Aktaş	Yaşar Holding	Chief Executive Officer (CEO)
Hikmet Altan	Yaşar Holding	Executive Vice President - Chief Finance Officer (CFO)
Levent Dağhan	Yaşar Holding	Executive Vice President - Head of Food Group
Cüneyt Başbakkal	Yaşar Holding	Vice President - Foreign Trade
Sinan Gerçek	Yaşar Holding	Vice President - Information Systems
Hasan Girenes	Yaşar Holding	Vice President - Agriculture, Livestock and Fisheries
Serdar Oran	Dyo Coating	Vice President - Dyo Coating and Dyo Coating Foreign Subsidiaries
Senem Demirkan	Yaşar Holding	Coordinator - Capital Markets ⁽¹⁾
Kamil Deveci	Yaşar Holding	Coordinator - Internal Audit and Risk Management ⁽²⁾
Dilek Emil	Yaşar Holding	Coordinator - Corporate Affairs
Seçkin Şenol	Yaşar Holding	Coordinator - Budget Control and Analysis ⁽²⁾
Turgut Sarıoğlu	Food Group	Coordinator - Logistics and Special Projects
Abdullah Akçasız	Viking Tissue	General Manager
Gürkan Hekimoğlu	Pınar Dairy	General Manager
Hüseyin Karamehmetoğlu	Pınar Water	General Manager
Orhan Koral	Altın Yunus	General Manager ⁽⁵⁾
Suat Özyiğit	YBP	General Manager
Erhan Savcıgil	Pınar Dairy	Coordinator - R&D and Technology
Arda Cenk Tokbaş	HDF FZCO	General Manager
Tunç Tuncer	Pınar Meat	General Manager
Mehmet Aykırı	Yaşar Holding	Director - Corporate Communications
Özgün Bayraktar	Yaşar Holding	Director - Real Estate Projects
Filiz Ergin	Yaşar Holding	Director - Human Resources
Gözde Kınlı	Yaşar Holding	Director - Internal Audit ⁽³⁾
Okan Netek	Yaşar Holding	Director - Financial Affairs ⁽⁴⁾
Aslı Yılmaz	Yaşar Holding	Director - Corporate Finance and Reporting ⁽³⁾

(1) until 29.02.2016 (2) until 31.03.2017 (3) as of 01.04.2017 (4) as of 02.05.2016 (5) as of 13.06.2016

Corporate Profile



	Pınar Süt Mamülleri Sanayi A.Ş. (Pınar Dairy)	Pınar Entegre Et ve Un Sanayii A.Ş. (Pınar Meat)	Pınar Su Sanayii 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	İzmir	İzmir	İzmir	İzmir	İzmir
Factory	İzmir, Eskişehir, Şanlıurfa	İzmir	Aydın, Sakarya, Isparta, Bursa	İzmir, İstanbul, Antalya, Bodrum/ Muğla, Adana, Ankara, Trabzon (1)	İzmir, Manisa(2)
Total Capacity	675.000 ton/year raw milk in processing	58.000 ton/year	1.988.000 ton/year	324.250 ton/year(5)	335.000 ton/year
Brands	Pınar	Pınar, Doyum, Yörük	Pınar	Pınar, Nar'ca, Maxwell, Detay, Mars	Çamlı, Pınar Balık, Biofarm, CoolDog, Bioaqua, Çamlı Çiftliği
# of SKU	300	500	17	720	396
Employment	1.150	1.121	502	888	467
Distribution and Service Network	via YBP	via YBP	415 dealer, 19 distributor	Approx. 100 dealer, Approx. 150.000 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	Middle East and Gulf Countries, Russia, Turkic Republics, EU Countries, USA, Northern Cyprus	EU Countries, USA, Middle East and Gulf Countries, Russia, Turkic Republics, Far East, Northern Cyprus, Australia, Canada	EU Countries, Gulf Countries, USA, Balkan Countries, Asia, Northern Cyprus, Middle East, Turkic Republics, North America, Australia		EU Countries, Middle East and Gulf Countries, Russia, USA, Far East



	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 Energy)
Publicly Traded	✓	✓	✓		
Foundation Year	1954	1969	1974	1983	1996
Headquarter	İzmir	İzmir	İzmir	İzmir	İzmir
Factory	İzmir, Kocaeli, Manisa	İzmir	İzmir	İzmir(4)	İzmir(3)
Total Capacity	260.000 ton/year	45.800 ton/year	1.021 person/ accomodation		158 million kWh/ year
Brands	Dyo, Dewilux, Casati	Premia, Lily, Senso, Select, Pufla		Astron	
# of SKU	15.700	125			
Employment	1.074	371	213	110	22
Distribution and Service Network	800 dealer + 167 construction market	300 dealer + Direct Customers			All of Turkey, mainly the 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, Central Asia Republics, Middle East and Gulf Countries, Africa	EU Countries, Central Asia Republics, Africa, Central America, Middle East and Gulf Countries	Germany, Balkans, UK, Greece, Scandinavian Countries, Iran, Baku, Gulf Countries, Russia (6)		

(1) Regional Directorates (2) Factories & Plant (3) Plant (4) Offices (5) Total Sale Amount (6) Customers' Country Origins

Important Developments (2016)

PINAR DAIRY

- By January 2017, Pınar Dairy has taken the R&D Center into operation in a timely manner in accordance with the decision taken in 2016 to establish an R&D Center.
- Continuing to work without sacrificing high quality standards with its products offering health and taste together, Pınar Dairy introduced 13 new products and 59 new product packages to the sector in 2016.
- Pınar Go Cheese Series and Pınar Açıtır Sliced Cheese were presented to consumers.
- In 2016, several renovation investments were made in İzmir and Eskişehir Plants in order to increase operational efficiency.
- CDP Turkey Climate Leader Award and CDP Turkey Water Leader Award were deemed.

PINAR MEAT

- In 2016, automation was started in the production of sliced products and a fully automatic packaging line was set up instead of manual packaging at the end of the line. Thus, a significant improvement in labor, energy and production efficiency has been achieved.
- Pınar Meat, giving priority to products with high competitiveness and added value, presented 41 new products, 22 retail, 13 special customers, 3 exports and 3 COH in 2016.
- 20 product studies were carried out in accordance with the energy, sodium and saturated fat limits determined for school canteens by the Ministry of Health. It has been decided that 8 of these new products will be released on the market.
- As a requirement of TSE EN ISO 14001 Environmental Management System, environmental impact inventory studies were carried out at all units in Pınar Meat facilities. For an area of about 10.000 m², the insulation-free roofing material was replaced by an insulated roofing material.

PINAR WATER

- Pınar Water took its 4th plant into operation Bursa İnegöl in 2016 with the brand name "Uludağ Kaynağı". In the new facility, there are production lines with dispenser size and pet bottle packaging. With this investment, Pınar Water increased its production capacity by 29%.
- In 2016, investments were made especially in the Aydın Bozdoğan Madran Plant for efficiency. The palletization work, which was partly manual, has been fully automated with the robot investment on the bottling lines, and the capacities and productivity of the lines have been increased. In the same way, the manually operated bottle feeding process was automated by investing on a depaletizer for the 0,33L and 0,75L glass line. Thus, by increasing the line capacity, the line was made more efficient.
- Transparent PC panel roof systems were provided in Pınar Water Bursa for maximum use of daylight. This has saved 38,3 kW/h of energy. By the improvement in the dispenser size bottle cleaning line steam system in the same facility, energy and LNG consumption has been reduced by approximately 45,7%.
- Lighting systems in all facilities have been designed and implemented as LED with the aim of giving less harmful radiation to the environment, the plant lighting costs have been reduced and energy efficiency has been achieved.

ÇAMLI FEED

- Çamlı Feed Manisa Turgutlu Plant, which is under construction as of 2016, is planned to come into operation by the end of 2017. The new factory, which will produce in vertical and modern system, will provide 15% lower energy consumption with energy efficient equipment use and factory automation systems that increase operational efficiency. The facility will be the most modern feed factory in Turkey equipped with the latest technology. It will contribute to the newly built region in economics, trade and employment.
- For the first time in Turkey, Çamlı Feed has been certified as Sea-Friendly by Friend of the Sea, a non-governmental organization aiming to protect the habitat of the seas and oceans all over the world, by taking full score on environmental impact assessment of full-scale integration from larvae production to packaging.

YBP

- In December 2016, Vodafone measured the digital index of the YBP. We have been informed by Vodafone the average the measurements made in CAP 500 firms in Turkey was 68%. In the measurement made without including planned and ongoing projects and developments, the digitization index of YBP was 76%, which is higher than the Turkey average. This situation is important in order to provide a significant competitive advantage among the companies during the digital era.
- In 2016, YBP has signed an important collaboration in the field of sales and distribution with Mars, one of the world's leading chocolate and confectionary producers. Within the framework of this cooperation; Mars's selected chocolate and confectionary products will be delivered to consumers all over Turkey through the experienced sales and distribution network of YBP, bringing Mars's most preferred products to consumers.
- In order to increase customer satisfaction and to allocate more time to customers, pilot flexible working arrangements have been initiated in which the field staff can operate independently of the place with digital infrastructure support.
- Changes were made in organization and business models in order to provide customer satisfaction and cost advantage in line with the changes in market structure in 2016. Depending on the performances of the dealership areas, some regions were transferred to YBP sales management and YBP sales teams, channel performance were increased and customer special focuses were provided with the establishment of central sales organisations, changes made in logistics companies in some regions and smart logistics model were introduced.

DYO COATING

- Dyo Coating was granted the 2016 Turkish Excellence Award in the category of Large Enterprises given by KalDer, the most prestigious award in the business world in quality. Dyo Coating, being the first company to implement the EFQM Excellence Model by participating in the National Quality Movement in 2013 and implementing EFQM Excellence Model in paint industry by making it an indispensable part of the institutional culture over the years, has been awarded for excellence in its products and services.
- With the contents of "Value for Tomorrow" Corporate Social Responsibility Project, education contents giving information about color, use of space, heat and light elements were provided to 25.000 people who were studying in 2nd, 3rd and 4th class through 1.025 education sessions at 66 schools in 10 cities during the 2015-2016 school year and also 1.018 teachers were reached.

Important Developments (2016)

DYO COATING

- Within the project "Value for the Mastership" under the framework of the "Value for the Future" project, Mimar Sinan Fine Arts University delivered 1.300 hours of training to 219 painters from 10 cities. With this training, the painters with professional competence certificate had the chance to make color and space composition through the eyes of an architect.
- Dyo Coating broke new ground in Turkey with "Value for Schools" project within the scope of "Value for the Future" and prepared the School Painting Guide with a scientific content. The School Painting Guide, which includes color and paint options in terms of color, space, light, etc., has been sent by the Ministry of Education to 20.000 schools throughout Turkey to increase and improve the quality of school spaces where children spend most of their time. In addition, the prepared guide was shared with one million teachers.
- Dyo Coating painted 10 schools in 10 cities, Adana, Ankara, Antalya, Bursa, Gaziantep, Istanbul, Izmir, Kocaeli, Samsun and Trabzon, as an application example of the School Painting Guide accepted by the Ministry of Education. Within the scope of the project, 120 painters with professional competence certificate, who have received the training from Mimar Sinan Fine Arts University, prepared the schools for the new academic year by painting them with 34 tons of paint in such a short time as a month.
- In 2016 at the Dilovasi Plant, vibratory dry bag filter system investment has been finished to be used instead of the existing aqueous dust collection system, to reduce the amount of water footprint Blue water and Gray water.
- The ISO 27001 Information Security Management System certification studies, which began in 2015 at Dyo Coating, were completed in 2016 and certified by Bureau Veritas.

VIKING TISSUE

- In 2016, Viking Tissue decided to start selling "commercial products" through product differentiation within the scope of sustainable competition strategy.
- Viking Tissue became the first company in Turkey to be awarded the internationally valid BRC and Hygienic Product GC MARK certificates given to industrial cleansing paper manufacturers that have proven to produce quality, safe and legally acceptable products across Europe, as a result of audits carried out by DQS, a German certification body with 88 offices in 60 countries worldwide.

ALTIN YUNUS

- Altın Yunus was awarded "Green Star" Certificate due to the activities in energy consumption, waste water filtering, recycling and cleaning environment. "Green Star" is given to eco-friendly accommodations as a green brand by the Ministry of Culture and Tourism under "Eco-friendly Accommodation Facility" project within the scope of "Sustainable Tourism" policy.
- The pool area at well-being centre of the hotel is being climatized with aircondition plant installed in 2016. This plant heats from the waste water during winter and cools through waste reverse osmosis during summer which works with frequency converter ventilator. The plant has become a place where minimum energy meets with maximum utility.

DESA

- In 2016, capacity increase was achieved through the 3rd Gas Turbine Commercial Investment. With this capacity increase, it is aimed to meet the increasing needs of the companies buying service from Desa Energy.

Our Awards

- Pinar Meat, Pinar Dairy and YBP recieved a gold medal on Tax Payment Award in tax competition which is given by the Izmir Chamber of Commerce,
- Pinar Meat, Pinar Water, Pinar Dairy, Viking Tissue and Çamlı Feed were awarded Gold Medal in foreign currency Izmir Chamber of Commerce, Tax Gold medal in the award category "foreign exchange"
- World Dairy Innovation Award 2016: The Pinar Pistachio Breakfast Cream was granted "Category Champion" award in the 10th World Dairy Innovation Award 2016, which rewards each year the excellence and innovations of the global dairy products industry, the most well-known brands and the most ambitious new firms in the sector. In the contest where 18 different awards were granted, Pinar Pistachio Breakfast Cream was deservedly awarded by leaving all finalists behind in category "Best Butter / Dairy Spread". Also in the competition, Pinar GO Cheese Series was rated in "Best New Cheese" category as 2016 FINALIST.
- ITQI Superior Taste Awards 2016: Pinar 100% Apple Juice was granted 2016 Superior Taste Award 2 Golden Star, Pinar Labne was granted 2016 Superior Taste Award 2 Golden Star and Pinar Strained White Cheese was granted 2016 Superior Taste Award 2 Golden Star.
- Silver Award in Stevie International Business Awards: "International Pinar Kids Painting Competition" was granted Stevie award in Social Responsibility Project category in Europe.
- Bronze Medal in Crescents and Stars of Packaging Competition 2016: Pinar GO Series was granted the "Bronze Award" in the food category in Crescents and Stars of Packaging Competition 2016.
- Institutions Adding Value to the City Award: Pinar and Yaşar Holding took the first two places and was granted the award of the institutions that added value to the city in the "Research on the Value Adding Company to Izmir" conducted by Marketing Türkiye and Akademetre Research Company.
- 2 Awards from Carbon Disclosure Project (CDP): Pinar Dairy Carbon Disclosure Project – According to the results of Carbon Disclosure Project (CDP) Turkey "2016 Climate Change Report" and CDP Turkey "2016 Water Program Report", Pinar Dairy has been awarded both "CDP Turkey Climate Leaders Award" among the companies giving an outstanding performance on "Fighting Against Climate Change" and "CDP Turkey Water Leaders Award" among the leading companies in water management.
- Integrated Marketing Awards, The Most Successful Brand of the Year in Food Industry: In Integrated

- Marketing Awards with respect to the "Reputation and Brand Value Performance Measurement" research conducted by Marketing Türkiye and Akademetre Research Company within 43 categories of the sector in that year, Pinar was granted 2016 Most Successful Brand Award in Food Industry.
- 28. Crystal Apple: Pinar Yoghurt's Flowerpot Campaign was granted 2 Crystal Apple / Bronze Awards in Digital Campaign Fast Consumption and Social Media categories in the 28th Crystal Apple competition.
- Integrated Marketing Awards, The Most Successful Brand of the Year in Food Industry: In Integrated Marketing Awards with respect to the "Reputation and Brand Value Performance Measurement" research conducted by Marketing Türkiye and Akademetre Research Company within 43 categories of the sector in that year, Pinar was granted 2016 Most Successful Brand Award in Food Industry.
- Dyo Coating was granted Turkey Excellence Award in KALDER 2016 in Large Enterprises Category.
- Dyo Coating, Crystal Apple: Dyo National Team sponsorship campaign was granted the Crystal Apple Bronze Award in radio use and sponsorship applications categories with "Dyo Turkey Red and White" project campaign.
- Altın Yunus was granted "Green Star" certification issued by T.R. Ministry of Culture and Tourism due to its' activities in energy consumption, waste water treatment, recycling and environmental cleanup.
- Holiday Check, a travel platform visited by 25 million German citizens a month from the internet, was awarded the "Quality Award" based on the satisfaction rate of Altın Yunus guests.
- Dyo R&D Center, the first awards of 2012 and 2013, followed by its performance in 2015, with the Most Successful R&D Center of the Industry. Organized by the Ministry of Science, Industry and Technology In September 2016, Dyo Coating recieved the 5th Private Sector R&D Centre award in chemistry sector and also Turkey's most successful 9th R&D Center award as well.
- Viking Tissue was awarded with BRC CP Certificate and Hygienic Product GC Mark Certificate.
- According to the results of "Corporate Social Responsibility Research" conducted by Capital Magazine and GFK research company, Honorary President of Yaşar Group Selçuk Yaşar was selected as one of the first 5 most responsible leaders.
- Organized under the main sponsorship of Kariyer.net, Yaşar Holding recieved 6th time Humanitarian Respect Award in the Human Resources Summit.

Compatibility with Sustainable Development Goals

In this reporting period, the new SDGs¹, which we consider as the main reference for our sustainability review, was announced as a joint statement by UNGC², WBCSD³ and GRI⁴ in November 2015.

With this statement, tools that the business world may use when they carry out compatibility studies with new goals have also been presented under the SDG Compass⁵. This guide simply expresses the way the business world needs to follow. According to this;

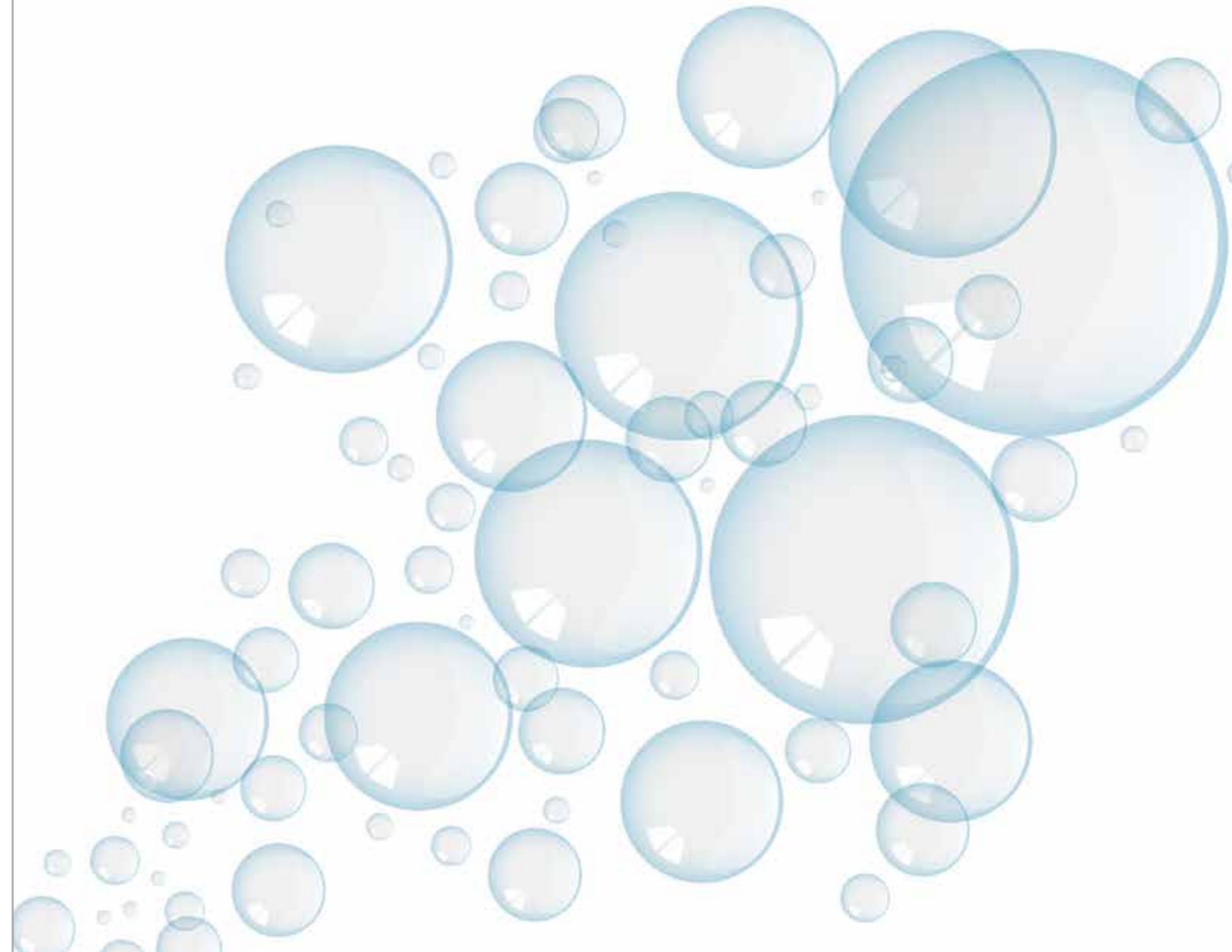


¹SDGs: Sustainable Development Goals
²UNGC: United Nations Global Compact
³WBCSD: World Business Council for Sustainable Development
⁴GRI: Global Reporting Initiative
⁵SDG Compass: Guiding internet site where the methods and tools necessary for ensuring compatibility with the new SGD can be found collectively for the use of business world (sdgcompass.org)

As Yaşar Group, we followed these steps to analyze the relationship and interaction of our corporate achievement goals in our societal value-adding business areas with the new sustainable development goals; and thus tried to determine our future strategies and to ensure that these strategies are in line with our common future.

As Yaşar Group, we developed our final roadmap by linking key performance indicators (KPIs) valid for each of our companies with new sustainable development goals (SDGs) through rigorous work, together with the common strategies we have developed based on the founding values of all our companies.

As a result of these efforts, we can now proudly say that the future goals of the Yaşar Group are in line with the 2030 goals of the world.



Compatibility with Sustainable Development Goals

Starting Movement

At world scale we have been experiencing probably the most intense period of journey of sustainable development for the last three years. While waiting the announcement from United Nations on new sustainability goals with great hope and impatience for humanity in November 2015, we had been already started the preparations of movement that will enable us to be compatible with these new goals.

United Nations' new sustainable development objectives for more habitable world, has been announced the whole world with "Tell everyone we have a plan"¹ motto and supported with many interpretational and guiding sub documents later on this period. In the

development of new sustainability literature, seeing increasingly continuing experience shared from corporate and individual stakeholders on public, private and civil areas, makes us more hopeful for future.

Similarly, we have experienced one of the most intense and most productive periods of our sustainability journey as Yaşar Group with all our companies in the fourth quarter of last year. Due to our sustainability movement was in progress, we unfortunately could not mention this topic in our 2015 sustainability report.

Understanding The New Sustainability Goals

In recent period, understanding and properly deciphering of new sustainable development goals was the most discussed topic amongst other. We have already seen mismodelled initiatives from the scratch and inevitably failed due to shallowly interpreting 17 objectives² and took lesson from this situation. Instead of working in rush and without strong backbone, we thoroughly reviewed new objectives including 169 sub-indication and discussed whole concept with all of our internal stakeholders meticulously.

In result of this review, we agreed on the fact that compatibility studies of each company and even each businesses and premises within each company towards new objectives, shall be executed independently, rigorously and detailed. In order to accomplish these detailed analysis, we firstly organized trainings where new goals have explained to leader people from every company and every business level.

	Yaşar Holding		Pınar Dairy				Pınar Meat		Pınar Water		YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy
TRAININGS	Yaşar Holding	Pınar Dairy	Pınar Meat	Pınar Water	YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy						
Basic Concepts of Sustainability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SDG Goals and Alignment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GRI-G4 Reporting		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate KPI Training		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Following those trainings, our leader people along with other employees has started pre-studies to analyze business goals for their organizations and to determine relationship with new objectives.

¹En. "Tell everyone we have a plan."

²(01) No Poverty (02) Zero Hunger (03) Good Health and Well-Being (04) Quality Education (05) Gender Quality (06) Clean Water and Sanitation (07) Affordable and Clean Energy (08) Decent Work and Economic Growth (09) Industry, Innovation and Infrastructure (10) Reduces Inequalities (11) Sustainable Cities and Communities (12) Responsible Consumption and Production (13) Climate Action (14) Life Below Water (15) Life on Land (16) Peace and Justice Strong Institutions (17) Partnership For The Goals

Compatibility Analysis and Alignment

As we mentioned before, compatibility studies towards new goals, must be executed individually for each company and premises. Therefore, the Group's Enlarged Sustainability Committee and experts visited so many businesses along with their leaders people on-site and shared the consideration points on compatibility inspections.

Thanks to those productive on-site visits, understanding new goals including sub-indications was facilitated throughout the Group companies and in the following period effective participation provided from every stage of employees.

	Yaşar Holding		Pınar Dairy				Pınar Meat		Pınar Water		YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy
SITE VISITS	Yaşar Holding	Pınar Dairy	Pınar Meat	Pınar Water	YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy						
Administrative Units	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Production Units		✓	✓	✓		✓	✓	✓	✓			✓	✓	✓			

After the visits, leader people of companies from every level and function has gathered at Community Center and reviewed Yaşar Groups' key achievement indicators³ and also analyzed compatibility of those indicators with Holding's new sustainable development objectives.

Additionally, following this study, key achievement indicators also reviewed within the frame of business for each company and some strategies developed for alignment.

	Yaşar Holding		Pınar Dairy				Pınar Meat		Pınar Water		YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy
OPERATION	Yaşar Holding	Pınar Dairy	Pınar Meat	Pınar Water	YBP	Çamlı Feed	Dyo Coating	Viking Tissue	Altın Yunus	Astron	Desa Energy						
Group SDG-KPI Alignment Analysis	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Group SDG-KPI Alignment Analysis																	
Company Sustainability Committees		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Company Management (GM Level)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

In this report, you can find the results of studies executed for compatibility and alignment of Yaşar Groups' key values and key achievement indicators at Group level with new sustainable development goals. Besides, in following months of current year, each of our companies will continue to share individual compatibility and alignment studies from many different channels.

³(1) Caring For Business (2) Caring For Society (3) Caring For Employees (4) Caring For Environment (5) Caring For Business Partners

Caring For Business

Sharing Our Corporate Values

During the year 2016, as a means of taking good care of work, Yaşar Group accelerated its efforts to identify existing KPIs in one-to-one relation to sustainability and if needed within the SDG framework, define new sustainability KPIs to include them in the performance system.

The business success and healthy economic development of the Group, which creates a vast employment and quality value for the country, will depend on the distance to be covered, as specified in the relevant SDGs.

It is clear that the concept of taking good care of work within this framework can be nourished by overseeing compatibility through studies on gender equality in global dimension, reducing inequalities, decent work and economic growth, industry, innovation and infrastructure, responsible consumption and production and climate action.

In the compatibility analyzes conducted, it was noted that Yaşar Group's past performance in this area showed compatibility with today's global targets. In particular, the Group's understanding of business ethics and the corporate values it has established for this purpose, and the structure that it stands on, are in line with many elements expressed in the SDGs.

In the future, our Group will gain momentum in the development of this structure by adhering to its own values with detailed arrangements. It is known that the ethical values of the group are still valid in all companies. However, in the next period, it has been accepted as a priority issue that the values should be extended to cover all suppliers and business partners.

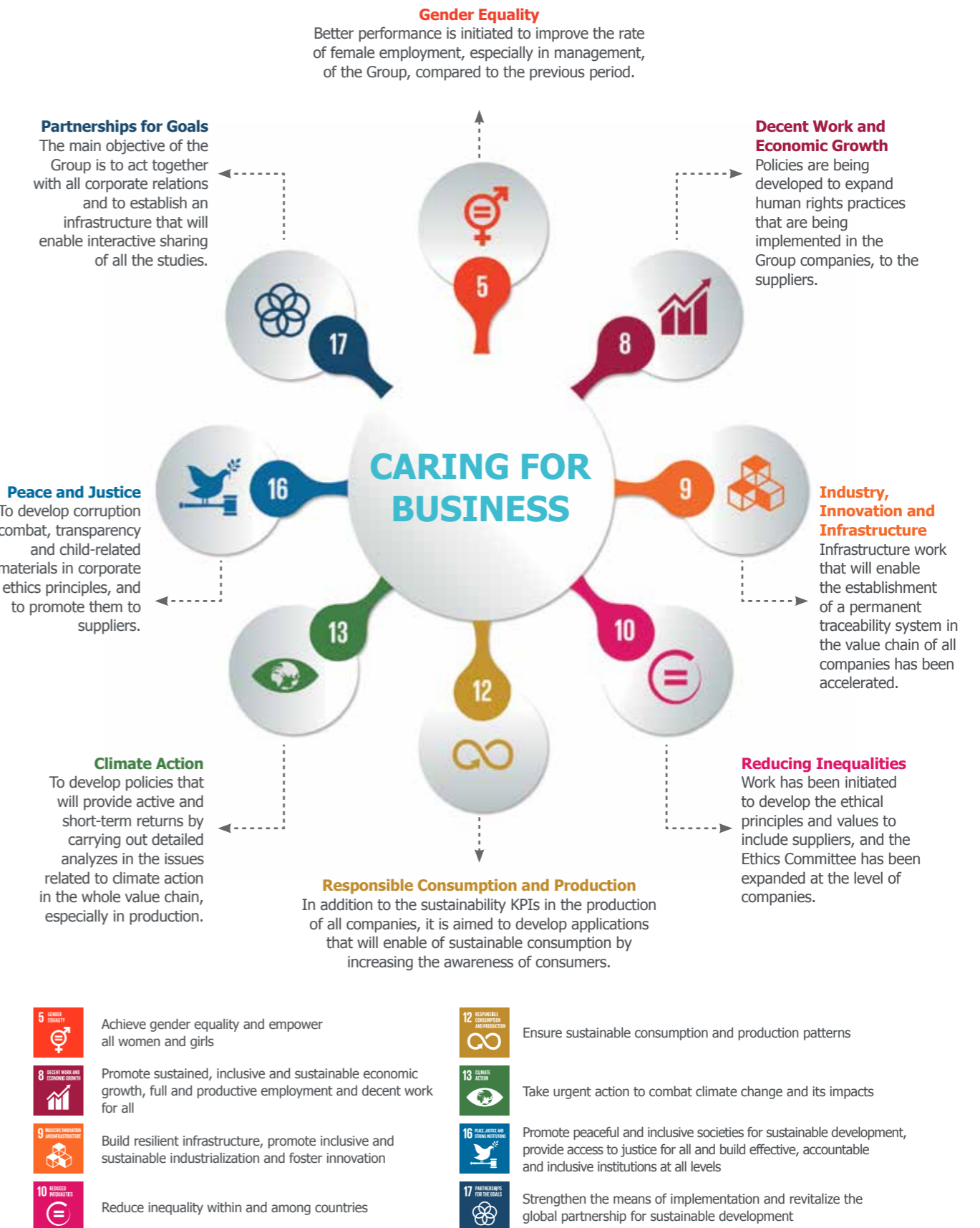
It has been decided to implement strategic policies in order to spread the contribution of the values of the Group to global targets to suppliers and all business partners. In this context, it is aimed to increase the effect of the Group Ethics Line and the Ethics Committee in the business area as more active, decisive and guiding in the future.

It has also been agreed in principle that the KPIs of the Group for sustainability are developed beyond legal legislation and that the main pillar of this development is designated as SDG in principle.

These initiatives, which the Group has launched in 2016, have gained momentum with industry matrices that the Global Compact announced in early 2017. Starting from this year, it has been aimed to share examples of best practices of the Group with all business partners and suppliers primarily in the fields of food production, beverage and consumer products industries, as well as chemical production and industrial production areas.

It is at the forefront of Yaşar Group's ultimate goals to expand the performance that it seeks to capture in its business partners and suppliers, embodied with business success, to industries with partnerships developed by corporate affairs.

Caring For Business and SDG Compatibility



Caring For Society

Increasing Our Social Projects

Yaşar Group's understanding of taking good care of the community and consumers is a collection of values not only confined to the presentation of products and services in a healthy and reliable manner but also complemented by the corporate citizenship awareness of the Group and its performance.

Since the first day, as a foundation value of the Yaşar Group, protecting the social and individual health of all products and services has been regarded as an unconditional priority in all group companies.

The quality understanding of the Group companies, the research and development studies for the continuous development of this quality and the innovative business sense which is the result of these studies are again in line with the business sense of the global development goals.

However, it is clear that the understanding of taking good care of the community and consumers can not be perceived by Yaşar Group as narrowly as offering healthy products which should already be regarded as a necessity. Beyond this, all needs of the community need to be followed and understood. In all the geographical areas served, it is among Yaşar Group goals to provide the necessary conditions for consumers and customers to have access to products and services that meet the needs of the times with an equitable understanding.

Within this scope, the World Health Organization has given priority to the development and marketing of products with content intended to remove problems related to cancer, cardiovascular diseases and obesity within the context of the prevention of noncommunicable diseases.

Yaşar Group pursues and supports the social activities that are being carried out in the areas and locations where it operates as a requirement of corporate social responsibility. In addition, Group companies develop unique corporate social responsibility projects within the scope of their activities and are involved in shared initiatives to expand these projects. On the other hand, it is also aimed that our companies develop societal projects starting from educational institutions, in collaboration with Yaşar Education and Culture Foundation.

Taking good care of the community and consumers is understood to cover all stages of the value chain. In the paint group, both community health and environmental protection are targeted with the increase of sector professionals and consumer awareness; in food, agriculture and livestock area, the marketing of healthy products is targeted while the sustainable understanding of agriculture is supported with the development of the farmer. In the presentation of other commercial activities, work is being done to raise awareness of both the consumer and all suppliers and business partners.

Caring For Society and SDG Compatibility



- 2 END HUNGER** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 3 GOOD HEALTH AND WELL-BEING** Ensure healthy lives and promote well-being for all at all ages
- 4 QUALITY EDUCATION** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 5 GENDER EQUALITY** Achieve gender equality and empower all women and girls
- 6 CLEAN WATER AND SANITATION** Ensure availability and sustainable management of water and sanitation for all
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Ensure sustainable consumption and production patterns
- 17 PARTNERSHIPS FOR THE GOALS** Strengthen the means of implementation and revitalize the global partnership for sustainable development

Caring For Employees

Supporting Women Employment

Starting from the day it was established, Yaşar Group knows that its most valuable asset is its internal stakeholders, its employees, with which it builds together a better future. Our Group has organizations in almost every sector in which it operates that were first to recognize the basic rights and health and safety of their employees, and their right to organize unions.

The concept of “decent work” that the United Nations has consistently expressed in its development targets and in the main and sub-texts of the Global Compact, has been accepted by Yaşar Group as a fundamental principle since the day it was founded. At Yaşar Group companies, employees have been working as a union member in Pınar Dairy since 1976, Dyo Coating & Pınar Meat since 1985 and Viking Tissue since 2013.

Yaşar Group is aware that both economic development and quality product development activities and supply for the community can only be achieved through the corporate commitment and continuity of its employees. At this point, we would like to express our pride that our employees support Yaşar Group with both voluntary and voluntary participation in the development of both economic and social benefit.

Our Group, which does not hesitate to include all the advanced applications that can be accessed in the areas of occupational health and safety, also treats the personal and professional development and volunteer mentality of the employees within this scope. It is the

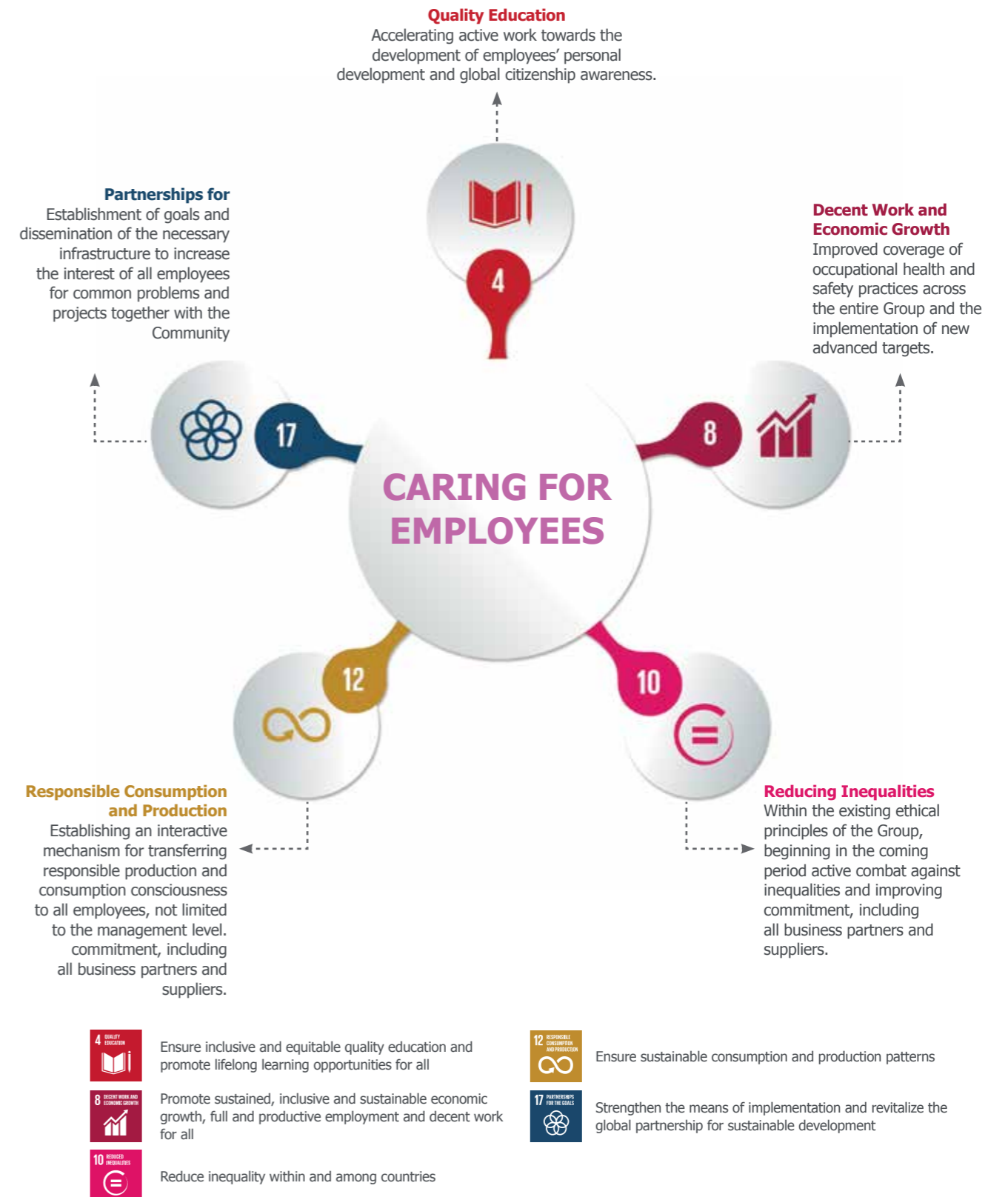
philosophy of Yaşar Group that the health and safety can be achieved not only with physical protection equipment but also with the support in personal and social activities and developments of the employees.

It is noteworthy that this year as well as in the past years, in all the corporate social responsibility projects undertaken by the Yaşar Group companies, all Group employees have been voluntarily and actively involved in all phases of field work, starting from design and development of the projects. Yaşar Group employees are actively involved in informing our customers and the whole community about the correct consumption of these products and services to the extent that all of our products and services are consistent with quality, environment and human health and are committed to continuous production.

In the sincerity of this participation motivation, the clear approach of Yaşar Group to ensure the employment of qualified and sustainable women with an egalitarian mentality fighting discrimination both in its own society and in its business partners is also effective.

On the other hand, it has been understood the mental participation of employees is a prerequisite for the organizations today to ensure their compatibility with sustainable development goals and work in line with these goals. Rapid adaptation of Yaşar Group to new sustainable development goals has also been possible through active participation of its employees and their qualified analysis and guidance.

Caring For Employees and SDG Compatibility



Caring For Environment

Protecting Water Sources

United Nations Secretary General Antonio Guterres stated that by 2025 two thirds of the world's population will suffer water shortages and emphasized the importance of pursuing all other sustainable development goals and developing constructive strategies accordingly. As Yaşar Group, we believe that humankind has the power to change this negative picture. Humanity, with its intellectual capacity and its industrial and technological opportunities, has features that will make the world a viable, sustainable planet. We believe this since the day of our foundation and work in commitment to these fundamentally created values.

Yaşar Group follows business processes including raw material procurement, pre-production, production, post-production and packaging disposal, and recognizes the carbon and water footprint reduction activities as a goal across the Group to reduce the environmental impact all products and services. For Yaşar Group, taking good care of the environment is the basic human condition of leaving a habitable planet for the future beyond the fulfillment of legal obligations.

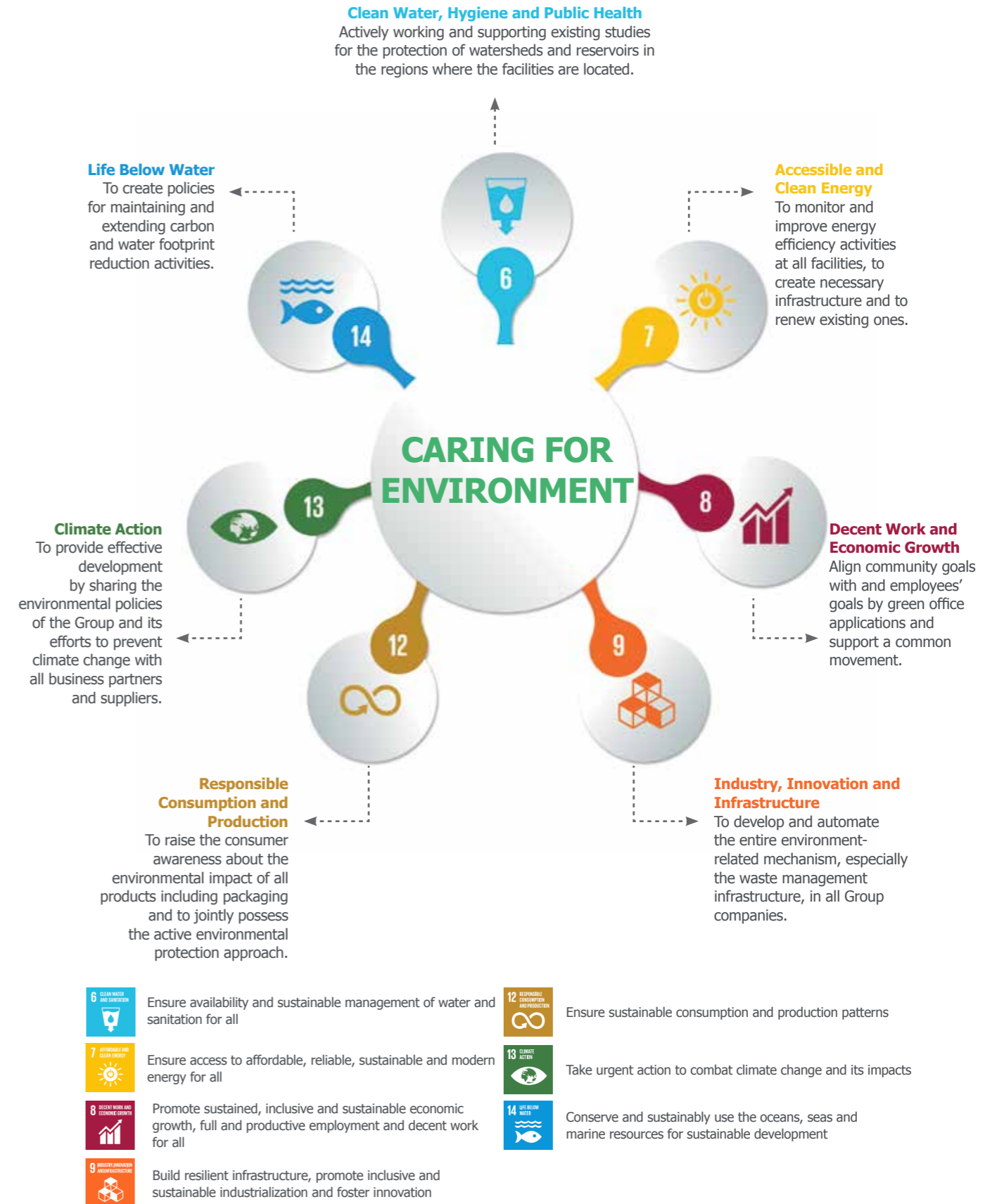
We are pleased to note that today's technology and industrial improvements provide unlimited possibilities for businesses to reduce their carbon footprint, and that global policies and business conduct support these investments. Unlike this, however, the issue of "protection of water resources" is expected to create a radical change in the specific strategic approach and understanding of doing business. Today,

the business world needs to make strategic decisions to protect water resources, seek ways to bring these decisions up to support the main policy, and perform without despair. Starting from its foundation, Yaşar Group is investing in fields of agriculture, food, water and hygienic products which are basic needs for humanity. With this attribute, Yaşar Group also realizes the adverse effects of human environmental interactions on the first hand and believes that if humankind behaves in harmony with the environment, it can guarantee its sustainability together with the planet and all other living things.

With the simplest point of view, knowing that our existence depends on the existence of planet Earth for hundreds of generations to the extent that humanity covers the entire population, Yaşar Group, with its employees, is working for the environment and considers it not as a sacrifice but as an obligation.

In all companies of Yaşar Group, protection of water resources in the geographical areas where businesses are located, reduction of carbon footprint, protection of energy with green office applications and zeroing of production waste are the applications developed together with the employees.

Caring For Environment and SDG Compatibility



Caring For Business Partners

More Sharing of Our Experience

The creation of a sustainable world and decent work and economic development can only be achieved through the common effort of the entire business community. With this cumulative action, it is of utmost importance for Yaşar Group to have a target union with the business partners and to act jointly with responsibility consciousness while producing and consuming.

Working on sustainability can not be possible with an easy business mentality. Sustainability also requires an additional performance as well as reshaping our work we are currently doing with a different understanding. Yaşar Group believes in this performance with sincerity.

However, we are also aware that for some development and applications, neither our customers nor our business partners may have additional performance. In these situations, we are making pioneering practices as Yaşar Group and we share our experience with our customers and our business partners.

As Yaşar Group, we consider all of the elements and actors in our value chain to be our performance partners for a better future, and we are creating channels to motivate them to develop positive actions and bring them into their lives.

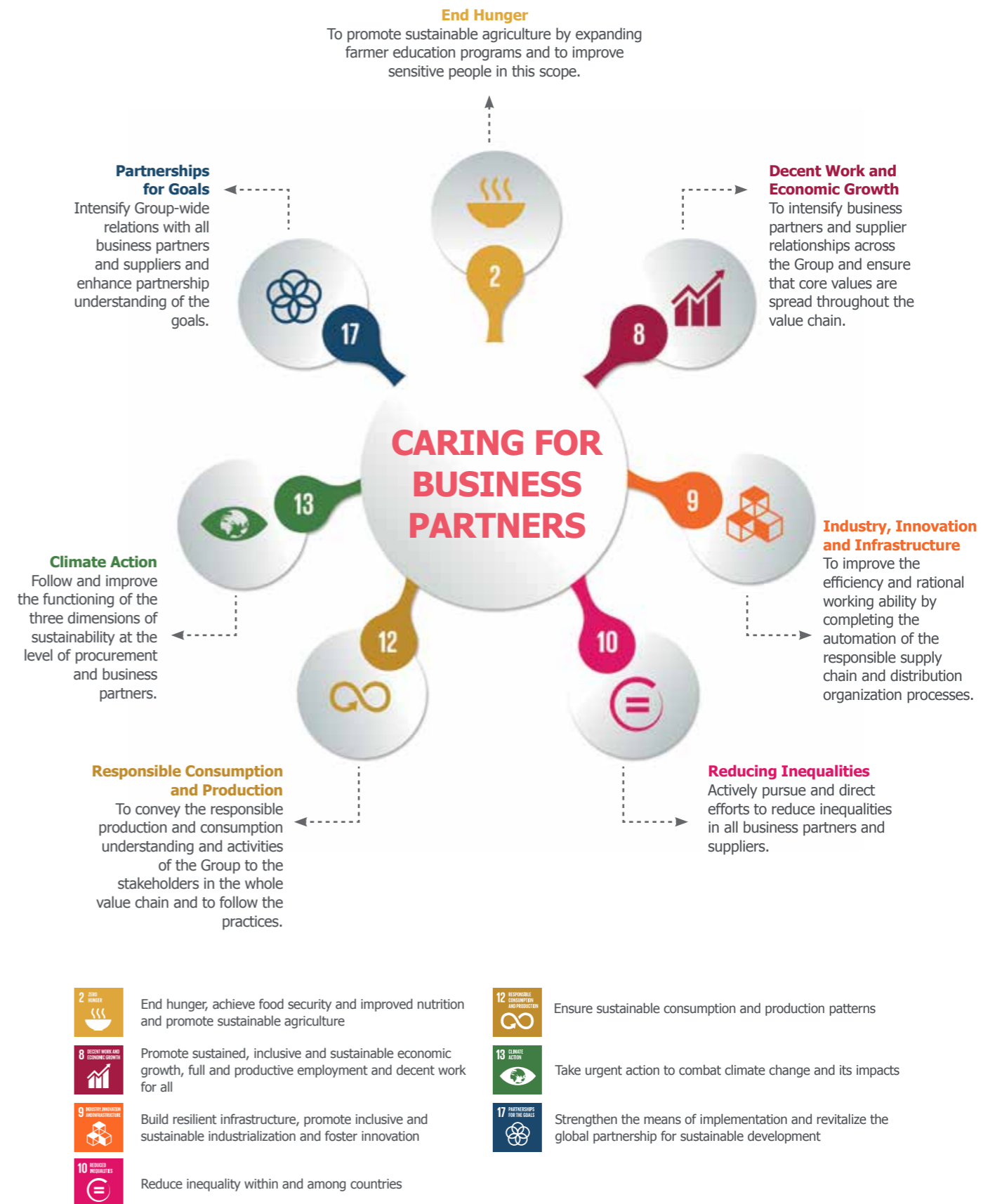
Our work towards the development and dissemination of sustainable agriculture, which has an important place in the future of Turkey and the world, and sharing our knowledge with

our business partners; our systems offers that to show how all our partners can pay attention to economic, social and environmental issues in procurement practices; our contribution and system support to process improvement of our close suppliers and our distributors; and finally our corporate social responsibility projects that enhance our customers' sustainability and environmental awareness are the extensions of our partnership understanding.

In addition to this main performance, efforts have been accelerated to develop an infrastructure that will enable establishing common goals to include the suppliers and partners of all activities that will serve the sustainable development goals of Yaşar Group, and monitoring and reporting of these goals. Yaşar Group, which is among the first in Turkey utilizing technological tools in business processes, has also decided to benefit from all the possibilities provided by Industry 4.0 in creating this infrastructure mentioned above.

This new system, which is important for Yaşar Group in terms of enabling the responsible production understanding to be extended to all its business partners, is important for our customers for the follow-up of origin and thus improvement of responsible consumption awareness.

Caring For Business Partners and SDG Compatibility



Yaşar Group Sustainability Performance



Caring For Business

Economic Performance

General Economic View

As Yaşar Group, we are aware that we create economic, social and environmental impacts with our existence and values we produce. Our economic performance is the main determinant in our efforts to bring the positive effects we created to the maximum and the negative ones to a minimum level. Our economic performance is directly related to the economic developments in the world and in our country.

The effects of the global economic crisis that started in 2008 in the world are continuing. The events of the geopolitical and political arena in 2016 created destabilizing effects especially on the financial and currency markets. The world economy grew by 2,4% in 2016 due to both the effect of ongoing crisis and new developments. Still, 70% of the world's growth is created by developing countries. Turkey is included among the first seven developing countries such as China, India and Brazil with 2,9% growth rate in 2016. On the other hand, the World Bank predicts that Turkey will continue to grow in the following years and that it will achieve a growth rate of 4,1% in 2019.

Despite the negative developments in the world and in Turkey, Yaşar Group has increased its sales by 10,3% to 3.527 million TL level in 2016. In this period, the gross profit margin was realized as 29% and total gross profit was realized as 1.023 million TL. The Group's operating profit of 237 million TL in 2015 increased by 5% to 250 million TL. On the other hand, it maintained its strong level in total assets recorded as 3.461 million TL in the same period. When non-cash expenses such as depreciation expenses and provision for severance indemnities are excluded from other operational in-

come and expenses and tangible and intangible assets that are not standing, IDPBT (Interest Depreciation and Profit Before Tax), which is obtained from operational activities by Yaşar Group, increased by 10,7% to 401 million TL level. In 2015 this amount was about 362 million TL.

In the year 2016, it obtained 93% of the consolidated net sales from the food, beverage and paint businesses, which form its main fields of activity. In the same period, it realized 14% growth in the paint business and 8% growth in the food and beverage businesses. In this growth, the contribution of new product groups and the investments made were effective. Yaşar Group companies operating in the food, beverage and paint business sectors continued their brand development activities and brand investments in line with the market-oriented growth strategy in 2016. Through extensive sales and distribution channels and awareness of high, reliable and powerful brands, activities to increase market efficiency and meet customer expectations have continued.

In 2016, Yaşar Group has generated over 136 million \$ in foreign revenues as a result of exports to more than 70 countries and the activities of foreign affiliates. Foreign revenues accounted for 11,8% of total sales. Middle East and Gulf Region, EU Countries, Central Asian Republics, Russia, Iraq and USA are important foreign markets for the Group. In the year 2016, creating cash from operations, collecting receivables smoothly and maintaining effective operating capital management were among the objectives of Yaşar Group.

DIRECTLY PRODUCED AND DISTRIBUTED ECONOMIC VALUE		2016	2015
Directly Produced Economic Value		3.527.055	3.197.930
Incomes		3.527.055	3.197.930
	Revenue (net sales)	3.527.055	3.197.930
Distributed Economic Value		3.275.541	2.965.953
	Operating costs ***	2.835.069	2.578.070
	Employee wages and benefits ****	387.203	336.307
	Payments to provider of capital *****	34.624	37.381
	Payments to government (by country) *****	18.645	14.195
Retained Economic Value		251.514	231.977

- Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.
 - The information is taken from the Independent Consolidated Audit Report of the year 2016 Yaşar Group.
 *** As the total operating expenses, the cost of sales in the consolidated income table, marketing expenses, general management, expenditures and research and development costs are taken into consideration.
 **** Personnel expenses included in Note 29 of the consolidated report in the scope of employee fees and subsidiary rights are taken into consideration.
 ***** The amount of dividend paid in the cash flow statement of the report in the Consolidated Payments section is used.
 ***** The payments made to the States, the amount of prepaid taxes in the footnote 38 of the consolidated report is used.

CONSOLIDATED RESULTS (Thousands TL)		2016	2015
Net sales		3.527.055	3.197.930
Short and Long Term Liabilities		2.711.194	2.396.466
Equity		749.775	759.974
	Main company shares	259.808	276.983
	Non-controllable shares	489.967	482.991

Economic Performance

Risks and Opportunities

The adverse effects of price competition of the Group in all areas during 2016 and the negative impact of the depreciation of Turkish lira against the US dollar and the Euro were balanced by effective raw material management, cost management throughout the year, and control of operating expenses for the period. Effective cost control through ongoing operational cost optimization (OCO) activities throughout 2016 resulted in the strategy to focus on sales of high profit marginal products applied across the Group.

The Impact of Economic Performance on Stakeholders

Yaşar Group, pioneering the establishment of a sector where food and beverage business is more integrated with agriculture and industry integration, is establishing efficient collaborative partnerships with its suppliers for both sides. The group is a regular source of income for a large segment of society, especially for raw milk and meat producers. While creating added value with healthy, quality feeds and innovative products provided to the producers, job opportunities are provided to the farmers of the region by contracting with the producers in the regions where the suppliers are located. Pınar Dairy, which manufactures without compromising quality in European Union standards, contracts with 301 different points, including 119 farms, always supports more than its 18.000 producers with whom it had strong relations and contributes to increase of milk production in Turkey. The company conducts training programs on topics such as milk quality, milk health, animal nutrition and preventive medicine in order to inform the producers and raise awareness for producing healthy milk.

Pınar Meat meeting the need for meat with live animals bought from domestic breeding farms in different regions throughout Turkey provides all of its live turkey purchases and part of the bovine purchases from Çamlı Feed. The company also provides the diversity of the supply chain in a balanced manner, with careful consideration of its own calves fed in bovine farm and with the latest technological breeding ratios. Dyo Coating, considering the quality in supply and packaging of resin, solvent, monomer, titanium, pigment and additive-filling materials which are the main raw materials of paint production, carries out sustainable cooperation with its suppliers.

Different companies operating within Yaşar Group have contributed to social peace and prosperity through sponsorship, direct donations and other supports in sports, culture, arts and education in 2016 for social development.

Economic Performance in Terms of Values and Principles

Yaşar Group prioritizes maintaining lasting ethical and strong relationships with its internal and external stakeholders and increasing sustainable value. While the Group companies strive for the development of the sectors in which they operate, they continue to produce ethical and environmentally conscious products with the awareness of their employees and their collective responsibilities. Yaşar Holding's corporate management structure, which is adopted in the Group and takes into account the interests of all shareholders in terms of transparency, fairness, accountability and responsibility, is constantly monitored in the framework of Corporate Governance Principles.

Sustainability Management

Our Sustainable Development Policy

Our values in the frame of our mission to provide quality products and services that add value to the lives of our consumers with our reliable brands are primarily our Consumers and Customers, Operational Perfectionism, Human Resources, Ethical Management and Environmental and Social Responsibility.

Our Yaşar Holding Sustainable Development Policy was designed to be based on our mission and values. Our said policy, mission and values are consistent with international goals and principles. In this respect, the United Nations Sustainable Development Goals and Global Reporting Initiative G4 standards, published in 2015, regulate our corporate approach.

As Yaşar Group,

"To follow international developments" and to serve the objectives of the Sustainable development of our Group's business areas are our fundamental principles within the frame of "Not compromising with our understanding of ethical, accountable and honest operation".

"Enabling the employees to improve themselves while providing them with a fair working environment," "supporting and protecting local values while providing quality products and services for the needs of society",

"contributing to the progress of the society with the cooperations we have developed",

"measuring and improving our environmental impact while contributing to all these activities, contributing to the protection of natural resources",

"continuing to support the development of new generations in the future as well as in the past by investing in education, culture and arts" **are indispensable to our Sustainable Development Policy.**

Within the framework of our Sustainable Development Policy, as Yaşar Group we share the value

we have created "for a better life", by "caring for society, our consumers, our employees, our environment and our business partners" included in our value chain.

In this context, we are extending our ethical, accountable and honest management understanding consistent with the Sustainable Development Objectives and continuing our goals in accordance with the needs of the consumers and society. In the process of creating value, we prioritize the development and happiness of the employees throughout our Group.

We pay regard to environment usage and protection balance in the consciousness of our ecological effect, especially in the footprint of carbon and water. We all know that our business partners in our chain are also responsible for the way they do business and we are trying to improve their awareness in this regard.

Our strategy and targets in the framework of our sustainability policy are determined and supported at the level of the Board of Directors of the Group and this strategy is implemented by senior management. Yaşar Group's Sustainability Approach is a regulatory framework for our sectoral companies. Every company management and related subcommittees continue to develop themselves on the path of sustainability in line with this approach.

Having set out from the understanding that "you cannot manage what you cannot measure", our Group has formed its Carbon and Water Footprint Teams within the scope of carbon and water footprint calculations and has also identified their Leaders.

Greenhouse gas inventory management system studies, which started in 2014 and allow the data related to the Group companies to be collected and monitored on a single system, have been implemented since 2015.

Sustainability Management

Our Sustainable Development Policy

Our goal for the coming period is to complete the water footprint management system so that the calculations can be made online and instantaneously as in the greenhouse gas inventory management system.

Our Sustainable Development Committee, established within the scope of the "Institutional Reputation Project" initiated in 2010 and carrying out its activities under the leadership of the Board of Directors, operates within the framework of the identified priorities.

Our Sustainable Development Committee encourages the implementation of the strategy, the realization of the objectives, and the dominance of the sustainability approach throughout the Community, while coordinating sustainability initiatives in companies within the Group. The committee also aims to improve the sustainability strategy and implementation tools by assessing risks and opportunities, and to ensure that employees are actively involved in sustainability activities with the training they receive. Assessments made at regular meetings are reported and action is taken according to the emerging needs. In addition, our sustainability activities are supported through our Energy and Waste Prevention Committees. Different committees outside the Sustainability Committee at company level but contributing to sustainable development goals also exist. Yaşar Volunteers Platform, Yaşar Waste Prevention Committee, Ethics Committees, Energy Committee are working in harmony and integration with Yaşar Group Sustainability Approach.

Our Group references international norms and criteria in sustainability activities. In this context, our Group, which participated in the UN GC signatories in 2007, has regularly reported sustainability reports every year since 2011, following the Communication on Progress Reports published in

2009 and 2010. Our Group, which adopts open communication with its stakeholders, references the internationally recognized Global Reporting Initiative (GRI G4) Guidelines. As a matter of fact, our Yaşar 2014 Sustainability Report is rated at level B within the scope of GRI G3.1 criteria in 2015. Our Yaşar 2015 Sustainability Report, which we published last year, was prepared in accordance with core option of the GRI Guidelines

Data included in our Sustainability Reports are provided by Sustainability Reporting Team Members, Carbon and Water Leaders and Carbon and Water Footprint Teams.

Within the framework of the concept of "caring for the society and our employees", an indispensable part of our sustainability strategy, our Group develops projects for personal and professional development of our women workers and women in our supply chain. "UN Women's Empowerment Principles CEO Support Statement" which we signed in 2012, "Equality Platform in Business" brought up by World Economic Forum and maintained under the leadership of the Ministry of Family and Social Policies and "Women's Empowerment Working Group" established by the Board of Directors of Global Compact Turkey inspire the development of our projects.

Our Group has made a new structuring for institutional volunteer works that will directly contribute to the development of the social dimension of sustainability with a sense of caring for the society. Yaşar Volunteers Platform was established to transform the knowledge, skills and experiences of our employees into social benefits. In 2016, with the cooperation of Ministry of Education and Mimar Sinan Fine Arts University, Dyo Coating contributed to the education in the field of social development by executing three different projects under the roof of "Value for Tomorrow".









Stakeholder Dialogue

G4-24, G4-25, G4-26, G4-27

Sustainability is a phenomenon involving the interaction of internal and external stakeholders when assessed from the perspective of value chain and necessitating to evaluate them. As Yaşar Group, we develop long-term cooperation and open communication with our stakeholders including primarily our employees, customers, consumers and business partners, and with suppliers, stakeholders, public institutions and organizations, international organizations, sectoral associations, NGOs, universities, written and visual media within the scope of our own sustainability approach.

Our stakeholders vary according to the sectors and companies in which our Group operates and we identify our stakeholders on a value chain basis. We use our corporate values and business ethics in selecting our stakeholders. The map we update regularly also provides a powerful tool to monitor, assess and improve our sustainability approach and the effects we create. Developing every domain and proportion we create from the raw material procurement process to reaching the consumer is a requirement of our integral sustainability approach. Though the Group has an overall stakeholder management policy, the stakeholder relationship, communication style and frequency vary according to the company and sector in which the activity is conducted. Customer satisfaction and operational excellence along with corporate and sustainable principles are also impressive factors in our stakeholder selection. We continue to increase our sustainability performance every year through communication and relationship with our stakeholders we established on a daily or periodical basis.

Methods of Communication with Stakeholders

STAKEHOLDERS	COMMUNICATION PLATFORM	COMMUNICATION FREQUENCY
 Our Employees	Trainings, Yaşar Academy Training Platform, employee views, questionnaires, bulletins, internal communication materials, electronic communication tools, social activities	Regular/Frequent
 Our Consumers	Satisfaction surveys, phone calls, communication and call centers, social media accounts, sustainability reports, advertisements, dealerships and communication channels	Continual/Frequent
 Our Investors and Shareholders	Board of Directors meetings, Annual reports, performance reports, sustainability reports, CDP Climate Change Report, CDP Water reports, investor presentations, general assembly meetings, internet sites where Investor Relations modules are also available	Regular
 Our Customers, Suppliers & Dealers	Supplier meetings, visits and trainings, dealer meetings and trainings, factory visits, customer visits, satisfaction surveys, congresses, meetings and panels attended, telephone calls, communication and call centers, dealer portals, dealer satisfaction surveys, sustainability reports	Regular/Periodical
 Public Institutions and Organizations, NGOs & Associations	Visits, legislative opinions, sectoral meetings, congress, conference and seminars, developed joint projects, sectoral reports, sustainability reports, membership associations	Regular/Frequent
 Media	Press releases, visits, press conferences, launches	Regular
 Universities	Career days, conferences and panels, activities of university clubs and communities, internship opportunities provided by the Group companies, joint projects	Regular
 Union	Collective Labor Agreements, union representation, factory visits, meetings	Regular

Ethics and Compliance

Corporate Governance

Each and every company that operates in the Group is responsible to the parties to which it is in connection, at every stage in which it operates. Corporate governance practices, which form a management understanding on the relationship between the company governance, the board of directors, shareholders and all parties with whom the company has connection, are carried out within the framework of transparency, liability to stakeholders, fairness and accountability.

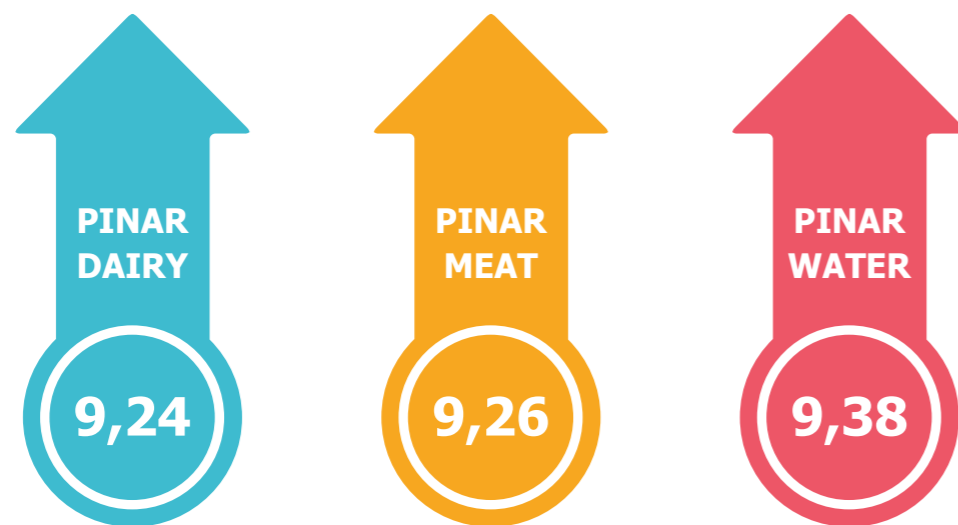
Corporate governance, regulated and encompassed by legislation, has helped to improve good governance practices throughout the world. Corporate governance practices in our country are carried out within the scope of the Capital Markets Law and the II-17.1 Communiqué on Corporate Governance Principles of the Capital Markets Board (CMB).

Yaşar Group has reflected its good corporate governance concept, which it considered as a very important element for sustainability of its companies, to all its fields of activity from past to present through its vision and foresight, well-established and sound corporate values and culture, ethical understanding, legal and legislative alignment. In Yaşar Group, it is paid regard to the interests of all shareholders to be managed in the best way. The corporate governance structure adopted in Yaşar Group is constantly reviewed within the framework of Corporate Management Principles. These principles were published by the CMB in 2003 and revised in 2005, and with the amendment made in 2011 many of its provisions became mandatory for publicly traded corporations. Communiqué on Corporate Governance updated by the Capital Markets Board at the beginning of 2014 reorganized and finalized the Corporate Governance Principles.

Corporate governance rating of Pinar Dairy, which took place in Borsa Istanbul Corporate Governance Index in 2016, increased to 9,24 from 9,18 in 2015, Pinar Meat's rating to 9,26 from 9,20 and Pinar Water's rating to 9,38 from 9,37.

The responsibilities of Yaşar Holding's CEO and the Board of Directors are separate from each other in accordance with the OECD Corporate Governance Principles. The Chairperson of the Board of Directors is not an executive officer in the corporation at the same time, and the CEO of Yaşar Holding, who manages the executive functions, is responsible to the Board of Directors from all executive activities of Yaşar Group.

2016 CORPORATE GOVERNANCE RATINGS



However, all processes and responsibilities related to management and organizational structure are determined by the "Yaşar Group Corporate Governance Handbook" and the business ethics approach is determined by the "Yaşar Group's Code of Business Ethics Guide" and the compliance of our Group's employees to this Guide is essential.

The "Yaşar Group Corporate Governance Handbook" defines the corporate governance principles and the decision-making processes of the Board of Directors and the executive board, and identifies the authority and responsibilities of the Board of Directors and its sub-committees with their corresponding roles. The agenda setting and voting principles in the Board of Directors are also mentioned in the said Handbook.

Various systems have been established to ensure that our employees can make offers and recommendations to the top management of the company.

The Audit Subcommittee, the Sub-Committee for Early Detection of Risk and the Corporate Management Sub-Committee carry out their activities in accordance with Yaşar Holding Board of Directors consisting of six members. There are two independent members on the board of directors of the Yaşar Group's publicly traded corporations. Our independent members in question meet all the independence criteria in article 4.3.6 in Corporate Governance Principles attached to II-17.1 Communiqué on Corporate Governance by CMB.

In addition, five of our publicly-traded companies already have two women members in Board of Directors and one woman member in our another company. As part of our employment policy, women are given priority among equals in job applications. This situation is also an indicative of our compliance with Corporate Governance Principles No. 4.3.9, which is not mandatory. Besides, the committees required by the legislation have also been established within the Board of Directors.

Investor Relations Departments have been established in all publicly traded companies of our Group

in order to ensure that the communication between investors and partnership is conducted in a healthy and reliable manner within the scope of the Capital Markets Legislation. Within the framework of the relevant legislation, with the information policy established with transparency and accuracy principles and published on the website of our company, it is provided the shareholders, public and other stakeholders to be informed in a timely, complete, accurate, understandable and equal conditions as accessible.

In this context, the wages, compensation, profit distribution and donation policies of the company are also available on the company's websites. Yaşar Group's website contains information about the activity fields of our Group companies and detailed information about the publicly traded companies of our Group can be found in the "Investor Relations" module. The corporate governance process of our publicly traded companies and the progress made during this process are presented to all shareholders and to the public through the Corporate Governance Principles Compliance Reports prepared within the framework of the Capital Markets Legislation and included in the annual reports.

Audit Committee, Committee for Early Detection of Risk and Corporate Governance Committee included in publicly traded companies of Yaşar Group are established within the frame of Capital Markets Legislation; and the Nomination Committee and the Remuneration Committee are structured within the Corporate Governance Committee.

Yaşar Group taking significant steps in implementing the best management approaches since the dates when corporate governance principles were not yet on the agenda of Turkey manages the "corporate reputation" created as a result of long years as an important value; and continues to create sustainable values for its shareholders and for the community in broad terms with its effective and proactive practices.

Ethics and Compliance

Business Ethics

The Code of Business Ethics draws on the framework embedded into the values of the communities operated and in line with the prevailing principles. In societies that continue to develop within multiple social and cultural dynamics, ethical rules allow universal principles such as equity, transparency and objectivity to find priority in the business world.

Yaşar Group respecting social values in its geographical location, where it operates, acts in accordance with the rules of business ethics and pays regard to transparency within these principles. The "Guide for Rules of Business Ethics", prepared in 2009 and published as a handbook in 2010, which is distributed to all employees in the Group demonstrates the business ethics of Yaşar Group. This handbook is used as part of the orientation trainings conducted during the hiring process and the Code of Business Ethics are taught through the Yaşar Group's online learning platform, Yaşar Academy.

Following the 401 hours of Codes of Business Ethics training given to all our employees in 2015, our employees who have just started work in 2016 have been given 58 hours of Codes of Business Ethics training. Employees of the Group companies shall notify the Ethics Committee which is elected by the Board of Directors of Yaşar Holding by means of e-mail, letter or telephone, about the matters that they have determined that they do not comply with the specified codes of business ethics. The issues reported to the Ethics Committee are resolved within one week at the latest within the rules contained in the guidelines.

Between 2009 and 2015, a total of 17 issues were submitted to the Ethics Committee and the necessary examinations were completed and they were resolved. No issue has been submitted to the Ethics Committee in 2016.

Yaşar Group's Codes of Business Ethics

- Working in a safe working environment by not allowing discrimination and by respecting each other's personality rights,
- Using the company resources efficiently,
- Avoiding conflicts of interest,

- Complying with the competition rules determined by the law, competing with competitors in a way that does not disturb market conditions,
- Giving importance to customer satisfaction, being always sensitive and honest to customers and consumers,
- Taking the utmost care for the correct preparation of Company's information, assets and records, protecting them in confidentiality and not using them to provide benefits,
- Taking care of social benefits in all activities and respecting the environment,
- Adopting a lifestyle that will not create negative conclusions about the company in the company life as much as it is in the workplace and will not contradict the rules of the society we live in.

Fighting Against Corruption

All companies operating within Yaşar Group fight with all kinds of corruption, including bribery and extortion, and fulfill all their obligations to prevent corruption. The employees of Yaşar Group are obliged to work in accordance with the "Yaşar Group's Code of Business Ethics Guidelines".

The Group carried out 12 broad and 26 limited comprehensive audit activities in 25 functions in its companies.

During the reporting period, the business relationship with 8 employees working in our companies was terminated pursuant to our business principles and ethical rules and a material compensation claim was filed against 1 employee.

There is no public case filed against our Group or its employees regarding corruption during the reporting period. We have not had a violation issue about corruption in our contracts with our business partners. There is a lawsuit that is pending and not yet settled about behaving contrary to competition, trustification and preventing the monopoly.

Within the scope of audit activities, internal control awareness and measures are strengthened to deter possible abuses that could be carried out at the expense of companies.

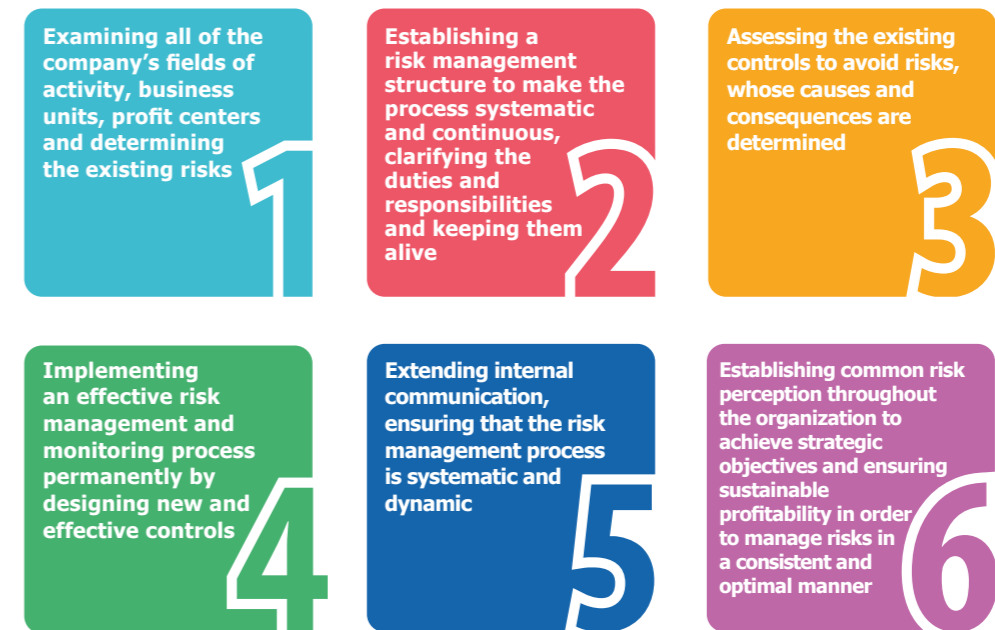
Risk Management

In the globalizing world we live in, the setting of global risks and making preparations for these risks have become an approach that addresses only one aspect of the subject. The links between risks and the impact of long-term trends on risk formation or elimination are important issues that determine risk management. The process of classifying risks is unique for the institutions operating in more than one sector and within different business models.

In this context, creating a culture with risk awareness, it is becoming important to establish and implement corporate risk management structure by assessing and managing all the risks exposed as integrated, systematic and proactive.

Our Understanding of Risk Management

Corporate risk management in the companies affiliated to Yaşar Group is considered as a systematic process in which risks are defined, analyzed, controlled and monitored. This management approach ensures that both the unexpected risks and their negative effects on the value of assets of the companies can be controlled.



are included among the objectives of the risk management processes in our Group companies.

While this approach providing companies with competitive advantage, it assures shareholders that the company values are well protected and developed on the other hand.

Internal audits are regularly conducted at our Group companies to help companies achieve their goals by introducing a systematic and disciplined approach to assess and improve the effectiveness of risk management and control processes.

The purpose of assessing the adequacy of the existing risk management and control processes is to evaluate the aspects of these processes that have been structured and worked to achieve the goals and objectives of the organization and to make proposals to improve the organization's activities in terms of performance efficiency and productivity.

Memberships

ADANA STOCK EXCHANGE	CLEAN SEA ASSOCIATION (TURMEPA)
ADVERTISEMENT CLIENTS ASSOCIATION *	COMPOSITE INDUSTRIALISTS ASSOCIATION
AEGEAN EXPORTER ASSOCIATIONS *	ÇEŞME TOURISM HOTEL OPERATORS ASSOCIATION
AEGEAN INDUSTRIALISTS AND BUSINESSMEN ASSOCIATION (ESİAD)	DEFENSE AND AVIATION INDUSTRY MANUFACTURERS ASSOCIATION
AEGEAN REGION CHAMBER OF INDUSTRY	DUBAI CHAMBER OF COMMERCE
AEGEAN REGION CHAMBER OF INDUSTRY FOUNDATION	DUBAI TURKISH BUSINESS COUNCIL
AEGEAN TOURISM ENTERPRISES ACCOMMODATIONS ASSOCIATION	ECCA EUROPEAN COIL COATING ASSOCIATION
ALIAGA CHAMBER OF COMMERCE	ECONOMIC RESEARCHES FOUNDATION
AMERICAN BUSINESS COUNCIL (DEİK)	ESKİŞEHİR CHAMBER OF COMMERCE
AMERICAN TURKISH COUNCIL	ESKİŞEHİR CHAMBER OF INDUSTRY
ANKARA CHAMBER OF COMMERCE	ETHICS AND REPUTATION ASSOCIATION
ANKARA STOCK EXCHANGE	EUROPEAN BUSINESS COUNCIL (DEİK)
ANTALYA CHAMBER OF COMMERCE	EUROPEAN FOOD INFORMATION COUNCIL (EUFIC)
ANTALYA STOCK EXCHANGE	FAMILY ENTERPRISES ASSOCIATION (TAİDER)
ASSOCIATION OF PARTNERSHIP MANAGERS QUOTED TO THE STOCK EXCHANGE (KOTEDER)	FEDERATION OF WESTERN ANATOLIA INDUSTRIALISTS AND BUSINESSMEN ASSOCIATIONS (BASİFED)
AYDIN CHAMBER OF COMMERCE	FOOD RELIABILITY ASSOCIATION
BAR	FOREIGN ECONOMIC RELATIONS BOARD (DEİK)
BODRUM CHAMBER OF COMMERCE	FOUNDATION FOR ENVIRONMENTAL PROTECTION AND PACKAGE WASTE EVALUATION (ÇEVKO) *
BORNOVA CHAMBER OF AGRICULTURE	FRUIT JUICE INDUSTRY ASSOCIATION (MEYED)
BORNOVA FARMER PRODUCTS PROTECTION ASSOCIATION	GEBZE CHAMBER OF TRADE
BROOD CATTLE BREEDERS CENTRAL ASSOCIATION OF TURKEY	GLOBAL RELATIONS FORUM
BURSA CHAMBER OF COMMERCE AND INDUSTRY	HEAT, WATER, SOUND AND FIRE ISOLATORS ASSOCIATION (İZODER)
BURSA STOCK EXCHANGE	INEGOL CHAMBER OF COMMERCE AND INDUSTRY
CELLULOSE AND PAPER INDUSTRY FOUNDATION *	INTERAKTIF ADVERTISERS ASSOCIATION
CENTRAL ANATOLIA EXPORTER UNIONS	INTERNATIONAL CHAMBER OF COMMERCE (ICC)
CHAMBER OF AGRICULTURAL ENGINEERS	INVESTOR RELATIONS ASSOCIATION
CHAMBER OF ELECTRICAL ENGINEERS	ISPARTA CHAMBER OF COMMERCE AND INDUSTRY
CHAMBER OF ENVIRONMENTAL ENGINEERS	ISTANBUL CHAMBER OF COMMERCE
CHAMBER OF FOOD ENGINEERS	ISTANBUL MINERAL AND METAL EXPORTER ASSOCIATIONS
CHAMBER OF FREE ACCOUNTANTS AND FINANCIAL CONSULTANTS	ISTANBUL STOCK EXCHANGE
CHAMBER OF MECHANICAL ENGINEERS	IZMIR CHAMBER OF AGRICULTURE
CHAMBER OF SWORN FINANCIAL CONSULTANTS	IZMIR CHAMBER OF COMMERCE

IZMIR PROVINCE RED MEAT PRODUCERS ASSOCIATION	TURKEY CONSTRUCTION MATERIAL INDUSTRIALISTS ASSOCIATION (İMSAD)
IZMIR STOCK EXCHANGE	TURKEY CORPORATE MANAGEMENT ASSOCIATION
IZMIR SEAFOOD BREEDERS AND PRODUCERS ASSOCIATION *	TURKEY ECONOMY INSTITUTION (TEK)
KAĞITHANE AYAZAĞA VALLEY URBAN DEVELOPMENT ASSOCIATION	TURKEY ENVIRONMENTAL EDUCATION FOUNDATION
KAPLICA TALASSO AND CURE CENTERS ASSOCIATION	TURKEY EXPORTERS ASSEMBLY (TİM)
KEMALPAŞA ORGANIZED INDUSTRIAL REGION (KOSBİ)	TURKEY FOOD INDUSTRY AND EMPLOYERS UNION (TÜGİS)
KOCAELI CHAMBER OF INDUSTRY	TURKEY HUMAN MANAGEMENT ASSOCIATION (PERYÖN)
KONYA CHAMBER OF COMMERCE	TURKEY INTERNAL AUDITING INSTITUTE (TİDE)
MANISA CHAMBER OF COMMERCE AND INDUSTRY	TURKEY QUALITY ASSOCIATION (KALDER)
MARINE CHAMBER OF COMMERCE	TURKISH MUSIC PRODUCTIONS OWNERS ASSOCIATION
MERSİN STOCK EXCHANGE	TURKISH – AFRICAN BUSINESS COUNCIL (DEİK)
MUSIC PERFORMERS PROFESSION ASSOCIATION	TURKISH – AMERICAN BUSINESSMEN ASSOCIATION
NATIONAL FOOD TECHNOLOGY PLATFORM (UGTP)	TURKISH – EGYPTIAN BUSINESSMEN ASSOCIATION
NATIONAL MILK COUNCIL (USK) *	TURKISH – GULF BUSINESS COUNCIL (DEİK)
NATIONAL RED MEAT COUNCIL (UKON)	TURKISH FODDER INDUSTRIALISTS UNION
NAZILLI CHAMBER OF COMMERCE AND INDUSTRY	TURKISH INDUSTRIALISTS AND BUSINESSMEN ASSOCIATION (TÜSİAD)
ORGANIC PRODUCT PRODUCERS AND INDUSTRIALISTS ASSOCIATION (ORGÜDER)	TURKISH MILK, MEAT, FOOD INDUSTRIALISTS AND PRODUCERS UNION (SETBİR) *
OUT-OF-HOUSE CONSUMPTION ASSOCIATION (ETÜDER)	TURKISH MINERAL WATER PRODUCERS ASSOCIATION
PACKED MILK AND MILK PRODUCTS INDUSTRIALISTS ASSOCIATION (ASÜD) *	TURKISH TRAVEL AGENCIES UNION
PACKED WATER PRODUCERS ASSOCIATION (SUDER) *	TURKISH UNION OF CHAMBERS AND STOCK EXCHANGES (TOBB)
PAINT INDUSTRIALISTS ASSOCIATION (BOSAD) *	TURKISH VETERINARIES ASSOCIATION
PAINT RESEARCH ASSOCIATION	TURKTRADE *
PROFESSIONAL ASSOCIATION OF RIGHT OWNER PHONOGRAM PRODUCERS WITH MÜYAP CONNECTION	UN GLOBAL COMPACT (UNGC)
SAKARYA CHAMBER OF COMMERCE AND INDUSTRY	UN GLOBAL COMPACT TURKEY
TOBB GLOBAL STANDARDS CENTER	WHITE MEAT INDUSTRIALISTS AND BROOD BREEDERS ASSOCIATION (BESD-BİR)
TURGUTLU CHAMBER OF COMMERCE AND INDUSTRY	WORLD ECONOMIC FORUM
TURKEY CHEMISTRY, OIL, RUBBER AND PLASTIC INDUSTRY EMPLOYERS UNION (KİPLAS) *	

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

Yaşar Group Sustainability Performance



Caring For Society

Consumer/Customer Health and Safety

Our Group attaches priority to the health and safety of Consumers with the idea that the first condition of caring for society is ensuring access of our consumers and customers to safe and healthy products and services and continues its activities with the principle of creating added value for life with its products and services. The products and services of enterprises conducting activities under the roof of our Group companies have full compliance to the standards which fall under the scope of our Group in addition to inspection by regulatory organizations pursuant to laws and regulations. No discrepancy was observed in this regard during the business period of 2016.

Moreover, comprehensive works were undertaken in 2016 in order to increase the access of customers to healthy food products within the organization of our Group's Food and Beverage Group.

Reduction of sugar and salt ratios of products and development of products with richer nutritious values as well as products for persons who have different food preferences and sensitivities are among these efforts.

Good Practices and Developments from Companies

PINAR DAIRY

Our Pinar Dairy portfolio which is one of indispensable building blocks of balanced and healthy nutrition, consists of milk and dairy products that recognized as staple food. Based on responsible production perspective, we are aiming to offer products that are natural, fresh, having well-preserved nutritive values as well as complied with legal legislations and functional to our customers who is widely diversified to every age and category. "Clean label" studies is amongst our focus areas for our products. Efforts of decreasing salt and sugar in general is one of our main targets, and continues with prioritization based on product categories. According to comply with Canteen Profile studies issued by T.R. Ministry of Science and applied by Ministry of National Education, we have re-formulated our chocolate, banana and strawberry flavored milk products which are offered in Children Category and decreased sugar and fat levels of these products. Total decreased fat level all three products are 30%. In the last quarter of 2016, sugar level for mentioned three product has been decreased by 20% without using artificial sweetener. For Condensed Yoghurt product, total fat level has been decreased 33% in 2016. For Premium Briny White Cheese product, total fat level has been decreased 17% in 2016. Eagerly following up the recent trends, we continue to enhance our product portfolio with the options that allows better nutrition; we released products to market such as Lactose-Free Milk for consumers who has particular nutrition requirements as well as little portion cheddar, fresh kashar cheese and string in healthy snacks category. Besides, in our recent product portfolio there are valuable products such as Denge Lactose-Free Milk, Denge Lactose-Free Yoghurt, Denge Calcium A,D,E Milk, Kido Mineral and Triangle Cheese with Vitamins, First Step Follow-On Milk, Child Follow-On Milk, Child Follow-On Milk with Honey, Organic UHT Milk and Organic White Cheese. On the purpose to support people who needs more protein like athletes, development studies of Pinar Protein Milk has reached final stages.

PINAR MEAT

Pinar Meat created its consumer / customer health and safety policy pursuant to the Sustainable Development Policy of Yaşar Holding. Based on this principle, our company conducts its marketing communication campaigns which are an inseparable part of commercial activities in full compliance with ethical values pursuant to its goal of "avoiding any compromise from our ethical, accountable and honest business conduct approach". Our company believes that all brands conducting activities in the food area must deliver products primarily in compliance with healthy nutrition requirements and shares this belief with all of its business partners. Pinar Meat considers delivering messages that comply with the cultural life codes of the local and international markets that it makes business with, their humanitarian values and social standards of judgment in the products that it will produce for the first time or in the marketing communication campaigns of the categories as essential ethical values. No discrepancy with directives regarding health and safety labels or with voluntary codes was observed during our company's reporting period of 2016.

Good Practices and Developments from Companies

Our company carried out 20 product studies in accordance with the energy, sodium and saturated fat limits established by the Ministry of Health for school canteens.

It was decided to release 8 of the new product studies conducted to the market and no preservative additives were used in processed frozen meat products. GMO analyses were conducted during the established periods in the risk analyses made for all inputs of our company.

Within the organization of Pinar Water, all labels are prepared in consideration of Directive on Water for Human Consumption and Turkish Food Codex Food Labeling and Consumer Informing Directive in 2016 as well.

PINAR WATER

A company of our Group, Çamlı Feed complies with the principles created in the area of consumer/customer health and safety under any condition. Our company conducts notifications to consumers and customers regarding products and services via various channels such as labels, advertisements, our company's web site and social media tools. Our company complies to all directives and rules regarding product/service details regulations and labeling 100% and no discrepancy was observed on the matter during the reporting period, while full compliance to the directives issued by the Ministry of Food, Agriculture and Livestock was achieved. Conducting activities in accordance with the regulations regarding product promotion and marketing, our Company uses product advertisements and other marketing communication tools in accordance with the social responsibility approach. Our Company conducts active work for the advertisements to be legal, moral, accurate and honest and no discrepancy with directives regarding marketing communication occurred during the reporting period.

DYO COATING

Dyo Coating's Regulation on Biocidal Products has been prepared in accordance with Directive 98/8 / EC of the EU. In accordance with this regulation, our biocidal products are registered and labeled according to regulations. The licensing of Teknoplant, Diogen and Nanoipekmat products has been completed in the past years.

All our products covered by the TS standard required by the Building Materials Regulation have been fully documented with the "G" certificate and the legislation has been fully harmonized. The "G" mark is used on the labels of our product packaging. G documents are constantly being updated.

Following the ban on the use of formaldehyde and dibutyl phthalate in Europe, our product prescriptions were revised and the use of these raw materials was terminated.

Regulations have been implemented in the product portfolio, taking into account EU practices in R&D activities. In accordance with Directive 2004/42 / EC in force in Europe, Dyo Boya has reduced the amount of volatile substances (VOC) contained in products and has made all water-based products, both internal and external, compatible with the VOC directive.

Consumer/Customer Health and Safety

Good Practices and Developments from Companies

VIKING TISSUE

A company of our Group, Viking Tissue earned the right to obtain the BRC Consumer Product (Level A) and Hygienic Product GC-MARK certificates as a result of the inspections made by DQS, the German certification organization in 2016. The first company to obtain these certificates, our Company proved that it conducts good quality, safe production that complies with the applicable laws under the international standards. Our company made progress in the following areas via the BRC certificate that has been obtained:

- Reduction of the risks that the product might bear,
- Timely realization of consumer risks regarding the safety and hygiene of consumer products,
- Possibility of examination in the public BRC Directory,
- Compliance with legal requirements,
- Good practices and constant improvement.

ALTIN YUNUS

Altin Yunus renovated the main building rooms, suites, lobbies and indoor pool areas in 2016 in order to increase customer satisfaction and to improve its products and created new concepts under the names Marina Cafe - Baküs Beach - Kordon Kafe. It has been effective in 7 mediums in the social media in order to be more effective using the power of the social media in the marketing area and submitted posts every day to increase interaction. Concentrating on digital marketing, our Company informed its consumers in both the digital environment and in printed media regarding its new products and has created awareness. Our company's web site and online reservation module have been renewed and have acquired a user-friendly state in addition to becoming technological in the sense of web and online reservation.

YBP

The sale and distribution strategy of YBP, a company of our Group doesn't only focus on distribution but also aims for superior presentation of products to the consumers at the sale points. Our company increases the issue and display quality of the products with nearly 300 sale support personnel across the country and its regional and dealer warehouses are regularly inspected by the Ministry of Agriculture and Health in order to ensure health and hygiene conditions for the consumers from production to the shelves.

A web site called Pinar Professional and social media accounts such as Facebook and snapchat were created for the consumption outside home channel of our company in 2015 and information was shared with customers and consumers via these accounts with descriptions regarding the contents and usage areas of the products. At the same time, serious efficiency was achieved with delivery from a single point to the main warehouses of direct, vendor and chain channel customers at the customer delivery part of the process as well.

Informing Customers and Consumers and Ethical Marketing

Continuing its activities pursuant to the nonconditional customer satisfaction principle, our Group posts notifications regarding its products and services via social media channels in addition to labels, advertisements and our web site. Each of our Group companies is subject to different product / service information regulations and labeling principles depending on the nature of the industries. The companies of our Group provide 100% compliance with all directives and rules regarding the product / service information regulations and labeling.

No discrepancy regarding the matter was observed during the reporting period. Sharing information regarding our food products with our consumers via labels is subject to the provisions of Turkish Food Codex Labeling Directive. The provisions of the directive and the Labeling Guide issued by the Ministry of Food, Agriculture and Livestock identify the exact information required to be indicated on a food product label. Moreover, activities are conducted in accordance with the regulations regarding the promotion and marketing of products within the organization of our Group. Actions are taken with the responsibility awareness while products are promoted to the consumer via advertisements and other marketing communication tools.

Full compliance to the Advertisement Essential Audit Board Principles issued by the "Ad Givers Foundation" to which our Group is a member is ensured. This way, active effort is spent for the ads to be legal, moral, accurate and honest.

Good Practices and Developments

Pinar Communication Center

Carrying out its' businesses without compromising from "Consumers and customers comes first" principle, Pinar Diary meticulously investigates submitted requests and opinions within the frame of customer-focused work policy.

Operators responds to customer demand calls incoming to Pinar Communication Center's (PİM) 444 76 27 phone line where customers effortlessly access throughout Turkey without having to add area code, immediately and live in 07:00 A.M. – 11:00 P.M. for seven days a week.

Pinar Communication Center that having 92% customer satisfaction rating according to satisfaction survey implemented with customers in 2016, provides effective feedback with investigating and resolving issues posted on twitter.com/InfoPinar official Twitter account.

Yaşam Pınarım Magazine

Issued since 2004 Yaşam Pınarım Magazine, represent valuable connection between Pinar and business partners and also academic and bureaucratic communities. Offering helpful information especially for parents, this quarterly issued and free-of-charge distributed magazine, reaches over 10.000 people for month.

Consumer/Customer Health and Safety

Customer and Consumer Satisfaction

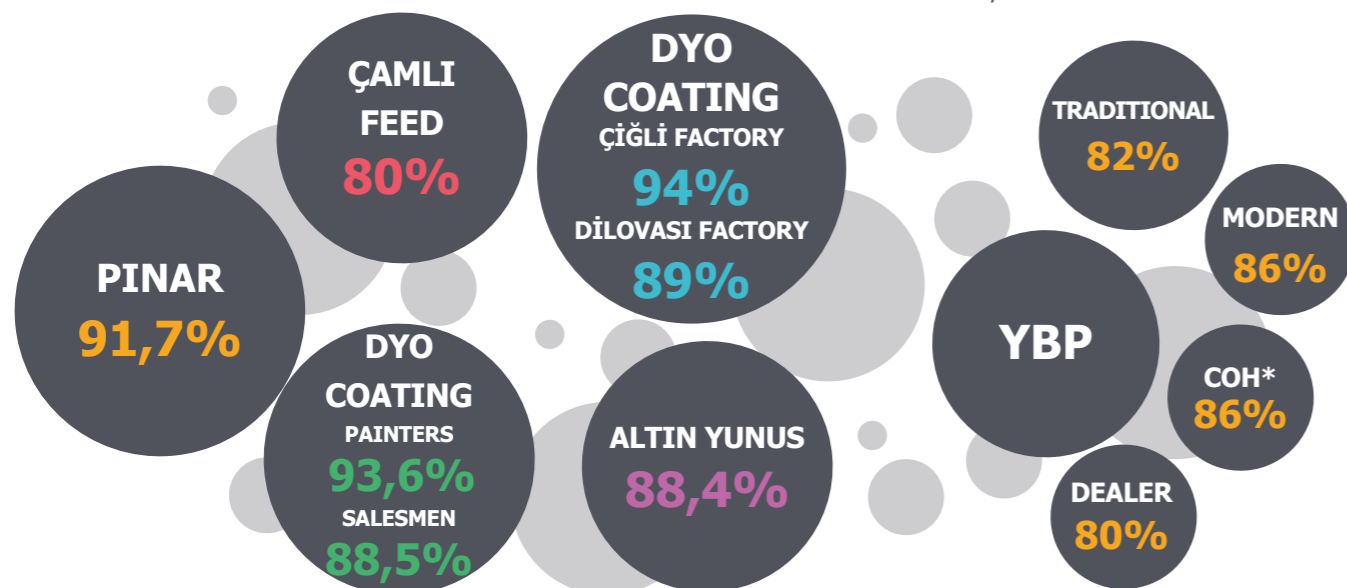
Our companies in our Group measure customer and consumer satisfaction at regular intervals and take the necessary improving actions. Considering customer and consumer satisfaction surveys and stakeholder feedbacks as important tools, our Group takes decisive steps to make its products and services excellent.

The customer satisfaction rate of Çamlı Feed, a company of our Group for the 2016 reporting year has been measured as 80% as a result of the surveys made. Pinar Meat conducts broad research on a regular basis to measure both customer satisfaction and the value of its brands for its consumers. Such works are evaluated in the sense of sustainability of the Pinar brand and the continuity of a valuable food brand in Turkey and great importance is attached to the analyses of the results. According to the results of Tracking brand value measuring work conducted by our company annually on a regular basis, Pinar brand continued its leading position quite ahead of its closest competitor in the criteria of the brand that first comes to mind in the charcuterie products category in 2016. While it is quite important that brand recognition sticks to the consumer's mind, it appeared that the brand also fulfils the consumption taste, quality and reliability criteria. According to this study, Pinar brand is also quite ahead of its competitors in the criteria of having its products purchased and the most purchased brand criteria in the last 3 months in the charcuterie products. The brand image of Pinar

concentrates on "a brand that is available everywhere", "a brand with large variety" and "a reliable and good quality brand" as the strongest scores. Pinar has also been increasing the repurchase rates in the frozen meat, fish and dough criteria and the loyal consumer group rates within the total number of buyers regularly since 2014. Pinar Communication Center measures the consumer satisfaction of Pinar Dairy, Pinar Meat and Pinar Water while the Corporate Communication Departments of our Companies prepare a survey of five questions revealing customer satisfaction regarding Pinar Communication Center. According to the results of the survey, the customer satisfaction rate of Pinar Communication Center was 91,7% in 2016. The customer satisfaction measuring of Viking Tissue is made biennially and therefore it was not conducted in 2016.

The customer satisfaction rate of Dyo's Çiğli Factory for the year 2016 was 94% while the customer satisfaction rate for its Dilovası Factory was 89%.

Satisfaction survey was conducted for the members of the Dyolog Loyalty System which has been active since 2009 in Dyo Construction Paints in 2016 as in every year and the satisfaction rate of 1,783 painters who took part in the survey was found to be 93,6% while that of 486 sale point salesmen was found to be 88,5%. 2.274 surveys were conducted in 2016 in Altın Yunus, a company of our Group and the satisfaction rate was found to be 88,4%.



* Consumption Outside Home

Quality, Innovation and R&D

Quality Management

Shaping its total quality management approach pursuant to the "our consumers and customers come first" approach, Yaşar Group aims to ensure constant improvement in all areas where it conducts activities in line with its operational excellence goal pursuant to its leading product and service approach. Our "operational excellence" which is among the corporate values of our Group continues its progress under light of quick decision-making systems based on effective use of technology in all areas, simple work processes, defined working systematics and data. This way, the needs of consumers and customers are analyzed quickly and their needs are responded with a proactive and innovative approach.

The companies in our Group use the quality standards established by international organizations in addition to standards that are specific to their industries. In addition to compliance with these standards, the framework established with our corporate values allows us to reach high standards in all of our processes. Also, suggestions received from our consumers, dealers and customers in addition to those of our employees with regard to quality form a significant part of developing our quality management approach as well. This approach ranges from R&D works to consumer notification, product development to process management.

Our quality management approach, which has been accepted as a standart in all companies of our Group creates added value for the lives of our end consumers while raising the production standards of our suppliers. ISO, EFQM Excellence Model are among the tools we use in our quality management.



Quality, Innovation and R&D

Management Systems

In our Group, the most important tool for ensuring operational excellence and constant improvement is our management systems. The quality and assurance we offer to our consumers and customers with our products and services are certified via internationally recognized standards. We constantly enhance our management systems in order to develop an effective management system and to increase traceability with the standards we apply in many areas such as quality, food safety, environment, customer satisfaction and energy.

Management Systems	System Certification	Pinar Meat	Pinar Dairy	Pinar Water	Dyo Coating	Altın Yunus	Viking Tissue	Çamlı Feed	Desa Energy	YBP
Quality Management System	ISO 9001	•	•	•	•	•	•	•		
Information Security Management Systems	ISO/IEC 27001				•					
Food Safety Management System Certificate	FSSC 22000	•	•							
Food Safety Management System Certificate	ISO 22000	•	•	•				•		
SAI GLOBAL Food Safety		•								
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 Systems	System Certification	Pinar Meat	Pinar Dairy	Pinar Water	Dyo Coating	Altın Yunus	Viking Tissue	Çamlı Feed	Desa Energy	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 Standart	BRC	•								
Consumer Product	BRC						•			
GLOBALG.A.P	CFM							•		
	Aquaculture Standart							•		
National Britannia	NB					•				
Halal Food Certificate	TS OIC/SMIC 1	•	•	•						
Friend Of The Sea	FOS							•		
Good Agricultural Practices	EOS							•		
Mc Donald's SQMS		•								
Turkish Standards Compliance Certificate	TSE TSEK			•	•		•			
QUALICOAT	Class 1				•					
Good Agricultural Practices	Aquaculture							•		
ESMA (UAE Standard)	ESMA			•						
Blue Flag						•				
ECOCERT								•		
Hygienic Product GC Mark							•			

Quality, Innovation and R&D

Innovation and R&D Works

Focusing on long term strategic plans, our Group stands out with its innovation and R&D Works in all areas of activity, particularly in the branches of paint, food and drinks. Our Group provides gates to new markets in addition to creating added value for the sustainable growth of Turkey with its R&D and Innovation Works. In addition to the developed products with added value, the innovative approach observed in the processes reinforces the leadership of our Group companies in their industry.

Our innovation and R&D works that create valuable output particularly in the economic and environmental parts of sustainability are steered by our market research, consumer expectations and demands, areas that will offer comparative superiority in competition, legal regulations and costs improvement works. Aiming to make innovative approach a part of corporate culture, our Group encourages any initiative on the part of the employees and supports them in making innovative suggestions.

Good Practices and Developments from Companies

PINAR DAIRY

- Pinar Dairy has released 13 new product and 59 new product package in 2016. Produced for snack consuming towards customer demands and nutrition trends, Pinar Go range and disposable Pinar Open and Finish Kashar and Cheddar 60 gr. products offered to customers. Due to studies made in the context of growing and creating new opportunities in Out-of-Home Consumption (EDT) channel, Sour Cream 650 gr product which has been manufactured for restaurants and cafes and offered to chef cooks taste, has drawn great attention thanks to being one and only product in this category.
- Lactose-Free product portfolio has been enhanced due to increased knowledge and demand of customers. Therefore, Lactose-Free White Cheese has been added to portfolio following Lactose-Free Milk and Yoghurt. Having the title of one and only product in market, Lactose-Free Cheese represents a great example of Pinar Dairy's innovative approach and health trends have become more important than ever.
- According to differentiate Pinar products on the shelf and to increase visual awareness, however, there has made new visual studies towards product packages. While cup ayran, bottle ayran and triangle cheese products' "emogy" designed packages offered to customers, there has been flower pot, toy box and sand bucket visuals placed over yoghurt and mild cream products' buckets and these packages have gained another use opportunity.
- Whey Recovery Project applied in the context of TÜBİTAK 1511 TEYDEP Prioritized Areas Research, Technology Development and Innovation Project, has been recognized as worth to support and studies has been started.

PINAR MEAT

A company of our Group, Pinar Meat has switched to packing automation in packaging its "Open and Finish" products. This system has advantages in many areas from efficiency to marketing.

- The parcels used began to be shaped as plates instead of folding and this way the logistics of purchased parcels were reduced by 100 trucks / year.
- Line efficiency, which is a factor that depends on people was stabilized and increased with the switch to automation.
- A form of packing where products that conform to the demands of customers are lined up for the discount markets was obtained.
- Labor costs were reduced and reduction in total product costs was ensured.

Good Practices and Developments from Companies

PINAR MEAT

- The cooking and conditioning programs for fermented sausages were adjusted, thereby reducing their production wastages.
- Turkey charcuterie and poultry charcuterie departments were separated, revision of conditioning and cooking program reduced production wastage by about 2% and the separation of poultry and turkey charcuterie departments eliminated waiting for packaging, reducing packaging wastage by about 2%. This way our company's efficiency was increased and more effective usage of resources was ensured.
- The following works were conducted in the automation of charcuterie production facility. Production speed / efficiency was increased with more production capacity at a single time. Movement of products with a closed system was ensured and hence possible risks regarding food safety were reduced. Less detergents were used with the realized system and thus more effective cleaning was ensured. Switch from PP packaging to Doypack + cardboard packaging in frozen water products allowed taking the following steps: Labor and packaging costs were reduced, less plastics were used and hence the amount of wastes disposed to the environment was reduced. With this system, the products could be packaged directly after being frozen and therefore semi product stocks were reduced. The product could be better displayed on the shelves.

Works to Be Conducted in 2017

- Dissemination of transition from PP cup to Doypack + cardboard packaging in frozen products,
- Amending the sausage shower unit, ensuring less water consumption and increasing food safety via faster cooling of products,
- Spending less water / detergent with the steel car washing machine device and ensuring more effective cleaning,
- Using less water / detergent and making more effective cleaning with dissemination of TASKİ floor cleaning device in all production units instead of manual cleaning.

YBP

The projects conducted by YBP, a company of our Group in 2016 are as follows:

MT 940

Electronic account statement (MT-940) allows the movements of companies in their bank accounts to create records in the SAP accounting system automatically. Files regarding account movements can be accessed without documents via indirect data transmission, internet, other computer based FTP receiver programs or automatically sent e-mail attachments. This way, paper saving is achieved and contribution is made to the environment. MT-940 transactions began with Garanti Bank.

Mobile HR

Employees using tablets were offered the opportunity to benefit from the HR services offered as "self service". E-Payroll, time management and reporting processes are carried out with mobile life, especially working outside the company has been ensured and they have not been dependent on the office.

P.A.R.S

Our company collects the shelf prices of Pinar and competitor companies from digital platforms through our mobile personnel and doesn't need to outsource price investigation thanks to technological infrastructure. The data collected on a routine basis are analyzed and are presented to executives in the form of price and index reports.

Quality, Innovation and R&D

Good Practices and Developments from Companies

YBP

Thematic Map Reporting

Created via integration with the infrastructure of the BW module, which is YBP's reporting system, thematic mapping allowed data regarding work processes such as regions and product groups to be reported on a map via a topographic base.

Providing Distributors with Tablets

Region based distribution team positions were added to the organization in YBP. Mobile processes were created for distribution personnel and;

- Urgent purchase orders received from customers can be received to the system quickly in the distribution point of distribution teams as well in order to avoid sale loss despite the availability of purchase order representatives.
- As the distribution teams can write messages from tablets, information can be shared with the site in a fast and dynamic way.
- Transfer of customers to whom delivery will be made to online mobile environment via SAP allowed more effective identification of the order of visit as well as tracking. Moreover, if the customer has an overdue payment or if its credit limit is full, this is indicated on the list. The address data, sale distribution data, finance data and carts for the customers on the list can also be viewed. Transfer of information between the center and the site has achieved a faster and more accurate, dynamic process.

Establishing a Premium System for Distribution Teams

- Premium management was prepared for the distribution personnel of our company employed in 2016 and system integration was established. This way, premium payment can be made depending on the performance and employee satisfaction is ensured.

Cabinet Project

- Cabinet Project is one of the most important projects that has been started in 2016. Big part of context and implementation of "Sustenance Project" which has been established to count all the cabinets placed in YBP area warehouses and customers, distributor warehouses and distributor customers around Turkey and carrying on businesses in healthy way after this process has been completed.

ALTIN YUNUS

Air conditioning for the pool area in the hotel's healthy life center was made with the air conditioning central established in 2016. This central heats the environment from the hotel's waste thermal water and cools it in the summer from the hotel's waste ro (reverse osmosis) water and operates with frequency converter fans. The central has become an investment where minimum energy meets maximum benefit.

Sustainable Agriculture and Livestock Breeding

As natural resources began to be insufficient in line with the rapid growth of world population, sustainable agriculture and livestock gained major significance. As the influence of global warming is felt throughout the world, considering its negative impacts on agricultural production, effective use of natural resources for the future of humankind has become a more important matter. Acting with the awareness of its responsibility for supporting sustainable agriculture and livestock, our Group supports and develops all of its stakeholders, particularly manufacturers with the awareness of its responsibility against people and nature. Fundamental products of our Food and Drinks Group in our Group, milk and dairy products as well as animal protein are of vital importance for a healthy society. Some of our works which fall under the scope of sustainable agriculture and livestock breeding are addressed in our Report under the titles "Contribution to Local Economy", "Caring for Business Partners" and "Caring for the Environment".

Producer Support Programs

Project "The Future of Our Milk is in Conscious Hands"

Founded in order to raise awareness in the society with regard to food, health and nutrition and to contribute to well development of the society and operating as a non-profit organization, Pınar Institute continued its projects and activities in 2016 as well. Conducting works for the training of milk producers ever since it was founded, Pınar Institute began to conduct its works in a more systematic way under the scope of Project "The Future of Our Milk is in Conscious Hands" for certification starting from 2014. "Animal Health", "Animal Nutrition" and "Hygiene-Sanitation" training continued to be offered to milk producers in 2016 under the project conducted for maximizing all benefits of milk by way of ensuring proper nutrition and well-being of dairy animals and raising awareness among breeders with regard to hygiene and sanitation. Under

the scope of the project, training program applications were realized in İzmir (Tire & Ödemiş), Eskişehir, Kütahya, Denizli, Uşak and Şanlıurfa provinces in 2016 and the training sessions were completed while they were open for the voluntary attendance of all producers in addition to Pınar Dairy. With the training sessions that took place in 2016, a total of 5.800 producers were reached from the beginning of the project and a budget spending of TL 45.000 was made, excluding real and other expenditure.

The project stakeholders consist of Food, Agriculture and Livestock Provincial and District Directorates, Milk Associations, Universities (Ege, Ankara, Harran and Afyon Kocatepe Universities), Pınar Dairy and Çamlı Feed.

The project ranked among the top 3 projects in the Yaşar Group Sustainability Awards in 2016, thereby winning the Sustainability Award and signing a major achievement.

Making collaboration under the scope of United Nations Development Program (UNDP) and Business Call to Action (BCTA) programs are among the plans of the project for the next period. This collaboration aims to carry the project to the international area and to increase its popularity. In this scope, works are conducted for developing the project content.

Pınar Newspaper

Conducting activities on food, health and nutrition as well, our Group continued to issue the Pınar Newspaper which is a significant source of reference for farmers conducting milk and meat husbandry in areas such as stockbreeding, milk technologies and livestock health in 2016.

Our newspaper is prepared for 18.000 producers supplying livestock and raw milk to Pınar.

Sustainable Agriculture and Livestock Breeding

Animal Welfare

Our Group attaches great significance to animal welfare within the framework of sustainable livestock concept. The Food and Beverage Group of our Group didn't observe any discrepancy while it conducted many applications in this regard during the 2016 reporting period.

Pınar Meat

Considering animal welfare as a prior issue, Pınar Meat provided any resources for establishing and effectively implementing the animal welfare system. On-site and hands-on training was obtained from the experts from USA and Europe for the animal welfare practices. Our animal welfare system covering the necessary infrastructure and internal audit pursuant to such training was established and all of our employees were trained. The effectiveness of the system is verified annually with the high scores we receive during independent third-party inspections (SAI GLOBAL, UK).

At the same time, we regularly train our suppliers with regard to animal welfare and inform them with regard to the developments. Use of any hormone and growth enhancing medicine in livestock which make our raw material is forbidden owing to the legal requirements of Turkey. Only antibiotics that are allowed for treating sick animals can be used and in this case the time needed for releasing antibiotics from the body is observed. The absence of such materials in the animals that we are supplied with is verified with regular analyses procured from independent 3rd party laboratories by Pınar Meat as well as those conducted by the Ministry of Food, Agriculture and Livestock. Rules of Directive on Transportation of Livestock and Animal Products within the Country and Directive on Welfare and Protection of Animals During Their Transportation are observed while carrying the animals.

Çamlı Feed

A company of our Group, Çamlı Feed uses the contracted production model in the turkey production process and offers a source of income for villagers living particularly in the mountainous villages which are not suitable for agriculture in return for the turkey caring service they offer. Moreover, veterinary doctors in charge provide training to breeders with regard to animal breeding and animal welfare at least 3 times a year and any good practices identified are disseminated while it is ensured that improper practices are ended. Fertilizers received from the turkey pens in Seferihisar are utilized in the fertilizer processing facility in Ören.

Breeding density that complies with the regulations is maintained for preserving animal welfare while work is conducted with Ege University, Faculty of Agriculture on projects addressing the Loading Stress of Live Turkeys and Animal Welfare in Pens. Moreover, the department manager continues to write a PhD thesis project regarding the Placement Density of Turkeys in Pens in Istanbul University, Faculty of Veterinary Science. A common study was conducted in 2015 with the initiative of Milano University, Ege University and Animal Welfare Indicators for identifying animal welfare criteria and for making animal welfare measurable.

Contribution to Local Economy

A prominent private industry organization in Turkey, Yaşar Group has been conducting its activities pursuant to the principle of creating value for Turkey since 1945. Boasting a broad map of stakeholders that covers different segments of the society, our Group supports regional development and local economy with its widespread supply chain across the country, export volume, added value creation and the direct & indirect employment that it creates.

The contribution of our Group to local economy is not limited to products and services and the training offered to manufacturers and suppliers, efficiency works based on cost optimization, R&D projects, greenhouse reduction works and waste management approach as well as social investments continue with the contribution made to local economy.

Always focusing on growing together with its stakeholders, our Group makes a point of providing all raw materials from local producers. Our Group gives priority to the goals of improving the conditions of suppliers, increasing product quality and thereby increasing their revenue in its relations with our stakeholders.

Taking local elements into account in its human resources policy and giving priority to "in-place employment", our Group tries to source its workforce needed in the investments it makes in different regions from the human resource available in that region depending on the qualifications required for the respective position.

Offering reliable and good quality products to its consumers under the scope of product responsibility, our Group tries to make these products accessible. In particular, balanced and adequate nutrition of the society is considered important owing to direct impacts of food and nutrition on health and attention is paid to offer products that will provide for this nutrition to the consumers. Natural resources are not only a heritage of a country to the future but they also make a significant economic value. With this awareness, our Group conducts activities with the responsible resource utilization and resource efficiency approach.

Contribution to Local Economy

Good Practices and Developments from Companies

PINAR MEAT

Pinar Meat Occupational Training Unit

Leading the way in Turkey in 1998 and founding Pinar Meat Vocational Training Unit in order to resolve the trained personnel issue in the industry, Pinar Meat has earned vocational skills to 383 apprentice students on meat and meat products processing.

While 49% of its graduates are employed in Pinar Meat, 42 students continue their training in the Vocational Training Unit as of the year-end of 2016.

PINAR DAIRY

A company of our Group, Pinar Dairy carries out contracted work in 301 spots, 119 of them being a farmstead for supplying good quality raw materials as of the year-end of 2016 and supports its producers whose number is over 18.000. Attaching great significance to local development, our Company shares the quality values of the milk that it supplies from farms with producers on a "daily" basis, allowing them to be knowledgeable regarding the products of producers. Moreover, it conducts training programs on subjects such as milk quality, flock health, animal nutrition and protective physician works in order to provide information to its producers for producing healthy milk and to create awareness. Conducting raw milk purchase from 4 supplier groups which are village, cooperative, farmstead and company from a total of 22 provinces in Turkey, our Company buys milk samples from our farmsteads at least 2 times a month. The results are informed to those in charge of the farmstead and are allowed to have information regarding their quality.

Pinar Dairy has completed the infrastructure for the "Supplier Performance Increase" project in selecting new suppliers and business partners for sustainable and good quality supply in 2016. The goal is to start having the suppliers undersign a Supplier Protocol stating that they observe the "Compliance with Laws and Legislations, Human Rights, Fair Working Standards, Environmental Responsibility and Anti-Corruption", which further includes the criteria of Global Principles Agreement under scope of this project.

ÇAMLI FEED

A company of our Group, Çamlı Feed conducts all of its activities under the principle of contributing to local economy. Almost all of our producers from whom our company sources production services for turkey breeding comprise of families who are not able to carry out agriculture or cattle breeding in their village. With this production method, producers, who are among the most important stakeholders of our Group were offered services such as livestock, feed, veterinary services and transportation of livestock to the slaughterhouse effectively. Informative training with regard to poultry breeding and legal regulations is offered to family members during the process via information meetings and veterinarian visits that are held once a year.

Çamlı Feed Turgutlu Factory, which under construction during 2016, is planned to be commissioned at the end of 2017. It will make contribution to the region of foundation in economic, commercial and employment sense.

DYO COATING

Dyo Academy

As the Vocational Qualifications Institution (MYK) certificate requirement was introduced pursuant to the laws, an increase is expected over time across our country in the number of demands for persons who fall under the vocational group of Construction Painter and Heat Insulator. For this reason necessary infrastructure preparations were made within the organization of Dyo Academy. As the first organization in the paint industry that was accredited by TÜRKAK under the TS-EN ISO/IEC 17024 Standard for issuing Vocational Capability Certificate and authorized by the Vocational Capability Organization on 11UY0023-3 Construction Painter (Level 3) National Capability, it has continued its examination and certification works since 2014.

It completed its scope expansion works in 2016 and also began Examination and Certification applications on 12UY0057-3 Heat Insulator National Capability. Vocational Capability Certificate has become a requirement in Turkey for both of these occupations which are classified as dangerous and very dangerous works pursuant to the notification issued by the Ministry of Labor and Social Security on May 25th 2015. Dyo Academy Department accelerates its works to contribute to activities that increase qualified workforce in Turkey.

It conducted examinations in a total of 42 locations in 2016, 1.001 persons to attend this examination and allowing those who succeed to be certified with Dyo-MYK and TURKAK Certification.

Social Investment Works

Yaşar Education and Culture Foundation

Founded in 1974 by Durmuş Yaşar, Yaşar Education and Culture Foundation conducts activities in the training, culture and art areas. The foundation has built many schools ever since its establishment in addition to undertaking construction of annex buildings, dining halls, sports and culture facilities pursuant to the needs of schools. Moreover, it has responded to the needs of schools for science, language, food technology and computer laboratory.

Yaşar Education and Culture Foundation offered 100% free scholarship for 49 students who lost their relatives in Soma mine accident, master's degree, bachelor's degree and higher education students studying in various departments of universities and 140 successful students in need, who studied in the Anatolian Vocational High Schools during the academic year of 2015-2016. Moreover, Yaşar Group companies and directors offered conditional charity scholarship to 25 students. Our foundation has so far contributed to the education of about 6.000 students by offering scholarship.

Our foundation has published about 40 works in cultural field, Atatürk Publications and in various areas, particularly archeological and scientific areas. The foundation also organizes congresses, symposiums and panel discussions that examine



the current issues in Turkey and worldwide from a scientific perspective, research, emphasize the ways of solution and aim to announce the results thereof to the society with the broadest cover.



Yaşar Education and Culture Foundation realized the panel discussion named "Autism and Puberty" in Yaşar University Conference Hall on April 20, 2016 with a high level of attendance in order to draw attention to Autism and to contribute to awareness in the month of April, which is known as the World Autism Awareness month.

Yaşar Education and Culture Foundation continued to offer tangible support for Nysa excavations under the scope of Common Service Protocol within the framework of promotion services for our culture and history and archeological excavations support works in 2016. Our Foundation was also the official sponsor for the excavation and restoration works of the Ancient Smyrna city, also known as Bayraklı Tumulus, located in İzmir province, Bayraklı district.

Yaşar Education and Culture Foundation Works

Selçuk Yaşar Museum and Art Gallery

Opened in 1985, within the organization of Selçuk Yaşar Museum which is the first private painting museum in Turkey, Selçuk Yaşar Art Gallery was commissioned in 1990. The foundation continued its activities in the gallery which is downstairs in the museum with the painting and sculpture exhibitions of Veysel Günay, Süleyman Saim Tekcan, Ekrem Kahraman, Ergin İnan, Fevzi Karakoç, Zahit Büyükişleyen – Nilay Kan Büyükişleyen, Ferruh Başağa and Hakan Esmer in 2016.

Having hosted artists and art enthusiasts with the exhibitions organized by Yaşar Education and Culture Foundation in the summer season for long years, the Altın Yunus Art Galleries hosted the workshop works of master artists Gencay Kasapçı and Şükran Ulucan as well as the young skilled artists Mehmet Çevik, Kerem Atar, Sümeyya İlhan, Hayriye Diliuzun, Mustafa Özbakır, Rugül Serbest, Nedret Pekcan, Mehtap Saldıray, Duygu Sinan, Uğur Avcı, Cansu Kuzu, Filiz Piyale, Nihal Başoğlu Özdemir, Murat Özbakır, Mehmet Emre, Mustafa Mutlu, Ruken Aslan and Sevinç Çiftçi whose works received awards in Dyo Painting Awards and/or which were found worthy of being displayed in 2016.

Selçuk Yaşar Museum

The building relieve, restoration and restitution project works for Selçuk Yaşar Museum, where painting, sculpture, carpet and archeological works will be displayed on an indoor area of about 6.000 m² on the real estate of Yaşar Education and Culture Foundation located in İzmir province, Konak district, Umurbey Quarter, plot no 1391, parcel no 2 were completed and the project pre-approval of Konak Municipality and the approval of the Board of Preserving Natural Assets were obtained in 2016. Application was filed to Konak Municipality for the construction license of the museum and construction of the museum is planned to be commenced in 2017.

Aids Granted to Other Organizations and Institutions

- In Yaşar Education and Culture Foundation Private Education Application Center and Work Application Center, instructors and students were offered training in order for Apple Technologies Education Development Programs to be implemented in private education and 16 pieces of 32 GB Apple iPads, 1 piece of 4th Generation Apple TV and Apple branded devices were granted by the Foundation to be used in the education of the students.
- 12 notebooks were granted pursuant to the requests received from schools within the framework of education services.
- Within the scope of Atatürk studies, Atatürk corner was built for the 80. Yıl Çiftlik Secondary School in İzmir province, Çeşme district and Atatürk bust Base was built for İzmir / Konak Gazi Secondary School.
- The foundation collected course books, novels, story and college preparation test books from the employees of Yaşar Group who attended voluntarily with the book campaigns "Let's Each Donate a Book" and "So that Kids Read Books" organized 2 times within the year in order to support schools that need books and the collected books were delivered to the 7 schools in Anatolia.
- The Foundation made donation to Ankara Altınokta Blind People Foundation for buying 100 white walking sticks in order to meet the needs of visually impaired persons.
- Donation was made under the name "Growing with Music" to the Foundation of Music for Peace which was established in order to teach how to play a musical instrument to kids aged between 6 and 14 who can't afford it and thereby to reintegrate them into the society.
- The exterior facade painting was made for Yaşar Education and Culture Foundation Private Education Application Center and Work Application Center which was opened for education in İzmir province, Güzelbahçe district in 2014 and continuing its education in the academic year of 2016 - 2017 with 20 classrooms, 36 teachers and 70 private students.

Social Investment Works

Good Practices and Developments from Companies

Corporate Social Responsibility

DYO COATING

Corporate Social Responsibility activities are one of the major building blocks of Dyo Coating corporate culture. Undersigning very special works in this area each year, our Company continues its social responsibility activities diligently.

Supporting many projects from education to culture - art, sports to nongovernmental organizations in its social responsibility activities, our Company continues its corporate social responsibility project and approaches with the "reintegrating into the society" principle.

Corporate social responsibility project, which aims to create "Value for Tomorrow" with sustainability applications based on scientific data and foundation and create a better future first came to the forefront with the "Worth Learning" slogan.

Under the scope of the project, the consultation board consisting of academicians from Mimar Sinan Fine Arts University Faculty of Architecture and Educational Sciences Departments prepared educational contents providing information regarding color, place utilization, heat and light components and over 25 thousand students in their 2nd, 3rd and 4th year at school and 1.018 teachers were reached with 1.025 training sessions offered in 66 schools in 10 provinces during the academic year of 2015-2016. The aim was to have kids increase their life quality and success and to gain awareness regarding aesthetic values with the acquisitions earned in the training sessions. Administrators, class teachers and members of school family unions involved in the schools

in which training applications were made under scope of the project were also offered training.

1.300 hours of training were offered by Mimar Sinan Fine Arts University to 219 painters in 10 provinces across Turkey under scope of the "Value for Craftsmanship" project which took place under "Value for Tomorrow". Painters who had Vocational Qualification Certificates experienced making color and place composition from the eyes of an architect thanks to the training sessions.



A first of its kind event happened in Turkey with the "Value for Schools" project which was realized under scope of Dyo "Value for Tomorrow" and the School Painting Guide was prepared with a scientific content. The School Painting Guide which contains color and paint options according to elements such as color, venue and light was sent by the Ministry of National Education to 20 thousand schools across Turkey in order to enhance the quality of and improve school venues where kids spend the most of their time. Moreover, the guide prepared was shared with a million teachers. 10 schools located in 10 provinces which are Adana, Ankara, Antalya, Bursa, Gaziantep, İstanbul, İzmir, Kocaeli, Samsun and Trabzon were painted by Dyo Coating as the application example of School Painting Guide accepted by the Ministry of National Education. 120 painters who hold a Vocational Qualification Certificate and who received training from Mimar Sinan Fine Arts University under scope of the project painted the schools in a short time which is one month using 34 tons of paint and prepared them for the new academic year.



YBP

The major projects realized by YBP, a company of our Group during the 2016 reporting period are as follows:

Driving Training

The Efficient Driving Training offered in the Anatolia Distribution Warehouse of İzmir on Sunday, November 14, 2016 took place seamlessly as it was planned. It was observed prior to commencing the training that drivers drive their vehicles on high revolution and fuel consumption is more than normal. The training sessions offered highlighted not only reduction of fuel consumption but also safe driving techniques and traffic rules. Particularly the importance and legal requirement of fastening seat belts were mentioned, vehicle analysis reports of all drivers were calculated and it was determined that there was on average 20% improvement between two driving sessions. The project commission was expanded as of December, 2016 in order for the project to continue at a sustainable function and joint action plans were prepared with the new members.

Sister School Project

YBP started the "Sibling School Project" as of May, 2015 under the scope of Corporate Values Projects. Torbalı Göllüce Village Primary School was selected and the needs were identified during the process of identifying a school conducted with Torbalı Directorate of National Education and Göllüce Head of Neighborhood. Feasibility plan was made for Roof Amendment, the most important need within the planning for 2017. Student toilet amendment, wall plaster and painting area as well as various needs of schools (curtain, table cloth, blackboard) were included in our plans according to the results from budget and costs. The school was revisited, Torbalı Director of National Education was visited and information was provided with regard to the process. Moreover, presents were prepared for kids from the products of Pinar during the April 23 celebrations.

PINAR INSTITUTE

Project "Let's Move With Fun and Eat Healthily"

Project "Let's Move With Fun and Eat Healthily", realized by our Group in order to create nutritional awareness among young kids and to raise healthy individuals was completed in 2016 within the framework of the protocol signed with İzmir Provincial Directorate of National Education. Within the framework of the training program, about 1.000 kids were reached in 20 schools which were selected with the İzmir Provincial Directorate of National Education from among independent preschools that are connected with İzmir province and that offer training to kids aged between 36 - 66 months during the autumn period of the 2016-2017 academic year during the first phase of the program.

The consultation processes of the project are conducted by Prof. Dr. Sedef Nehir El, Instructor of Ege University, Faculty of Engineering, Department of Food Engineering, Food Sciences and Asst. Prof. Sibel Sönmez, Instructor of Ege University, Faculty of Education, Department of Elementary Education, Preschool Teaching. Within the framework of the training program, teacher activity book (Nutrition and Action Journal Book of Deniz), 3D food pyramid, 3D food components to be placed on the food pyramid and educational materials set comprising of 4 posters were distributed to each teacher at the end of the Instructor's Education Event which took place on November 17 - 18, 2016. A budget spending of TL 25.000 was made for the events and activities of the project for the year 2016. Following the completion of the project, 3 academic publications will be prepared and presented on scientific platforms under light of the pretest - final test applications made and with the obtained data.

Social Investment Works

Good Practices and Developments from Companies

Corporate Social Responsibility

PINAR INSTITUTE

Play and Education Tools for a Healthy and Balanced Diet BAP Project

The goal of the project that is realized with the collaboration of Yaşar University, Faculty of Art and Design is that preschool kids get to know food groups and informative and educative toys with regard to how much food from various food groups he/she needs to consume in order to have a healthy and balanced diet are designed. Designed/produced toys are intended to be used as ancillary components supporting the project "Let's Move With Fun and Eat Healthily" in the form of licensed toys / play components / education materials of Pinar / Pinar Institute. At the same time, it will be possible to use them as ancillary training materials for the training sessions of the Institute with regard to balanced and healthy nutrition in future periods. 4 game and training tool designs which were developed as student project and which were consequently given awards continue as a Scientific Research Project (BAP) with a protocol signed between Yaşar University and Pinar Institute. In this framework, initial works began on February 2016 with a decision made by Yaşar University Project Evaluation Commission (PDK) and via Yaşar University Information and Technology Transfer Office (BTTO). Ongoing under scope of a work spanning 17 months, the budget of the project which is TL 42.040 is paid by Yaşar University and Pinar Institute in halves.

Based on the 4 designs, the new design which was developed by the instructors of Yaşar University, Faculty of Arts and Design has arrived the construction stage of the first prototypes. The new consequent design is the reinterpretation of the Food Pyramid made of felt fabric with different areas of use. At the same time, the application for the Useful Model and Design Registration of the new design was made in December, 2016.

The Consumer Reception Study for Milk and Dairy Products was conducted by Prof. Dr. Gülseren Atabek, Instructor of Yaşar University, Faculty of Communication, Department of New Media and is a research project supported by Pinar Institute within the organization of TÜBİTAK 3001 Initial R&D Projects Supporting Program. The project aimed to reveal the perceptions acquired by consumers via media with regard to milk and dairy products. It is observed with regard to milk and other dairy products that consumers usually develop negative perceptions based on false information spread from media channels.

This research was designed in order to reveal such perceptions, examine and analyze who they develop and how effective they are. The study covers milk and dairy product consumers in İzmir. Within this framework, a question form was created according to data obtained from two focus group studies comprising of 10-15 persons and those obtained from a scanning of selected media contents spanning a year in order to identify what the perceptions are. Following a pretesting of the question paper, a 700 persons sampling was applied on this paper. With the data obtained from here, the level of the perceptions and how they change depending on different socio-economic groups were found with statistical analyses. The research began with media analysis on September - November 2014 and was completed after the project report was approved by TÜBİTAK on May 20, 2016.

Stakeholder Opinion

Asst. Prof. Sibel DÖNMEZ

Ege University Faculty of Education Basic Education Division Department of Pre-School Education



sharing the education materials on the platform where pre-school teachers can effortlessly access also contributes expansion process. Not only sharing education materials, but also including scientific researches in application stage and offering scientific findings about evaluation of education programme that made by children and teachers on variety of platforms and with articles to different groups are also considerable aspects for extension.

What are the differentiating parts of "Let's Move With Fun and Eat Healthily" project, considering the other projects recently applied?

Actually, there are so many studies in that area but the main difference is project's target time-frame. Children gains main nutrition habits at 4-6 years of age. While children firstly apart from home dinner table, eats with the children of same age and demonstrates his/her families' nutrition habits and they also get highly affected by new-comers of their life and teachers who has significant importance for them. With this approach, both children have been educated and teacher have gained awareness around nutrition and action educations. Additionally, thanks to creating common activities in all schools based on equality principle, there has been provided equality in both centrum and districts. Considering children-focused composition of families, education provided to children was also reflected to parents and targeted changes has been achieved by that indirect approach. Besides, project has not been limited with school borders; due to storybook granted to children sustainability factor has been included to process and parents have become more conscious with this efforts. Learning with discovery by himself/herself by children is centerpiece of pre-school programme. Playing games is a method for learning with discovery and transferring the knowledge gained with this approach is the most important aspect. In this concept, established project has differentiated from others as comprehensive education process which supporting learning with doing and experience as well as having fun.

Would you share your thoughts on "Let's Move With Fun and Eat Healthily" project?

This project focused to children in pre-childhood makes great contribution to Group which is aiming to raise healthy generations in future. It is so important that project is being implemented in pre-school period which is individual's the fastest-pace development time zone and also the time individual gains life skills. We confidently say that program is so effective in accessing accurate information on healthy and well-balanced nutrition especially in this period when the children tend to get affected by others. Besides, this project helps children to handle with difficulties arising from sedative life style accompanies the modern life, highlights the importance of not only healthy nutrition for healthy life but also active way of living as well as creates awareness for variety of sports. Additionally, using interdisciplinary approach within the project preparation and implementation process along with consulting well-acknowledged professionals is increasing project's productivity.

Would you explain your thoughts on expanding the project?

This project must firstly expanded in the independent pre-schools connected to Ministry of National Education. Within the process of implementation, there must be face-to-face hands-on-education and the program must become standard for all practitioners. However,

Social Investment Works

Sponsorships

Our Main Sponsorships

Pınar KSK

With the Pınar brand, Yaşar Group contributes to preservation of educational, sports and cultural assets under the scope of sports communication works with the "social citizenship" approach. With this corporate culture approach, Pınar Karşıyaka Sports Club which has been maintained under leadership of Selçuk Yaşar, Founder and Honorary President of Yaşar Holding for about 60 years continues to be supported. Since 1998, thousands of teen sportsmen doing sports under Pınar Karşıyaka Basketball Team as main sponsor and under its infrastructure have been supported. Setting on the road with the goal of making İzmir a basketball city and supported in order for the residents of İzmir, youngsters and kids to be integrated with sports, recent achievements of Pınar Karşıyaka include Turkish Cup Championship, Presidential Cup and Turkish Basketball League Championship. Pınar Karşıyaka also represented Turkey successfully in EuroChallenge and Euroleague. Moreover, in addition to support for Karşıyaka Basketball Team, about 25,000 kids were allowed to do sports in the infrastructure and in sports schools with Pınar Karşıyaka Basketball branch.

Turkish Basketball Federation

Pınar offers services as the Turkish Basketball Federation and Basketball National Teams Official Drinks Supplier under scope of the uninterrupted support it extends to sports.

Other Sponsorships and Social Investments

In addition to participating many fair and congress which were organized in variety of areas including quality, food, R&D, marketing, supporting these activities, Pınar Meat, Pınar Dairy and Pınar Water was also took place in many organizations.

By the way, Pınar Meat and Pınar Dairy creates meeting opportunities for industry leaders and science-people by taking the responsibility of sponsorship of activities organized for enhancing cookery, gastronomy and cuisine culture in Turkey. In this context, Pınar Meat has given to sponsorship support to 4 congress, 3 symposiums and 15 activities and Pınar Dairy to 5 congresses, 3 symposiums and 33 activities.

Examples of sponsorships Pınar Dairy:

- İzmir Economic Congress
- Milas Milk Producers Association General Assembly
- Şanlıurfa Fair of Food, Agriculture and Stockbreeding
- Yaşar University 9th Logistics Days
- Turkey Innovation Week
- Yaşar University Startup Weekend
- Yaşar University Autism Panel
- Referees Association "The Bests of Amateur" Cocktail and Award Ceremony
- Wings For Life World Run
- Nutrition and Health Side-By-Side Symposium; Milk and Health 2016 Earth Day

Pınar Water

- 3rd İzmir Occupational Safety and Health Summit
- 6th Business Women Platform
- Turkish 12th Food Congress
- 13th Ege Human Management Summit
- İzmir High Technology Institute "Hack'n Break" event
- 17th Search for Excellence Symposium
- 4th Inter High School Beach Volleyball Tournament
- İzmir Katip Çelebi University Nutrition and Health Concentric Symposium
- Ege University Faculty of Food Engineering Career Days
- Turkey Innovation Week

Altın Yunus

Support Given to Education in 2016

- Attendance was made to the Career Days organized in Balıkesir University and Afyon Kocatepe University in March, 2016, Yaşar University in April 2016, Ege University Çeşme School of Higher Education in November 2016 and Adnan Menderes University, Tourism and Hotel Management School of Higher Education in December 2016.
- Internship was offered within the organization of Altın Yunus to 2 Tourism Education Center (TUREM) and 2 Erasmus Plus exchange program students, 48 vocational high school and 41 university students in 2016.
- Sports uniform support was offered to Ege University, Çeşme Tourism and Hotel Management School of Higher Education Football Team.

Works Conducted Under Scope of Environment and Society Awareness in 2016

- Food support from waste food continued to be given to Çeşme Animal Shelter in 2016.

- Outfit donation was made to Balçova Municipality House of Solidarity.
- Certificate of appreciation was received from Çeşme District Directorate of National Education owing to the contribution made to the efforts for teachers to develop themselves.
- Certificate of appreciation was received for hosting the Biographical Concert which was organized for contributing to purchase of musical instruments to Barış Kids Symphony Orchestra.
- Çeşme District Directorate of National Education granted certificate of appreciation to Altın Yunus owing to its contribution to education.
- Turmepa Deniz Temiz Foundation granted a certificate of appreciation to Altın Yunus owing to its works conducted with regard to protection of the environment and sustainability.
- Altın Yunus was honored with a certificate of appreciation awarded by Çeşme Municipality and Çeşme Foundation for Animal Protection owing to the support given to Çeşme Animal Shelter since 2006.

Dyo Coating

Sponsorship Works and Exhibition Attendance for 2016

- Hasankeyf Promotional Booklet sponsorship
- National Karting Sportsman Berkay Besler sponsorship
- Turkey Football Federation A National Team sponsorship
- 17th Search for Excellence Symposium sponsorship
- 25th Quality Congress sponsorship
- Turkey Innovation Week Exhibition attendance
- Paint İstanbul TurkCoat 2016 Exhibition attendance
- 2016 Building Exhibition attendance
- Atakent-Expo Kazakhstan exhibition attendance
- Commemorated with sports for many years, Dyo Coating reinforced this connection even further and blazed a trail in the industry. The communication works made with regard to sponsorship were planned in gradual steps which are signature ceremony, pre Euro 2016, championship and post-championship. Mentioned in 208 different news, the signature ceremony reached 12.444.921 people. Moreover, about 1 million people were reached with the posts made on the social media.

Social Investment Works

Yaşar University

Aiming to raise individuals who are sensitive to the environment and to their own lives as well as capable of acting with awareness of social responsibility, Yaşar University started its activities in the academic year of 2002 - 2003. 430 academic and 291 administrative personnel are employed in Yaşar University, where 8.983 active students study in the 2016-2017 academic year. Having 2 Vocational Schools of Higher Education with 9 faculties, 31 departments and 12 undergraduate programs as well as 1 School of Foreign Languages and School of Applied Sciences, the university also has 13 master's degree and 5 PhD programs in the Social Sciences Institute and 14 master's degree and 3 PhD programs in the Physical Sciences Institute.

The fundamental philosophy of Yaşar University, one of the 2 private universities in İzmir is to support the academic, cultural and social development of individuals with a perspective to promote universal values and free thinking. 94 students went abroad under the scope of Erasmus Program during the academic year of 2016-2017 and 43 Erasmus students came to Yaşar University for studying. Moreover, 2 students are studying in USA and 15 students came to Yaşar University for studying under scope of the Global Exchange Program. As an international education experience is offered with the variety of student profiles in the campus, 324 part time and full time international students from 67 countries such as Europe, USA, Canada, Australia, Nigeria, Kenya, Venezuela, Iraq, Azerbaijan, Pakistan and Ecuador study in Yaşar University.

Yaşar University supports the achievements of students and contribute to their education with various scholarship opportunities, which are Education and Training Scholarship, Academic Achievement Scholarship, Talent Scholarship, Martyr and Disabled Veteran Scholarship, Shelter Scholarship and International Student Scholarship. In this framework, 57,61% of students utilize the scholarships granted in different rates.

Yaşar University pioneers projects in the areas of software, design, work process improvement, communication, perception measurement and training in a broad spectrum ranging from social projects to university-industry collaboration projects. A major part of these projects are supported by TÜBİTAK and the others are sourced from the resources of Yaşar University or industrial or other organizations and institutions. Many universities - industry collaboration projects are realized in partnership with the Yaşar Group companies.



Some of the projects realized by Yaşar University are as follows.

Development of Microalgae Panel Reactor Prototypes and Examination of Design Parameters for Use in the Building Facade

Scientific Research Project (BAP) Asst. Prof. İlker Kahraman

Renewable energy technologies used in buildings in order to ensure sustainability can generate energy, however they do not provide active CO₂ containment. Microalgae can be used for both CO₂ containment and energy generation or for increasing its efficiency. The goal of this project is the calculation of total heat transfer coefficient (U value) of the panel reactors used in microalgae production for increasing the energy efficiency of microalgae in buildings as a result of measurements and investigation of the means of use of this system as a building element.

Active CO₂ containment will also be provided with the use of closed system bioreactors in building facades used in microalgae production. Fundamental data with regard to the microalgae systems that can be used for applications to be made on the building facade will be obtained at the end of the project.

Çamlı Feed provides microalgae culture and technical support as the supporting organization. The data obtained in the project will be used in designing the facade for the "Positive Energy Building" which will be constructed by Nilüfer Municipality and a model implementation will be made in order for buildings to reduce their active CO₂ emission alongside passive systems. In addition to being the first of its kind in Turkey, this application will be one of the few model applications made in the world and will provide the technical knowledge necessary for a product that can be implemented in an international sense.

Varied Distant Teaching of Turkish as a Foreign Language

TÜBİTAK 3501 – Career Development Program Asst. Prof. Özlem Ozan

The goal of the study is to develop a distant education system that offers a varying content depending on the availability of the learner in teaching the Turkish language of Turkey as a foreign language and to evaluate its effectiveness.

The project is limited to A1, which is a language teaching step in the foreign European Common Framework Text. A learner who completes the A1 stage under the project is expected to be able to provide for his most basic needs in daily life, introduce himself, understand when another person introduces himself, state his country, nationality and occupation and understand the same, use the country's currency, food names and the names of the objects in his near surroundings, distinguish the sounds in the alphabet and use them while talking, use numbers when needed in daily life and use Turkish for transportation.

With the project, a distant teaching system that varies depending on availability and that takes individual differences into account in teaching Turkish worldwide will be created for the first time. With the developed system, a Turkish learning content that takes individual differences into account and that is independent of time and space will have been prepared. In this sense, it is stipulated that the project will be a model and will make serious contribution to closing the existing gap in the area with regard to distant teaching of Turkish as a foreign language.

Massive open online course (MOOC) for teaching Turkish to foreigners: At the end of the project, the system will be opened for use of the world free of charge on the Yaşar University Open and Distant Learning Center servers in the form of massive open online course.

Yaşar Group Sustainability Performance

Caring For Employees

Employee Profile

Main business in our holding and affiliated companies is carried out by permanent white collar and blue collar employees. In case of need, sub-contracted relationship can be established and labour force is employed in this framework.

Total number of employees in our companies included in reporting is 6.922 as of the end of 2016. Due to the sale of Dyo Printing Inks to ToyoInk SC Holdings Co. Ltd. on January 15th 2016, this company's employment data was excluded from the 2016 report although it was included in 2015 report.

Total Workforce by Agreement Type

	INDEFINITE TERM		FIXED TERM		GENERAL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
			Temporary/Contractual		Total	
NUMBER	5.628	1.135	135	24	5.763	1.159
RATIO OF TOTAL EMPLOYEES	81,3%	16,4%	2,0%	0,3%	83,3%	16,7%

*The total number of employees consists of the total number of permanent and sub-employer's employees.

Percentage of Labor Force by Employment Type

	KEY		WHITE COLLAR		BLUE COLLAR		TEMPORARY		TOTAL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
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%
2016	4,5%	1,3%	33,2%	11,1%	42,7%	4,4%	2,5%	0,4%	82,9%	17,1%

*Sub-employers are excluded in the total permanent employees table

Total Labor Force by Employees and Supervised Workers

	OUR OWN EMPLOYEES		SUPERVISED WORKERS		GENERAL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
2016	Total		Total		Total	
NUMBER	4.489	929	1.274	230	5.763	1.159
RATIO	64,9%	13,4%	18,4%	3,3%	83,3%	16,7%

*The total number of employees consists of the total number of permanent and sub-employer's employees.

Distribution of Total Workforce by Region and Gender

Human resources of Yaşar Holding, investing mainly in Aegean Region, is 64,5% in Aegean Region. Our Group spreading all over Turkey over the years has created employment in all regions of Turkey with our latest investments since 2016.

REGION	2014		2015		2016	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Aegean	12,1%	53,1%	11,4%	51,8%	12,2%	52,3%
Marmara	3,0%	16,7%	3,5%	17,0%	2,1%	16,9%
Central Anatolia	1,8%	9,9%	2,1%	9,7%	2,1%	10,0%
Mediterranean	0,3%	2,3%	0,3%	2,2%	0,2%	2,0%
Black Sea	0,1%	0,4%	0,1%	0,4%	0,1%	0,5%
Southeastern Anatolia	0,1%	0,3%	0,1%	1,4%	0,1%	1,4%
Eastern Anatolia	0,0%	0,0%	0,0%	0,0%	0,0%	0,1%
TOTAL	17,3%	82,7%	17,4%	82,6%	16,7%	83,3%

*The total number of employees consists of the total number of permanent and sub-employer's employees.

Percentage of Total Employees Subject to Employment Agreement

	DYO COATING		PINAR MEAT		PINAR DAIRY		VIKING TISSUE	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
2014	1%	53%	13%	60%	7%	56%	0%	59%
2015	1%	54%	14%	60%	7%	54%	0%	62%
2016	1%	55%	14%	62%	7%	55%	0%	64%

	2015	2016
PINAR MEAT	74%	76%
VIKING TISSUE	62%	64%
PINAR DAIRY	61%	62%
DYO COATING	55%	56%

Employee Profile

Newly-Hired Employees by Age Group

AGE	EXCEPT TEMPORARY AND SUB-EMPLOYER				INCLUDING TEMPORARY AND SUB-EMPLOYER			
	Number Of Total Employees Recruited		Number Of Total Employees Recruited		Number Of Total Employees Recruited		Number Of Total Employees Recruited	
	MALE	PERCENTAGE	FEMALE	PERCENTAGE	MALE	PERCENTAGE	FEMALE	PERCENTAGE
UNDER 30	271	37,5%	77	10,7%	1.079	54,9%	178	9,1%
BETWEEN 30-50	320	44,3%	44	6,1%	571	29,0%	118	6,0%
OVER 50	9	1,2%	2	0,3%	14	0,7%	6	0,3%
TOTAL	600	83,0%	123	17,0%	1.664	84,6%	302	15,4%

Newly-Hired Employees by Region

REGION	EXCEPT TEMPORARY AND SUB-EMPLOYER				INCLUDING TEMPORARY AND SUB-EMPLOYER			
	Number Of Total Employees Recruited		Number Of Total Employees Recruited		Number Of Total Employees Recruited		Number Of Total Employees Recruited	
	MALE	PERCENTAGE	FEMALE	PERCENTAGE	MALE	PERCENTAGE	FEMALE	PERCENTAGE
AEGEAN	272	37,6%	66	9,1%	822	41,8%	176	9,0%
MARMARA	267	36,9%	42	5,8%	471	24,0%	52	2,6%
CENTRAL ANATOLIA	45	6,2%	12	1,7%	328	16,7%	54	2,7%
MEDITERRANEAN	5	0,7%	2	0,3%	22	1,1%	17	0,9%
SOUTHEASTERN ANATOLIA	8	1,1%	1	0,1%	18	0,9%	3	0,2%
BLACK SEA	3	0,4%	0	0,0%	3	0,2%		0,0%
TOTAL	600	83,0%	123	17,0%	1.664	84,6%	302	15,4%

Employee Turnover Rates by Age

AGE	2014		2015		2016	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
UNDER 30	15,6	11,9	10,0	9,9	16,2	13,9
BETWEEN 30-50	9,5	9,2	10,1	7,7	12,1	11,8
OVER 50	22,2	21,2	9,5	25,3	18,2	25,3
TOTAL	11,5	10,1	10,0	8,8	13,5	12,6

Employee Turnover Rates by Region

REGION	2014		2015		2016	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
AEGEAN	0,0%	4,1%	6,3%	4,2%	11,4%	10,6%
MARMARA	11,1%	9,7%	9,8%	7,8%	21,5%	21,0%
CENTRAL ANATOLIA	0,0%	12,0%	8,3%	16,4%	9,9%	7,7%
BLACK SEA	15,6%	8,7%	9,2%	6,0%	0,0%	0,0%
MEDITERRANEAN	0,0%	16,7%	0,0%	15,2%	11,8%	10,3%
SOUTHEASTERN ANATOLIA	12,3%	12,7%	11,9%	12,8%	33,3%	14,0%
TOTAL	11,5%	10,1%	10,0%	8,8%	13,5%	12,6%

Rates of Returning to Work and Staying At Work After Birth Permit

Yaşar Group guarantees the social rights of all employees, especially women.

2016	Total number of employees entitled to parental leave		Total number of employees granted parental leave		Total number of employees returning to work after the end of parental leave		The total number of employees returning to work after the end of parental leave and still working after twelve months from returning to work	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
TOTAL	46	278	46	278	43	278	41	266
	RATE OF RETURNING TO WORK				RATE OF RETENTION AT WORK			
FEMALE	93%				89%			
MALE	100%				96%			

The 5-day paternal leave which is defined by law is given to our male employees in case their wife gives birth.

Distribution of Employees Working in Governance Bodies by Gender and Age (%)

The ratio of female managers authorized in decision making mechanisms in Yaşar Group companies is 25% at the level of directors and 17% in senior managers.

	2014		2015		2016	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
SENIOR MANAGER	18%	82%	20%	80%	17%	83%
DIRECTOR	22%	78%	23%	77%	25%	75%

* Senior management group (consisting of members of the Board of Directors, CEO, Executive Vice Presidents, Vice Presidents, Coordinators and General Managers).

Employee Profile

AGE	2014		2015		2016	
	SENIOR MANAGER	DIRECTOR	SENIOR MANAGER	DIRECTOR	SENIOR MANAGER	DIRECTOR
UNDER 30	0%	0%	0%	2%	0%	0%
BETWEEN 30-50	39%	74%	32%	71%	21%	75%
OVER 50	61%	26%	68%	27%	79%	25%

* Senior management group (consisting of members of the Board of Directors, CEO, Executive Vice Presidents, Vice Presidents, Coordinators and General Managers).

Rate of Disabled Employees in Governance Bodies

There is no disabled employees in governance bodies.

Gender Based Representation of Individuals in Governance Bodies of the Company

	KEY	WHITE COLLAR	BLUE COLLAR	TEMPORARY
FEMALE	21,9%	25,0%	9,3%	15,1%
MALE	78,1%	75,0%	90,7%	84,9%

Percentage of Employees' Diversity Categories Per Employee Category

2016	KEY	WHITE COLLAR	BLUE COLLAR	TEMPORARY
UNDER 30	0%	22%	26%	55%
BETWEEN 30-50	84%	76%	73%	40%
OVER 50	16%	2%	1%	4%

Distribution of Disabled Persons by Employee Category

	NUMBER OF DISABLED EMPLOYEES	NUMBER OF PERMANENT EMPLOYEES	PERCENTAGE
2016	134	5.394	3
2015	144	5.683	3

	KEY	RATIO	WHITE COLLAR	RATIO	BLUE COLLAR	RATIO	TEMPORARY	RATIO	TOTAL
Number of Disables Employees	0	0%	52	39%	82	61%	0	0%	134

Gender Distribution in the Breakdown of the Employee Category by Companies

KEY	2014		2015		2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
COMPANY						
YAŞAR HOLDING	50%	50%	44%	56%	43%	57%
PINAR DAIRY	65%	35%	70%	30%	67%	33%
PINAR MEAT	71%	29%	75%	25%	76%	24%
PINAR WATER	77%	23%	76%	24%	83%	17%
YBP	92%	8%	92%	8%	91%	9%
ÇAMLI FEED	84%	16%	88%	12%	91%	9%
DYO COATING	76%	24%	76%	24%	75%	25%
VIKING TISSUE	100%	0%	100%	0%	100%	0%
ALTIN YUNUS	71%	29%	86%	14%	86%	14%
ASTRON					90%	10%
DESA ENERGY	80%	20%	67%	33%	75%	25%
TOTAL	76%	24%	77%	23%	78%	22%

WHITE COLLAR	2014		2015		2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
COMPANY						
YAŞAR HOLDING	43%	57%	44%	56%	50%	50%
PINAR DAIRY	67%	33%	66%	34%	66%	34%
PINAR MEAT	69%	31%	70%	30%	70%	30%
PINAR WATER	75%	25%	76%	24%	75%	25%
YBP	86%	14%	85%	15%	86%	14%
ÇAMLI FEED	71%	29%	73%	27%	72%	28%
DYO COATING	73%	27%	71%	29%	72%	28%
VIKING TISSUE	83%	17%	75%	25%	71%	29%
ALTIN YUNUS	79%	21%	76%	24%	77%	23%
ASTRON					61%	39%
DESA ENERGY	88%	12%	87%	13%	79%	21%
TOTAL	76%	24%	74%	26%	75%	25%

Employee Profile

BLUE COLLAR COMPANY	2014		2015		2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
YAŞAR HOLDING	67%	33%	67%	33%	58%	42%
PINAR DAIRY	89%	11%	89%	11%	90%	10%
PINAR MEAT	82%	18%	81%	19%	82%	18%
PINAR WATER	90%	10%	87%	13%	90%	10%
YBP	100%	0%	100%	0%	100%	0%
ÇAMLI FEED	97%	3%	98%	2%	98%	2%
DYO COATING	98%	2%	99%	1%	99%	1%
VIKING TISSUE	100%	0%	100%	0%	100%	0%
ALTIN YUNUS	87%	13%	83%	17%	83%	17%
ASTRON						
DESA ENERGY	100%	0%	100%	0%	100%	0%
TOTAL	91%	9%	90%	10%	91%	9%

TEMPORARY COMPANY	2014		2015		2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
YAŞAR HOLDING			0%	100%		
PINAR DAIRY	100%	0%	0%	100%		
PINAR MEAT	0%	100%			100%	0%
PINAR WATER	90%	10%	84%	16%	95%	5%
YBP	67%	33%	100%	0%	50%	50%
ÇAMLI FEED	80%	20%			100%	0%
DYO COATING	88%	13%	87%	13%	89%	11%
VIKING TISSUE						
ALTIN YUNUS			80%	20%	72%	28%
ASTRON						
DESA ENERGY			100%	0%		
TOTAL	82%	18%	85%	15%	85%	15%

Employee Rights

Equality in Opportunity and Non-Discrimination

Within Yaşar Group, equal opportunity is given to employees in all human resource processes such as recruitment, rewarding, performance evaluation as well as promotion, assignment, training and development. In 2016, our employees did not have any complaint about discrimination in our Group where the criteria such as religion, sex, age and marital status are not determinative in human resources processes.

Our Group, which believes in the principle of continuous improvement, promotes the health, safety, education and personal development of all our employees, regardless of whether they are men or women. As stated in our corporate web site, there are competencies and qualifications set for each open position. While the qualifications and competencies required by the position in the recruitment process are assessed on the basis of the applicant's suitability, there is no difference in recruitment and remuneration between men and women.

Supporting the empowerment of women in every sector we operate, our Group signed the "UN Women's Empowerment Principles CEO Support Declaration" in 2012; and "Equality Platform in Business" and "Women's Empowerment Working Group" established by the Board of Directors of Global Compact Turkey, which were brought to the agenda by the World Economic Forum and continued under the leadership of the Ministry of Family and Social Policy, took place in our Group.

For the empowerment of women workers;

- Female employees accounted for 21% of the advancements in executive level during the reporting period. Studies are planned to increase the number of female managers in the coming period.
- Female students ratio is 69% and male students ratio is 31% in the internship programs, which are considered as an important work force pool for recruitment.

Working hours for the pregnant and nursing employees are aligned with the related law. Women who return from maternity leave are employed at the same position prior they leave. Breastfeeding rooms have been established in Group companies for employees who give birth. In addition, contracted nursery where employees can benefit from advantageous conditions, career promotion programs for daughters of the employees and career support programs for our female employees are among our plans for the next term.

Employee Rights

Suitable Working Conditions

Work and Workforce

Our Group, which manages its human resources policy with the target of employing innovative, motivated and high performance and qualified workforce and increasing their engagement by making this workforce sustainable, has placed the top rank in the list of "companies being desired to work in" with the principle of "putting right people in the right job".

After the assignment of our employees to another position, the replacements are carried out in accordance with the procedures specified in the Labor Law No. 4857 and in the Personnel Regulation, and for the employees included in the Collective Labor Agreement, the periods specified in the Collective Labor Agreement are valid.

Child Employment

In Turkey, child employment is regulated according to the Labor Law No. 4857. The relevant provisions do not allow persons under 15 years old to be employed, except for those who have completed 14 years of age and completed primary education for working in light jobs and limited periods of work that will not impede their development and education. Although there is no legal requirement, Yaşar Group companies adopted the principle of not employing personnel who are under 18 years old.

Forced Labor and Involuntary Servitude

In all Group companies, working days and times are announced to employees by defining official, general and weekly holidays. Overtime work may be necessary because of the nature of work or increase in production; in such cases, related law provisions are applied and wages are paid accordingly. New employees are notified with their job description, prescribing for the Group employees, when they start work. All current and accessible documents are kept in a joint system in line with the ISO 9001.

No incident involving forced labor or compulsory work has ever been brought into the jurisdiction in 2016.

Union and Collective Labor Agreement

In Yaşar Group companies, under the Labor Law No. 4857, an indefinite period of employment agreement is made with all employees. It is also compulsory that the workers of contractors and subcontractors who have partnership with the Group companies are insured.

Yaşar Group Companies, which are known to be the first in the sectors they are in, are taking important steps in unionization; Dyo Coating is the first company where the collective labor agreement has been implemented in the paint sector. Our employees are respected for their right to join the union without without any hesitation. Constructive relations are always established with our employees who are members of the legal union. Within this scope, the rights of employees are secured by the workplace and business collective labor agreements made between the employer and Petrol-İş Trade Union in Dyo Coating, Tek Gıda-İş Trade Union in Food Group companies Pınar Dairy and Pınar Meat, and Selülöz-İş Trade Union in Viking Tissue.

Percentage of unionized employees

	2015	2016
PINAR MEAT	74%	76%
VIKING TISSUE	62%	64%
PINAR DAIRY	61%	62%
DYO COATING	55%	56%

Recruitment

Considering human resources by objectively evaluating the criteria of knowledge, skill and experience required by position under the light of "science, unity, success" principle, our Group aims to gather employees together who are caring for knowledge sharing and concept of being united, open to all science-based developments, embracing participatory management approach and success-oriented working as well as well-educated and experienced through human-focused management initiative.

Candidates wishing to work in our Group, which conducts all activities in the light of universal human rights standards, have the right to apply through Yaşar Holding's website, recruitment sites, directly or through consulting companies. Yaşar Holding can publish internship and job advertisements via its website as well as can save their personal backgrounds in the application pool.

The evaluations made by the human resources department of our Group companies continue with the reference control and after this process the candidates who are deemed eligible are offered job proposals. Candidates who cannot be evaluated positively are notified by career portal, e-mail or phone.

Having conducted recruitment procedures in accordance with Labor Law No. 4857 and Yaşar Holding Personnel Regulation, our Group has been awarded "Human Respect" for the sixth time in 2016 by Kariyer.net.

Our Group companies' employees are informed by the Company Personnel Regulations which regulate the working conditions, rights, duties and responsibilities of the employees and the personnel policies and principles that apply when the recruitment process of the employees is completed. The new employees employed within the Group are receiving the "Yaşar Group Orientation Training" on the same day and participating in the "Company Orientation Program" which is specially designed for each company.

Employee Rights

Rights Offered to the Employees

Yaşar Group makes labor productivity sustainable by offering comprehensive social rights for its employees.

Social Rights Offered to the Employees		KEY	WHITE COLLAR	BLUE COLLAR*	TEMPORARY
Health Assistance		✓ (the company pays)	✓ Certain Stages (company pays)* Employee pays the premium himself*	Employee pays the premium himself*	
Parental Leave		✓	✓	✓	✓
Others	The New Year Gift Box	✓	✓	✓	✓
	Ramadan Box	✓	✓	✓	✓
	Food Price Payment for Fasting	✓	✓	✓	✓
	Fuel Allowance	✓ Certain Stages	✓	✓	
	Feast Allowance	✓ Certain Stages			✓ Certain Companies
	Food Allowance	✓	✓	✓	✓
	Road Toll		✓	✓	✓
	Marriage	✓ Certain Stages	✓	✓	✓ Certain Companies
	Birth	✓ Certain Stages	✓	✓	✓ Certain Companies
	Death	✓ Certain Stages	✓	✓	✓ Certain Companies
	Car	✓	✓ Certain Positions		
	Fuel	✓	✓ Certain Positions		
	Cell Phone Device and Line	✓	✓ Certain Positions		
	Seniority Efficiency Wages	✓	✓	✓	
	Clothing		✓ Certain Positions	✓ Certain Positions	✓ Certain Positions
	Sales Premium	✓ Certain Positions	✓ Certain Positions		
Performance Premium	✓ Certain Positions	✓ Certain Positions			

* Unionized blue collar social rights are not specified.

Good Practices and Developments from Companies

PINAR DAIRY

- In 2016, working offices has been renewed, training, meeting halls and social activity area has been established due to enhancing physical conditions.
- To let new recruits better adapt to the company environment, an experienced employee is assigned to guide the recruit as part of the "Compass" practice which is simultaneously in place with orientation process. Two times a year, new recruits gather with the Company's President and Top Management at the Welcome to Pinar Dairy Dinner; every year, female employees come together with the Company's President at a breakfast event, and the Top Management and white-blue collars meet at exchange meetings held two times a year. These meetings create horizontal and non-hierarchical environments in which company employees may present and develop their ideas, finding a chance to further share them and receive feedback.
- With expert psychologists, an Employee Support Center was established within the Company, which aims to help the Company employees in coping with problems and challenges such as stress, anxiety, pressure, conflict, etc., raise their awareness and foster their motivation. Also, a series of sports activities including Zumba, Dragon Cup, and Pinar Classical Turkish Music Choir continued, and new activities were launched such as yoga, basketball, football, table tennis, chocolate workshops, etc.
- In cooperation with Yaşar University, 222 employees received, in total, 921 hours of Cinema Therapy Training, which aimed to raise the cognitive awareness of employees and let them freely reflect their personal impressions within the group.
- The Company employees participated in sustainability training sessions provided by in-house trainers to let us internalize the concept of sustainability and realize our responsibilities to create a more sustainable world. 980 employees received a sustainability training of 1.046 hours in total.

YBP

March 8, International Women's Day

- A seed card was sent to female employees
- The tricks of makeup were explained by the makers of a well known firm
- Seminars on "Feminine Energy", "Breast Cancer" and "Skin Care" were given
- We came together with women and celebrated International Women's Day

Employee Consultation Service

- The implementation of the employee consulting center, which started in Istanbul in 2014, became widespread in İzmir in 2016 as well.
- Occupational psychologists meets with employees one day a week and provide individual consulting services in accordance with the privacy principle.
- Our employees receive individual consulting services on all issues that may arise from work, social life, family and daily life.

Pilates

- In October 2016, 50 minutes pilates lessons were organized in lunch time 2 days a week for employees. The application continues in Izmir and Istanbul offices.

YBP Single Hoop League

- In the year of 2016, we participated in the inter-company basketball league.
- In the year of 2017, we are participating in the inter-company basketball league for the 2nd time.

Employee Development

Training and Development Activities

Our Group, one of Turkey's leading holdings, actively supports the continuing professional development of its employees as well as their personal developments. Within the scope of our Group, numerous training programs aimed at increasing their competencies from orientation training to on-the-job training, personal development training to management skills training are actualized and our Group's competitive advantages are kept sustainable.

Our training platform, which was created by using our e-learning methodology with the brand "Yaşar Akademi" in 2012, continued its business successfully in 2016.

In total, 112.345 hours of training was conducted in 2016 throughout our Group, and the average training time per employee was 16 hours. The average training hour per woman was 18, and the average training time per man was 16. The average training time per key employee was 18, the training time per white collar employee was 15, the training time per blue collar employee was 17, and the training time per temporary worker was 55.

Personnel Management System

Within the scope of our Group, Performance Management System is regulated with premium regulations for sales function employees and with Performance Evaluation Regulation for other employees. Our Group, which has adopted a holistic management approach in line with its main objective and aim to reach strategic targets, aims to realize personal targets in parallel with company targets with the Performance Management System that has been implemented since 2005. Critical Success Indicators (KPIs), which were passed in 2015 and agreed on their

goals, have begun to be used in the evaluation system based on the Balanced Scorecard technique, while the performance evaluation results are reflected in individual development, career planning and rewarding/remuneration. The Performance Management System, which has been in use since 2005, was revised in 2016 and is targeted to be implemented in 2017 as revised.

Employees of our Group companies benefit from the Yaşar Group Core Competencies and Business Family Competencies for their personal and professional development. Our Group's employees determine the competencies they see as development areas with their managers, and they can choose among these areas through personal development forms. Through these forms, the training and development needs of the employee are determined and training plans are prepared after the analyzes.

The evaluations made at the end of the year are reflected in performance reports at specified ratios. Employees' performance reports in 2012 and Personal Development Forms in 2013 were integrated into the SAP system and the human resources information systems infrastructure was strengthened. The Performance Management System, which has been in use since 2005, currently includes only white collar employees.

Percentage of Employees Included in the Performance/Premium System

2016 (%)	
FEMALE	30
MALE	14
2016 (%)	
KEY	77
OUT OF SCOPE	23

Career Management System

The career paths of our employees has been created based on performance, competence and development of them with Career Management System, which our Group has chosen to implement in pilot region in 2013. In line with these criteria, employees are evaluated every year and the human resources needs of our Group companies are fully met. Our Group, which operates in line with the principle of "raising its own manager", aims to review and extend the Career Management System in 2017.

Leadership Development Programs

I live as a Leader

In line with Yaşar Group's philosophy "cultivate its own managers by itself", since 1996 it has been continuing to implement various training contents, projects and mentorship applications.

In 2016, in line with Yaşar Group's vision and strategy, it was started to implement "I Live is a Leader Development Program" which is aimed to lead our work and human resources most efficiently, develop leaders promoting our values, cultivate new leaders, support the develop of leaders and create common leadership culture in order to sustain competitive advantage. Within the specially designed program for the serving top management, "Leadership for Yourself", "Leadership for Organization" and "Leadership for Others" training modules were given, personality and leadership measurement inventory activities carried out, coaching meetings provided for

each manager, co-coaching system introduced and Personal Development Plans prepared. The program is continuing with practical learning projects.

Mentorship

"The Mentorship Program" has been introduced towards the potential important managers who are likely to take significant responsibilities in achieving Yaşar Group's objectives and futures successes by relying on the knowledge and experience of the current managers. The program started in April 2016 with the participation of 43 mentor and mentees, which will last for a year.

With "the Mentorship Program", it is aimed to transfer the existing corporate knowledge, experience and culture to across the generations, swift assimilation and development of the corporate culture, feeding of the Group with its resources, widening and strengthening of intra-corporate communication network across the companies, raising of corporate loyalty of employees and strengthening of leadership qualities. Mentees are consisted of the future leaders who have high performance and potential in the Group, open to learning and development and holding management qualities for future. Participant "mentor" managers are passing on the existing knowledge and experience to "mentees" by allocating the required quality time. Apart from the mentor-mentee meetings, the program is supported with variety of trainings.

Educational platform users created using the e-learning methodology with the Yaşar Academy brand in 2012 were increased in number in 2013 and 2014 and all white collar employees and blue collar employees, leading a team, were included in the system. The learning platform, in which 3.002 people is included in 2016, is divided as optional and mandatory based.

317 training and 306 videos has been loaded to the system and is open to employees access at regular intervals. In addition to the ready-made content, Yaşar Academy's learning platform is also shared with the employees through the preparation of the Yaşar Group companies' policies, procedures or ways of doing business.

Occupational Health and Safety

Our Group considers providing unconditional employee satisfaction among the most important components of its financial and operational performance. Our Group, which attaches great importance to the continuous improvement of the quality of life of its employees, contributes to community health by organizing training programs on waist diseases, diabetes and obesity, harms of smoking and quitting methods, family planning, healthy nutrition and obesity in children to support both their employees and their families.

Workplace health units in our Group companies regularly follow the health checks of employees as well as carry out porter and odometry examinations of employees, take throat cultures, make gaita culture scans and shoot chest films within the scope of fight with tuberculosis.

In some areas where our Group operates, it is crucial to actualize more comprehensive occupational safety and health applications. Dyo Coating, who does not compromise on his responsibilities, has its employees undergo heavy metal and solvent analysis, lung scanning, respiratory function testing in every three months and blood test once a year.

All of the measures taken in the light of international agreements and legal regulations have been fulfilled in our Group companies where the

workplace physician and health officer provide health services between 2 and 5 days. In order to prevent possible work accidents and occupational diseases, the Occupational Health and Safety Board has been established within the scope of the Occupational Health and Safety Internal Regulation in all our companies, and the board formation and meeting frequency have been determined as described in the related legislation. In accordance with the Seveso II Regulation, the necessary declarations have been made regularly to the Ministry of Environment and Urbanization in order to prevent major industrial accidents.

An agreement has been reached on the need for workers to be trained and supervised in this area by ensuring that the right to life, which is the most fundamental and indispensable right for our companies, which are collective bargaining with employees, and the productivity of the production are increased in terms of health and safety. Subject headings including compliance with occupational health and safety rules in collective labor agreements, strict adherence to the measures taken by the Safety Council, appointment of employee representatives to represent employees in the Labor Safety Committees, use of personal protective equipment and disciplinary punishments in case of non-compliance are included in the agreements.

Total Training Time		Total Number of Employees		Average Training Time	
FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
6.407	35.643	1.159	5.763	5.5	6.2

OHS Committees

Our Group companies follow the rules set out in the relevant laws and regulations in line with our occupational health and safety programs. In this context, we have the Occupational Health and Safety Committee in our companies where there are more than 50 employees and more than six months of continuous work. OHS Committees in our companies represent 100% of the permanent employees.

Furthermore, in accordance with the Regulation on Occupational Health and Safety Committees

- a) If the actual employer and the sub-employer have fifty and more employees, respectively, the actual employer and the sub-employer will separately establish a committee. Business cooperation and coordination for the implementation of occupational health and safety activities and the implementation of decisions taken by the committees are ensured by the actual employer.
- b) If only the number of employees of the actual employer in a workplace is fifty and more, then the committee is established by the actual employer. The sub-employer who is not obliged to establish a committee appoints an authorized representative by proxy to coordinate the implementation of the decisions taken by the committee.
- c) If the number of employees of the sub-employer is fifty or more and the number of employees of the actual employer is less than fifty, the committee is established by the sub-employer in the workplace. The actual employer appoints an authorized representative to provide the business association and coordination with the committee formed by the sub-employer.
- d) In cases where the number of employees of the actual employer and the sub-employer are under fifty separately and the total number of employees is more than fifty, provided that coordination shall be established by the actual employer, the committee is established by the actual employer and sub-employer together. In the formation of the Committee, members are appointed by the joint decision of both employers according to Article 6.

OHS General Information About The Companies

COMPANY	Workplace Hazard Class	OHS Committee	Percentage of employees represented by the OHS committee
YAŞAR HOLDING	LESS DANGEROUS	YES	OSH committee covers all permanent staff.
PINAR DAIRY	DANGEROUS	YES	OSH committee covers all permanent staff.
PINAR MEAT	DANGEROUS	YES	OSH committee covers all permanent staff.
PINAR WATER	LESS DANGEROUS	YES	OSH committee covers all permanent staff. However, there are members representing Sub-employer's employees in the Committee.
YBP	LESS DANGEROUS	YES	OSH committee covers all permanent staff.
ÇAMLI FEED	Ören Business is VERY DANGEROUS / Other businesses are DANGEROUS	YES	OSH committee covers all permanent staff.
DYO COATING	VERY DANGEROUS	YES	OSH committee covers all permanent staff.
VIKING TISSUE	DANGEROUS	YES	OSH committee covers all permanent staff. The sub-employer also has OSH committee.
ALTIN YUNUS	LESS DANGEROUS	YES	OSH committee covers all permanent staff.
ASTRON	LESS DANGEROUS	YES	OSH committee covers all permanent staff.
DESA ENERGY	VERY DANGEROUS	NO	

Occupational Health and Safety

Work Accidents and Lost Days

We have not encountered any occupational diseases in our Group and the following table shows the occupational accidents and information.

2016	ACCIDENT FREQUENCY RATE		LOST DAY RATE		ABSENCE RATE	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
PINAR DAIRY						
Aegean	37,27	58,2	0,07	0,3	0,058	0,030
Central Anatolia	43,86	38,73	0,47	0,23	0,035	0,024
Southeastern Anatolia	0,00	4,9	0,00	2	0,024	0,015
PINAR MEAT						
Aegean	15,83	41,61	0,15	0,28	0,099	0,033
PINAR WATER						
Aegean	0,00	8,03	0,00	0,034	0,00	0,001
Marmara	0,00	10,16	0,00	0,053	0,00	0,001
YBP						
Aegean	10,10	10,65	0,02	0,00	0,015	0,00
Marmara	8,55	16,57	0,00	0,04	0,00	0,039
Central Anatolia	0,00	3,50	0,00	0,00	0,122	0,175
Mediterranean	23,42	10,48	0,12	0,19	0,00	0,00
ÇAMLI FEED						
Aegean	9,46	21,86	0,04	0,10	0,021	0,023
DYO COATING						
Aegean	0,00	33,99	0,00	0,30	0,031	0,051
Marmara	21,5	1,8	0,001	0,001	0,013	0,021
VIKING TISSUE						
Aegean	47,95	42,24	0,18	0,57	0,001	0,002
ALTIN YUNUS						
Aegean	0,00	4,15	0,00	0,00	0,00	0,00
DESA ENERGY						
Aegean	0,00	25,04	0,00	1,41	0,000	0,330

TYPES OF INJURY	
FEMALE	MALE
FOOT SLIPPAGE, FALL	HAND CUTTING
ENTRY OF A FOREIGN OBJECT INTO THE EYE	FOOT SLIPPAGE, FALL
JAMMING	IMPACT
IMPACT	HAND JAMMING
CONTACT WITH CHEMICALS	CONTACT WITH CHEMICALS
MATERIAL PART FALLING	ENTRY OF A FOREIGN OBJECT INTO THE EYE
TWISTING	FOOT JAMMING
HAND JAMMING	TWISTING
SLIPPAGE/FALLING	MEDIUM DEGREE BURN
CUT	ELECTRIC SHOCK

Good Practices and Developments from Companies

PINAR DAIRY

Occupational health and safety studies at Pinar Dairy are carried out with the slogan "BEFORE HUMAN, TARGET ZERO ACCIDENT" Many studies have been conducted and started to reduce work accidents and prevent possible accidents. Personal Protective Equipment (PPE) procurement has increased by 2.5 times and it has been used with the audit activities. In this context, the follow-up of dangerous works has been provided by recording various work permits (At Height, Closed Area, Hot Work, Electricity, Subcontractor) with the Work Permit Form. In addition, under the name of OHS Awareness-raising activities, employees have been informed about taking OHS precautions through Visitors-Contractor Film, Service Road Tunnel OHS precautionary warning billboards, LED sliding in various places in Manufacturing Unit. Employees of the Emergency Team have been given theoretical and practical trainings every year to minimize the consequences of possible emergency situations. Annually, regularity and preventive activity is established for the relevant units for the regions where the Environmental Measurements (noise, vibration, thermal comfort, chemical) are made every year and the regions are inappropriate.

PINAR MEAT

Pinar Meat set the target of reducing the rates of KSO and KAO by 10% as the OHS target for 2016 and the KSO rate decreased by 10,64% and the KAO rate by 11,79%. Pinar Meat determined its OHS target for 2017 as "Zero Work Accidents".

Pinar Meat, among our Group companies, aims to provide a safer environment due to the value it gives to its employees. In addition to its legal obligation, our Company attaching importance to employee health and safety trainings with the aim of spreading safety culture, has continued its efforts successfully to raise the awareness. Pinar Meat, among our Group companies, has continued preparing preventive plans for work accidents and occupational diseases by conducting occupational health and safety risk analysis and it has conducted these activities with the cooperation of employees. Our company, which fulfills its obligations such as environment measurements, periodic controls, grounding and lightning controls, trainings, risk analyses, without fail, has ensured compliance with legal obligations by checking subcontractors worked together.

Eliminating or minimizing insecure situations and insecure activities at workplaces for the prevention or reduction of work accidents, frequently observing working conditions and resorting to preventive measures in failing issues, providing sources for these precautions and reviewing the policy according to changing conditions constitute the working principle of Pinar Meat having TSE 18001 Occupational Health and Safety Management System document. In 2016, our company continued to conduct the Occupational Health and Safety Committee meetings by taking the opinions of the employees, without disruption and by improving. Due to its corporate structure, our company has controlled the legal conformity of the companies which it will work with considering the safety of contractors and suppliers. Informing the companies working with our company on the changing regulations, our company had set to achieve the goals of achieving reduction of 10% Accident Frequency Rate (AFR) and Accident Weight Rate (AWR) in health and safety objective and achieved 10,64% in AFR and 11,79%. For 2017, the goal of "Zero Work Accidents" is set for the employees to work in a safe and peaceful environment for 2016.

PINAR WATER

In order not to encounter a problem when lorry drivers (transporters) are trying to cover the trucks with canvas in Madran facility, a steel rope was mounted in the form of a ropeway by penetrating poles in front of and behind the truck along the truck and protection was planned by mounting a rope with parachute casing. The project planned in 2016 is targeted to be completed in 2017.

Occupational Health and Safety

Good Practices and Developments from Companies

YBP

Among the companies of our Group, the major projects that YBP lived in the area of occupational health and safety in 2016 are as follows:

- Emergency trainings were given in four regional warehouses of YBP (Asia, Europe, Thrace and Izmir) and building evacuation-firefighting drills were performed.
- A total of 33 Occupational Health and Safety Committee meetings were held in 7 regional offices and 1 sales office (Ankara, Antalya, Asia, Europe, Bursa, Izmir, Thrace and Ankara sales office).
- In total for YBP and Dinctem employees in 2016; 3.784 hours of occupational health and safety, 162 hours of ergonomics, 16 hours of post-work accident training, 24 hours of on-the-job training and 120 hours of first aid training have been provided.
- 9 employees whose first-aid training certificates have been expired were trained and their certificates were updated. Besides this, 3 employees have been provided with basic first aid trainings.
- Training brochures have been prepared taking into account the risk assessment of workplaces in order to provide job training on Occupational Health and Safety for new recruits.
- Special training has been given to the workers' representatives and representatives of the employer on their duties and responsibilities.
- Members of the Committee and related employees were informed about the amendments to the Occupational Health and Safety legislation of our Company.
- The investigations and the period to be made to the employees during the new recruitment and during the execution of the work are agreed by the joint work with the Occupational Physicians.
- Convex mirrors were placed in blind spots in the warehouse.
- Hygiene training has been given to employees who contact with food and are not involved in hygiene training.
- Assistants have been appointed for the employees who need special policy among the colleagues to assist them in case of an emergency.
- The number and content of the first aid kits in our workplaces have been inspected by our occupational physicians and necessary regulations have been made.
- Emergency escape routes were illuminated in Ankara and Izmir district buildings.
- The interior fire cabinets in İzmir region have been replaced and renovated.
- Building fire alarm system in İzmir Region has been activated.
- The pergolas in Antalya and Bursa Regional Offices were covered with canvas for protecting the employees from cold in winter.

DYO COATING

Dyo Coating, one of our Group's companies, provided occupational health trainings to employees to reduce work accidents in 2016 within the scope of OHS and organized oral and visual trainings among employees on causes of accidents and prevention methods. Risk analyses of work accidents have been carried out after the occurrence of work accidents and information about the causes of the accident and ways of protection have been given to the employees by providing job accident trainings after sufferer returned to work. In the risk analysis of work accidents, the studies required to prevent the accident from being repeated during the accident caused by the working environment have been indicated and actualized. The working environment has been tried to be made safer by decreasing the risk grade, in order to provide ergonomics and increase productivity in the workplace, it has been tried to provide the ergonomics that makes the transportation of the vacuum trucks easier for the packaged chemicals used in the tanks in production, and after its efficiency was seen, it has been extended in various fields (paint production, first mixing, powder feed). In order to prevent the occurrences of the near-miss events, near-miss boxes were placed in various places of the factory, near-miss events reported regularly in these boxes were investigated and measures were taken before work accidents. "0" accident target of our company related to work accident has been revealed.

Work hygiene measurements and controls were executed in the working environment of our employees working with hazardous chemicals and proper working conditions and order have been ensured by taking additional precautions according to the measurement results. With the improvements in the ventilation systems, a healthier work environment has been provided in the production area. In accordance with the Seveso II Regulation, the necessary notifications have been provided to the Ministry of Environment and Urban Planning in order to prevent major industrial accidents. Following these notifications, relevant measurements, controls and necessary arrangements shall be started in accordance with the Seveso and Work Equipment regulations and shall be executed within the program scheduled for 2017. In addition to conformity checks of ATEX and EX equipment, employees are provided with necessary training. Control of the identified risky equipment is intended to be carried out in accordance with the planned program.

Within the scope of the First Aid Regulation issued by the Ministry of Health, the first aid trainings are given in order to be able to perform the first intervention in possible accidents. Through trainings, it is aimed that the staff to obtain information that can be lifesaving in extraordinary situations for himself/herself, his/her environment and next of kin's and to intervene with calmness.

Trainings such as Occupational Health and Safety Training, Safe Use of Chemicals Training, Fire Extinguishing Training are organized in order to improve the technical competencies of the employees in their business areas. In addition, related vocational trainings are given within the context of the "Communiqué on Vocational Trainings of Workers to be Employed in Heavy and Dangerous Work" prepared on the basis of the Labor Law No. 4857.

Occupational Health and Safety

Good Practices and Developments from Companies

VIKING TISSUE

In order to avoid the risk of fire in the our Company's campus, it oil-driven forklifts has been changed with electrically-driven forklifts and a "Battery Charging Area" has been built in accordance with the legislation. Drive-in Shelf system has been checked and the damaged materials which were unsuitable for use have been eliminated pursuant to TS EN 15635 standard and the shelf system has become ready to use. Research reports have been drafted for work accidents and near-miss events prepared within our Company, these reports have been shared with the department officials and training sessions have been organized in order to inform the operating staff about the details of the work accidents and preventive principles. Apart from this, "Applied Sufferer Training" has been given to employees after their return to work from accident report.

ALTIN YUNUS

In 2016, Altın Yunus, one of our Group companies that set off with a zero accident target, experienced an accident. In order to ensure full health and safety in our company, residual current relays have been mounted, some of the problematic panels have been replaced and the electrical equipment compatibility has been provided. The use of personal protective equipment has become a habit, as well as warning signs hanged everywhere.

The working instructions have been distributed to the employees against signature and the risks in risk assessment has been largely eliminated. Periodic checks of electrical and work equipment were performed, hazard identification forms and near-miss reports were made available. OHS Employee Satisfaction Survey was conducted for the employees and all board members were informed about the risks that could not be eliminated.

In addition to the emergency action plan renewal, fire drills were carried out and training was given for an average of 12 hours per employee.

Stakeholder Opinion



YEŞİM KOÇYİĞİT

Marketing Service Manager

For how long have you been working at Pinar?

I have been working at Pinar since 2005.

How do you feel about being a member of Pinar?

Given that I grew up in Izmir and appreciate the brand Pinar, I really love working at Pinar. I truly appreciate it because it is one of the very few brands "of this land". I want it to be further appreciated and climb higher, I hope it is not very cliché to say so.

What is your view on the marketing and corporate responsibility works carried out by Pinar?

The consumers find our products "of highest quality" and "most reliable". In terms of marketing, our work has touched the consumers' hearts and created a strong emotional bond. Many of our

communications have become archive "classics".

What is your opinion about Pinar Painting Contest for Children and Children's Theater?

Organized for 35 years with more than four million participants, Pinar Painting Contest for Children is one of those long-term events that bring Pinar together with the intelligent and talented youth. The Contest also represents a major international platform where children can share their feelings and thoughts. Pinar Children's Theater, which has reached more than three million children for 29 years, aims to popularize theater among children and contribute their cultural and personal development. This work is of great value and truly benefits the Company values and its corporate stance.

The brand will be further embraced by the consumers if those platforms achieve a higher level of recognition and reach more people in the upcoming period...

Yaşar Group Sustainability Performance

Caring For Environment

Environment Management

As Yaşar Group, we follow every kind of progress that will enable the development of the industry in harmony with the environment in the sectors we are in. Our Group, which manages to meet the water, basic food, hygiene and energy needs of mankind, is aware of how important to the protection of the environment in order to meet these basic needs.

The existence of a centralized management approach and policy for global environmental protection is a matter of existence beyond our sincerity for our Group. Preservation of water resources includes protecting "water" and the presence of aquatic species, preservation of land-life includes protecting land-oriented species and the support of climate action means supporting all of our total natural diversity and beauty. In this frame, at our production areas zero waste policy is aimed and very important levels have been reached to achieve this.

Starting from the past year, we have been reassessed in accordance with the global targets of the world. In order to be able to turn this sincere approach into an active and interoperable environmental management, it is aimed to utilize the new possibilities provided by Industry 4.0. With the Astron company, the creation of the infrastructure of a more integrated environmental management, which can be followed up simultaneously by all the companies of our Group, is accelerated.

Our Group has adopted a sustainability approach by closely following international sustainability efforts and focuses on reducing environmental impacts, improving business processes and using resources efficiently, from investment decisions to production processes, from distribution to final consumption.

The tools we have developed in order to manage our environmental impact effectively; environmental and biodiversity protection, use of resources in a responsible way, development of environmentally friendly business processes, and investment programs based on environmental impact assessments. In this context, our efforts to reduce carbon emissions and toxic and chemical usage, activate water management, reduce the amount of wastewater and extend good practices have continued successfully in 2016. Within the scope of our investment decisions, environmental impact assessments are carried out in the business process taking into account the flora and fauna of the related region.

Yaşar Group, which attaches great importance to the stakeholder dialogue every year, is taking the time to refer to the environmental management policies that it has brought to its stakeholders with reference to good practices and evaluations of various initiatives such as UN Global Compact and CDP (Carbon Disclosure Project) as well as international standards. Scientific and technological developments in the areas of activity that our Group focuses on offer continuous development opportunities in terms of our environmental management policy. System security of our environmental management tools is made sustainable by ISO 14001 Environmental Management System, which is accepted as the basic methodology in this area. Our trainings on the environment are effective in increasing our environmental management performance and increase the awareness of the trainings we offer to our suppliers, our employees and our dealers, and provide diversification of environmental protection methods.

Our Environmental Targets

"Water management", "energy and climate change" and "waste management" which we have determined within the scope of sustainability approach of our Group are our basic priorities in environmental sustainability. Our Group, which has actively contributed to the battle against global climate change, has successfully continued its greenhouse gas inventory management system studies in 2016, which has allowed the Group companies to collect and monitor data related to the Group companies in a single system since 2014. Our Group aims to keep up with the developments in global platforms and to continue its work in this area with persistence in the next period.

Water footprint studies, which have been carried out since 2013 under the coordination of the Sustainable Development Committee, have provided significant gains in water use and wastewater fields.

Risks and improvement areas have been identified in the facilities where risk assessments have been completed, and works have continued to reduce water use per unit of tonnes and points for which wastewater can be assessed for savings. Focusing on maximizing recycling in the use of packaging in the direction of effective resource utilization, our Group has begun to follow a design process that starts with the design phase to use less material to produce less waste after production and consumption. Our efforts to increase the recycling in all our Group's value chain and to produce less waste continues uninterruptedly.

Water Management

The environmental targets of Yaşar Group are focused on the conservation of water basins, the development of efficient energy use to support climate action in general, and the provision of zero waste production on land and in water that does not threaten life.

As a Group, we are aware of the fact that the sustainable future of all species in the world and the mankind depend on water conservation. We think that, in the upcoming period, we must fight more actively on almost every platform with the understanding that water is limitless due to the circular character of nature. We aim to support the development and dissemination of water policies and activities on a local and global scale more actively.

With the global climate change process, the pressure on freshwater resources has begun to increase day by day. The fact that less than 1% of the water resources from the primary sources of existence are suitable for human use, has made effective water use strategies mandatory. When it is evaluated from the perspective of our country, which is not rich in terms of water resources, reduction of water consumption per person and per unit production and increase in the amount of water available are emerging as an urgent necessity. Since 2014, our Group has been working on water footprint and water efficiency studies in different regions of our companies in the light of effective resource utilization strategies. Our Group continued to provide voluntary support to the CDP (Carbon Disclosure Project) Carbon and Water Transparency Program Initiatives in 2016.

Good Practices and Developments from Our Companies

PINAR DAIRY

- Pinar Dairy, a company of the Group, has successfully implemented the TSE EN ISO 14001 Environmental Management System and continues to develop systems to minimize the utilization of water, which is a natural resource. Moreover, the "water footprint" measurement work, launched in 2014, continued in 2016 as well. The "Blue Water Footprint" (indicates river and groundwater utilization) and "Gray Water Footprint" (evaluated according to the chemical criteria for the water outlet from the Company's water treatment facilities) have been calculated and their changes are being monitored.
- As part of the "Sustainability Training" sessions provided to all employees in 2016, the trainers highlighted the importance of saving water. With the motto "Wasted water is wasted future. Let's hang on to our future.", the Company aimed to raise the employees' awareness of water consumption.
- The cooling water through the process lines was recycled in order to reduce water consumption through reuse. A steam survey was conducted to reduce the amount of wastewater through the recycling of steam condensing water.
- The capacity of reverse osmosis was increased, which reduced the amount of wastewater in steam boilers. A plan was produced to collect utilizable wastewater and use it for garden irrigation purposes.
- A water saving plan was drawn to equip the garden irrigation system with automatic spraying sprinklers for saving water.
- Since 2015, Pinar Dairy has volunteered to participate in the CDP which is an NGO focused on the protection of world's natural resources and which seeks to mobilize the private sector for water resources. In 2016, as part of the CDP Water Program responded by 19 companies, Pinar Dairy was one of the three companies granted the "CDP Turkey Water Leaders Award" and the only leading company operating within the food/dairy industry.

Good Practices and Developments from Our Companies

PINAR MEAT

As an organization of Yaşar Holding that has signed the Global Compact, Pinar Meat highlighted it as a priority to value mankind and environment, use natural resources efficiently and engage in reducing environmental pollution and establish targets by complying with the requirements of environmental management system standards.

In the facilities of Pinar Meat in Kemalpaşa OSB, DSİ licensed groundwater is used in the framework of OSB regulations; and mains water is used in Işikkent plant. Groundwater wells are not located in the protected area. In Gediz Basin, industrial areas are within 10% of the total area of the basin.

In 2016, Pinar Meat has saved about 6% water per ton product compared to the previous year and targeted to reduce the water consumption by 10% in 2017.

Water Consumption at Pinar Meat by Years

	2014	2015	2016
m ³ water/tons of product	18,34	17,26	16,17
m ³	839.425	732.564	691.752

Within the scope of water footprint studies, project studies were started to monitor and follow-up water meters by computer. In 2017, the application will be made to the CDP Water program and the 2016 year data will be verified by the confirming company and the program will be voluntarily applied.

12.026 tons of water which is equal to the sum of the water used in packaging machine for cooling and boiler filtration were re-used by Pinar Meat in 2016. The amount of reused water is 1,85% of the total water consumption. Increasing the amount of re-used water one of the environmental targets in 2017.

Water Management

Good Practices and Developments from Our Companies

PINAR WATER

Pinar Water bottles the spring water that it has obtained purely and naturally from nature with the same meticulousness and with its most natural state and presents it to consumers. The policies that our company actualized in its manufacturing facilities in the direction of its effective water consumption target are as follows:

Bursa Facility

Safety ventilators (max. 5 bars) are fitted to the water inlet of the facility, so that measures have been taken against leakage of water from the pressure line in the water supply line. According to the data of the year of 2016, 15.376 tons of DKS were used for the purpose of process. This amount corresponds to source water of 14,98% for unit production.

Isparta Facility

Resources and rents in the region have been followed up in terms of water resources, so no change has been recorded in terms of current resources over the years. The last 4 km of the undeveloped part of the 8 km of the freeway has been renovated and it has been a totally fusion-based relief line. This led the line to a more durable level against possible leakage..

3 lt/sec is leased in our facility where the use of spring water is valid only. According to the functional products produced, the amount of this lease was sufficient and resources were regularly monitored in order to lease more flow from the same source or to close other sources in line with strategic plans covering all facilities.

Sakarya and Aydin Facility

By installing hand-free sensory faucets in the sink unnecessary use of water has been eliminated and the process waste water has been reduced by 10% since the production of PCs has stopped and there is no rinse rinsing on the two sides of the pet. In Sakarya Facility, the pet lines were replaced with the boiler system and the rinse rinsing process of the bottles after the inflation was removed. In Aydin Facility, groundwater is used for cooling water, boiler water, cleaning and garden irrigation.

ÇAMLI FEED

Çamlı Feed, one of the Group's companies, extracted 3.037.125 m³ of surface water and 1.947.723 m³ of underground water in 2016. There are no recycled or reused water. There is no source influenced significantly by the extraction.

DYO COATING

Dyo Boya has adopted a holistic water management policy in line with its effective use of natural resources strategy. Our company, which organizes trainings for conscious water consumption among our employees, is at the forefront with the reference projects in the field of waste water management. Our company, placing stoppers in the rain drop-off rugs against any contamination that may occur in rain water, performs pollution inspection and keeps records on all channels every two hours. When any pollution is detected, the channel outlets are closed and all the waters in the rain channels are transferred to the treatment plant.

Our company's objectives in water management are as follows: 10-25% reduction in Blue Footprint and 10-15% reduction in Gray Footprint.

VIKING TISSUE

Viking Tissue, one of the Group's companies, is aiming to reduce the dependency on water as its biggest goal in the medium term. Our company conducts systematic studies for its activities to be influenced least by possible consequences of its water scarcity.

Our company's fresh water consumption per ton tissue has decreased by 5,5% compared to the previous year.

Viking Tissue fresh water extraction from the underground in 2016 was 1.080.000 m³, and the fresh water used in the process was re-used with internal operations (fiber and water recovery equipment).

ALTIN YUNUS

Altın Yunus, an organization operating in the area of accommodation services of our group, has actualized effective water consumption policies in the light of "you cannot control something you do not measure, you cannot rule anything you do not control" principle. Monitoring daily water consumption, our company avoids potential water leaks and excessive consumption. Our company, which prefers to use efficient water usage equipment during the purchase, is using the biological wastewater treatment plant in the hotel to refine the waste water and reuse it in the garden and forest irrigation.

Altın Yunus's work on water saving was awarded in the Green Star inspections in 2016 and got full marks for these issues.

Energy and Climate Change

As Yaşar Group, we follow closely all kinds of technological developments that will facilitate the efficient use of energy and give priority to efforts to transfer reliable solutions to our business processes in a planned manner.

One of the most important components of the carbon footprint that arises from the production processes that aim to meet the increasing needs of humanity with a rational understanding is the energy used during this production. Our production approach, which focuses on its efficient use prior to the saving of energy, may in some cases include a numerical increase in relative terms, but we observe that we have a more efficient use compared to past years.

We note that the negative effect of energy use can be reduced by using cleaner energy, instead of less energy. For this reason, we are gladly monitoring and actively supporting the policies on the production of renewable and clean energy in our national energy policy.

To make the world a more livable and sustainable place, renewable and clean energy investments need to be supported both locally and globally and its production must be encouraged.

Climate change has become a subject that requires global struggle in the direction of common goals today. The period's impacts on human life and the economy have brought companies to develop new business models, as well as the transition to a low-carbon economy.

Our Group assesses the potential impacts of global climate change on the basis of risks and opportunities and adopts a sustainability-focused corporate development line.

Our Group, which has carried out enterprise-based carbon footprint calculations for 9 companies, announced in 2012 that it aims to reduce the average carbon footprint per unit of production 15% by 2020 with the Greenhouse Gases Reduction Project. As of 2016, a reduction of 8,93% was achieved in carbon footprint.

Our Group uses national and international criteria and standards for carbon emissions activities. ISO 50001 and ISO 14064-1 system standards guide our works. In our reporting activities, ISO 14064-1 "Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions at the Establishment Level" is used. Greenhouse gas inventory management system studies, which enable our companies to collect data in a single system is continued to use in 2016.

While our Group identifies common goals for all our companies in climate change and energy issues, it also takes into account the specific circumstances of the geographies in which we operate. Projects were also continued to be developed in 2016, to reduce energy consumption and increase productivity in business units throughout all of our Group companies.

Our companies in our Group have made significant progress in their areas of resource efficiency and optimization by prioritizing the concept of "green logistics" in business processes.

Our Group has achieved significant productivity increases in intercity land transportation operations with its route optimization model in the direction of fuel saving target and has made significant contributions to environmental sustainability with its model based on more transportation volume with less distance.

Total Energy Consumption (Gigajoule)

According to Primary Energy Source	2014	2015	2016
Direct Energy Consumption	2.142.514	1.812.181	2.273.265
Indirect Energy Consumption	328.385	385.484	408.938

As of 2016, a reduction of 8,93% was achieved in carbon footprint.

Non-renewable energy sources in Yaşar Group companies are electricity, natural gas, LPG, LNG, coal and vehicle fuels. The use of renewable energy sources isn't available for the time being. In all companies, energy consumption, electricity consumption, heating consumption and steam consumption are not separately calculated but carbon footprint calculation studies are applied to cover all these energy consumption. Desa Energy, a company of Yaşar Group, is a power generation company, and the company's product is electricity and sold. Desa also produces steam and sells to the Group companies. The energy consumption mentioned above is converted to GJ and reported as Direct and Indirect Energy Consumption. The consumption quantities of all energy types are converted into GJ by means of energy unit conversion factors.

Greenhouse Gas Emissions

kg. CO ₂ /year	2014	2015	2016
Scope 1	145.045.791	155.459.916	155.588.764
Scope 2	104.187.482	107.313.700	109.354.773

Direct and Indirect Energy Greenhouse Gas Emissions are calculated in accordance with ISO 14064 Part 1. The calculations include the greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) mentioned in ISO 14064 and there is no biogenic emission. In the calculations, the base year (base year) selection was chosen as 2010 or 2011, with a difference for each company. Base year selections were elected for years in which they worked closely with the ideal arrangements of the enterprises. Emission factors were obtained from annual reports of domestic public institutions (such as TEIAS) or annual reports of international organizations such as IPCC or UNFCCC. The preferred consolidation approach for emissions is an administrative control approach.

Waste Management

The widespread understanding of the production philosophy of the world that "one is the input of the other" is a welcome development. Today we are working with a philosophy that does not see anything as waste in our manufacturing operations. The basis of the waste management concept of Yaşar Group lies in the approach that "no output is waste".

For this reason, as Yaşar Group, we are looking for ways to reuse not only the disposal of the wastes generated during the production process but also the waste. We work with the aim of developing this understanding not only in production but also in post-production and consumption lines, and we accept our consumers as a shareholder of this waste management.

Our Group, which is involved in sincere initiatives for this purpose, is also among the founders of ÇEVKO (Environmental Protection and Packaging Waste Recovery and Recycling Foundation). Our Altın Yunus facilities share our understanding of the environment and waste management policy with our guests and convey the importance of waste management to environmental protection for every person in contact with us.

Resource efficiency and waste management are now vital to the effective use of natural resources. Our Group considers that this is one of the main priorities for all our companies to provide training on waste management in general, using packaging materials that will produce the least amount of waste in the entire life cycle and give the least damage to the environment, and do innovative work on industrial waste recycling. In addition, it is signed by the Ministry of Environment and Urbanization in cooperation with licensed organizations following the packaging waste management plan which is prepared in the framework of the contracts and presented to the Ministry.

Amount of Recovery By Years (%)

Type of Package	2014	2015	2016	2017*
Paper-Carton	44	48	52	54
Plastic	44	48	52	54
Glass	44	48	52	54
Metal	44	48	52	54
Wood	5	5	7	9

* Intended

Good Practices and Developments from Our Companies

PINAR DAIRY

Among the companies of our Group, Pinar Dairy considers waste and management as one of the most important agenda items within our environmental responsibilities. Considering the environmental legislation requirements in collection of wastes in the facility, temporary storage and transferring licenced facilities, our company has evaluated the environmental effects through the environmental dimension evaluations it has been experiencing and passed preventive activities at necessary points. Our company has been organizing trainings for environmental awareness and management of wastes throughout the year by the environmental officer. The company has included this title in its yearly training plan and has provided feedback to the Ministry of Environment and Urbanization every year about wastes.

Our company's targets for waste reduction were followed up in 2016 under ISO 14001 system, and wastes other than municipal waste received by the municipality were transferred to 100% recycling facilities. In accordance with the Packaging Waste Regulation, it is aimed to gradually reach 60% of the basic packaging materials such as plastics, paper carton, metal and glass by 2020 in terms of recycling obligations over the years.

Our company, which carried out revision in Eskişehir Factory wastewater treatment Plant in 2016, has carried out studies to increase the efficiency of treatment by installing a diffuser system instead of old and non-working aerators. Diffusing system provided proper ventilation and sludge recirculation enabled bacterial activity, reducing the amount of chemicals used. In order to dehydrate the sludge, the decanter system has been replaced instead of the old filter-press and regular sludge purchases have begun to be realized. In 2016, the odor removal system was activated at Izmir Factory wastewater treatment plant to eliminate the environmental odor.

PINAR MEAT

Pinar Meat has contracted with ÇEVKO Foundation, one of the authorized institutions of Turkey, for the waste management, approved by the Ministry of Urbanization in the direction of effective resource utilization strategy. The recycling of Pinar Meat product packages that were put on the market at the rates determined in the regulation and the recovery/transformation were realized through ÇEVKO Foundation and the "Green Spot" brand was started to be used in all the products that were signed by the contract. The Green Point mark, an international model that stands for industrial responsibility, shows that the economic operator who takes the packaged product market places its legal obligations in the recovery of packaging waste.

Our Company, which continues to plant 1 seedlings on behalf of employees who bring 10 waste batteries every year, planted 100 seedlings thanks to the waste batteries collected in 2016 through Directorate General of Forestry.

PINAR WATER

Pinar Water, as the founding member of ÇEVKO, delegated the responsibility of recycling its packaing waste to accredited institution, to ÇEVKO. All of the products our company uses in its production activities are made up of materials that can be recycled in the environment and recycling quantities in accordance with the targets set by the Ministry of Environment and Urbanization.

Waste Management

Good Practices and Developments from Our Companies

DYO COATING

Dyo Coating carries out waste management in accordance with the regulations issued by the Ministry of Environment and Urbanization. The disposal method for each waste type is specified in the relevant regulations.

VIKING TISSUE

Viking Tissue, describes its waste management policy as carrying out activities to reduce waste generation, the system for collecting waste at the source of the waste, the provision of collection facilities, temporary interim storage, prevention of environmental damages during transportation, appropriate disposal / recovery methods, research and realisation.

ALTIN YUNUS

Our facility is renovated every year with a specialist environmental consulting firm and has consultancy services in this regard. All new legal legislation is followed and action is taken accordingly. Both the consultant firm and the ministry officials organize trainings to the plant personnel. Waste follow-up reports are kept up-to-date and necessary declarations are provided by the environmental engineer of the consulting firm. Waste management is a priority and follow-up issue for our green star facility.

Throughout 2016, a total of 98.050 m³ of thermal water was discharged into the sea. The facility is not evacuated as it is reused in the waste water treatment plant. Since the Reverse osmosis device operates at a yield of 50%, a total of 135.806 m³ of water (osmos + thermal) is supplied to the sea. In our facility, hazardous wastes are stored at the workplace and the total amount of hazardous waste for 2016 is about 400 kg. As a recovery, the water recovered to the garden water in the wastewater treatment plant can be exemplified and a total of 75.512 m³ of water was recovered for the year 2016.

DESA ENERGY

Desa Energy, one of our Group companies, aims to recycle waste by collecting waste at its source.



Yaşar Group Sustainability Performance

Caring For Business Partners

Supply Chain Management

Moving from the premises of “encouraging the management practices for the environment, social and economic effects throughout the life cycle of products and services, as well as the practices for well governance”, our Group determined our supplier policy and developed strong bonds with our partners in the supplier map within the scope of this policy. We manage with the principles that we determine the supply process with, objective selection criteria, supply contracts, standard procedures and tools. The given principles and procedures are increasingly used for making use of the points of influences such as human rights, job health and security, working conditions, animal welfare, environment, supply of raw materials and social factors on the hand of our suppliers.

Our Group, which carries out continuous training activities for our suppliers within the scope of activities that we have defined as a value chain, steadily improves the superior quality standards in line with the full compliance with the legal legislation as well as the export activities carried out in different countries. The training activities we implement for suppliers are considered as an opportunity in terms

of making it widespread among our partners who are influenced by the principles and values of Yaşar Group.

Within the scope of our strong experience and expertise that our Group has in the field of supervision, we implement auditing and inspection in a wide field ranging from the quality and production to the human rights and ethical practices for our suppliers. During the inspections, apart from determining the current condition and areas of improvement for our suppliers, we also provide know-how support on the issue of action plans that our suppliers plan to put into practice. Besides this, the performance of our suppliers are regularly monitored in order to execute the follow-up of the action plans created and to evaluate the rates of implementation. Our Group shares the “exemplary practices” implemented by our suppliers with other partners thanks to the expertise we do have in the field of supervision and risk management. Our suppliers that we support for rendering their successful performance sustainable stand out in competition by consistently carrying out the quality standards in the fields where they are business partners with our Group.

“As a whole, we see it as a responsibility to make our understanding of sustainability widespread among our suppliers that we are interacting with beyond our corporate structure, operations and production.”

Within the scope of this responsibility, in order to carry out our practices more efficiently, Yaşar Supply Chain Risk Map Work was implemented in July 2016 on all the Group companies, and risk analysis was implemented specially to each supplier group companies on the titles of sustainability criteria, and it was targeted to create action plans according to this map for all companies.

Good Practices and Developments from Our Companies

PINAR DAIRY

Continuing its production activities in the factories of Izmir and Eskişehir, and the recently opened one in Şanlıurfa, Our Company contributes to the local development by supporting more than 18.000 producers while working in a contracted manner with 301 separate locations of 119 farms for the supply of quality sources.

The purchase of raw milk is implemented through 4 supplier groups within the borders of Turkey, from 4 supplier groups of 22 provinces, villages, cooperatives, farms and companies.

In order to reach the quality milk source, milk is supplied through 301 separate points in total consisting of 11 farms “Facilities Free from Diseases”, 6 “EU Approved Facilities” certified 119 farms. By sharing the quality value of the milk it supplies from the farms “daily” with the producers, Pinar Dairy provides the producers getting informed about their products. Additionally, Pinar Dairy carries out training programs in subjects such as milk quality, herd health, animal nutrition, preventive medicine for the purpose of informing and creating awareness for the producers for producing healthy milk.

83% of the total purchase of raw milk amount is provided from Çamlı Feed, a company among the Yaşar Group companies. Pinar Dairy implements long term collaborations through determining its suppliers in line with “Pinar Quality Criteria” (together with Purchasing, R&D and Quality Assurance Managements). Having developed collaborations benefiting mutually with more than 18.000 raw milk producers, it approaches to the issue of sustainable and quality supply neatly. Together with the Procurement Department, it carries out purchases from the approved suppliers for the purchase of the sources outside the purchase of raw materials, food auxiliary materials and packaging materials. Pinar Dairy coordinates with the Procurement Department, R&D and Quality Assurance Managements within the scope of Procedure for Creating Alternatives and Entering the Suppliers’ Lists. The companies able to provide suitable materials fitting to the Pinar Quality Criteria are determined as the suppliers and in the event of a positive conclusion out of the comprehensives trial works, the suppliers are included in the system. Moreover, the suppliers are assessed per criteria created out of the Supplier Assessment Procedure in terms of price, delivery, quality, service and amount each year. It is aimed that the supplier works shall develop corrective-preventive measures as a result of the assessment.

Pinar Newspaper Published quarterly on the providing livestock and milk producers for Pinar, Pinar Newspaper continued its publication successfully in 2016, as well. Our Newspaper reaching to 18 thousand producers maintained itself being the source of a significant appeal for the farms producing milk and meat.

Pinar Institute A non-profit and none trading organization founded for the purpose of contributing to the healthy development of society and creating awareness for issues of food, health and nutrition, Pinar Institute continued its activities and projects successfully in 2016. The institute, organized numerous trainings with the voluntary participation of all producers aside from the supplier milk producers in the provinces of İzmir (Tire & Ödemiş), Eskişehir, Kütahya, Denizli, Uşak, and Şanlıurfa within the scope of the Project “The Future of Our Milk is in the Hands of those Aware”: a Project that it has carried out for a long time. These activities carried out by the Pinar Institute are works in the reference quality in terms of the significance it attributes to the local development. Together with the trainings implemented in 2016, the number producers accessed to since the beginning of the Project has reached to 5.800, and the project partners has been Provincial and District Administrations of Food, Agriculture and Livestock, Milk Producers Unions, Cooperatives and Universities (Ege, Ankara, Harran & Afyon Kocatepe Universities), as well as Pinar Dairy and Çamlı Feed.

Supply Chain Management

PINAR MEAT

Among our Group Companies, Pinar Meat supplies the materials and services it needs in line with all the legal regulations, as well as Pinar Meat Purchasing Regulations and Procedures in addition to the ethical and moral rules. Thanks to its really strong supplier risk analysis, Pinar Meat is able to transform its production process into strong chain of values. The primary supply books of our company consist of livestock purchase, food auxiliary materials, packaging materials, operation materials, spare parts, investment and equipment purchases. While our company provides nearly 90% of its animal supply domestically, the regional supply is provided from Aegean and Mediterranean Regions in the rate of 90%, and partially from the Central Anatolian Region.

Pinar Meat portrays an extremely neat approach in working with the suppliers having parallel principles in Food Safety, Quality, Environment, Job Health and Security, and Energy Management systems. The company inspects the suppliers it collaborates with within the framework of this aspect, and demands for improvement in the areas where it considers necessary, while supporting the corporations it receives services from.

Carrying out developing the supplier risk analyses, Pinar Meat has even detailed its supplier assessment criteria further in 2016. The amount of inspections to be carried out within the light of these assessments were determined and Supplier Report Cards for the products and raw material suppliers were created.

The monitoring and evaluation of the supplying company in the current supply assessment system is implemented through the joint collaboration of the Purchasing and Quality Assurance unit. Our suppliers assess within the scope of the criteria designated through "Supply Evaluation Procedure" and try to develop corrective and preventive activities. Within the scope of the Supply Assessment System, alternative suppliers are evaluated onsite and in the event that their compliance is approved, collaboration and joint work is sought. For the current suppliers, risk analysis is made and their assessment frequencies and ways are determined. With the inspections and assessments made, production of suppliers in line with legal regulations, food safety and Pinar quality is provided. After the reporting of the determined lacks and their corrections/improvements on the fields desired to the suppliers, their corrections are demanded. The companies not implementing the required improvements in the fields demanded for correction within the time period are eliminated out of the list of suppliers and the purchases are halted until the desired improvements are provided. In addition to the quality systems of the producing companies in supplier assessments, Environment Management Systems, Job Health and Security Management Systems, and Social Responsibility issues are evaluated the Quality Assurance teams, as well. For 2017, works on the the inclusion of the sustainability criteria to this assessment system are initiated, as well.

Our company acts within the frame of the regulations on the Transport of Livestock and Animal Products and the rules stipulated by the Protection and Welfare of Animals during their Transport. Our Company implements the purchase of livestock together with the team of veterinarians and agricultural engineers within the Meat Sources Purchasing, and the purchased animals are checked for compliance to the standards following their inspection.

The livestock purchased by the Management for the Purchase of Sources are carried by the livestock transport vehicles authorized by the Provincial Agricultural Administrations. The animals transported for long distance are put into operation after they are kept for wait in the rest paddocks. Pinar Meat, offers chances of improvement with the periodically arranged visits by the expert veterinarians to the contracted farms where it supplies animals to, as well as providing trainings in the field of animal health and welfare, and demanding their improvement.

PINAR WATER

While selecting the suppliers, Our Company sees it as a principle priority for the companies to certify their management systems (such as ISO 9001, 14001, 18001, Food Safety). While choosing new suppliers, on the other hand, the candidate companies are visited for inspection by the quality assurance and purchasing teams.

Pinar Water, created inspection plans by the separating its suppliers into two categories; those being contacted by R&D and Quality Assurance Management and those who are not. It has been adapted as a principle that the suppliers contacted for the product are inspected once a year, whereas those who are not are to be inspected twice a year at least. The concerning departments of our company carry out the inspection onsite and inquire for the compliance on Quality, Food Safety, Job Health and Security and Environment Systems.

ÇAMLI FEED

The representative of our Group in the field of feed production sector, Çamlı Feed supplies 60% of its source inputs through import and 40% of them from domestic sources. The products produced in the Pınarbaşı Feed Production Facility of our company are brought to the customer categories such as large farms, cooperatives and dairy unions where sales are made directly. Aside from this, significant amount of added value is provided through using a part of the production in the facilities for turkey and fish production.

The concentrate feed sources used in the Organic Milk Facility of Our Company is provided by the suppliers certified for organic agriculture domestically, while the sources for roughage are organically grown in the areas owned by the facility. While some portions of the roughage are produced by the contracted farmers in the region, the organic milk produced is sold to Pinar and the calves brought are sold to the other breeders in the region.

The fertilizers used in the Plant Feed Facility of Our Company are collected by the Organic Milk Facility and other farmers in the region. The fertilizers made into compost forms in the areas owned by the facility are dried after they are pelleted and following this, they are packaged. The fertilizers are brought to our customer farmers through our strong dealership networks.

The eggs used in the turkey production at the Poultry Production Facility of Our Company are supplied from Canada by a representative in the country, being transformed into chicks within 28 days in our hatchery located in Seferihisar. The chicks are transferred to the poultry-houses of our producers we receive the care service from through our logistic supplier and the animal performance is monitored through the weekly visits of our veterinarians responsible for the field throughout the production process. By the end of the 4 month breeding process, the grown-up turkeys are loaded from the poultry-houses through another logistic supplier of ours and they are sent from our Group-Companies to Pinar Meat.

Contracted production model is used in the process of turkey production and it offers a source of income for the villagers living in the mountain villages where it is not very convenient for especially agriculture in exchange for the care service they provide for the turkeys. Additionally, the responsible veterinarians provide trainings for at least 3 times a year on animal breeding and animal welfare to the breeders; while the positive examples are made widespread, the wrong practices are discouraged and terminated. While preserving the requirement for breeding in line with the regulations in order to protect the animal welfare, our breeders especially work on projects with the Faculty of

Supply Chain Management

ÇAMLI FEED

Agriculture in Ege University on the Loading Stress of Live Turkey and Animal Welfare in the Poultry-House.

Our company carries out its choice of suppliers in the light of the Directives for Supplier Selection and Evaluation Criteria and Methods. While effectively inquiring on the required quality, food safety and sustainability standards for each product, the quality documents available are asked to be provided for the suppliers supplying fish meal and fish oil; and if available, the sustainability policies of the country and/or company where the fish meal and fish oil is produced, the MSC, IFFO documents, the certificate of origin designating the type of fish used in the production of the products (if possible, the rates of origin included) and/or documents or notifications complying with the concerning permission and legal hunting.

In the supply of the fish meal/fish oil used in the production of fish feed, it is checked whether or not the type of fish the product is made from takes place in the list of IUCN Rejection based on the regions of production for the suppliers in each instance of receiving. If the type of the origin for the product is in this rejection list, no purchase or sales of this product takes place absolutely.

The Purchasing and Quality Departments of Our Company once a year takes the supplier where the purchase is made from under an assessment procedure. If necessary, the Quality Management of Our Company carries out an inspection on the supplier to assess the product supply competence. In addition to researching on alternative suppliers for suppliers falling below 80 points, improvement works are implemented. Our Company has the principle of not working with suppliers below 50 points and revises its list of Approved Suppliers List every year.

YBP

It places huge care in the selection of the customers it shall serve outside our Group. Special care is given to the fact that the customers coincide with the Pinar brand values, that they are in the complementary and supportive quality with Pinar products, that it complies with the laws and ethical values, and that it places significance to consumer health and product quality. Basing on the inspection and control criteria founded by the quality systems specific to Nar'ca Group – one among our suppliers out of the group- an inspection company reports once in a year the Food Safety and food quality in its scope of inspection.

For the Nar'ca Suppliers;

The main principles embraced in the field of YBP supply management carrying out its activities in the light of our Group are as follows:

- All the supplier companies planned to be worked with are subject to the production quality inspection and a checklist in the format of ISO 22000.
- The production inspections are implemented regularly and annually basis.
- CPA plan is asked from the supplier company for the parameters determined with noncompliance. The CPA plan received is sent to the YBP inspector's approval and its competence shall be inquired.
- Based on the approval taken for competence, a collaboration plan is made with the supplier company.
- It is targeted that the inspection works are repeated once a year.

YBP

The following principles are taken into account when choosing the logistics supplier for the warehouse / shipment processes of YBP;

- Company has a good corporate structure
- The company has a certain level of financial and service volume
- Company has got references.

DYO COATING

One of our Group companies, Dyo Coating, supplies the main raw materials for production such as resin, solvent, monomer, titan, pigment and filling materials with additives through a wide network of suppliers. It works with 1.604 suppliers; 767 being in the field of service, 356 being in the field of raw materials and packaging, 25 being in the field of commercial products, 180 being in the field of machines and spare parts, 45 being in the field of shipment, 58 being in the field of marketing, and 173 being in the field of consumption and auxiliary materials. Dyo Coating has been given as a reference to all the global suppliers for the concepts under the field of sustainability strategies such as business ethics, environment policies, child labor, laborers' rights, fair commerce, social responsibilities, equality and education.

The structure of suppliers maintains their dynamism and variability like the former years due to the fact that in 2016, the structure of suppliers in the chemistry sector comprised either of company integrations or separations as different companies for several work units, and aside from this, that the global actors also played significant roles. Despite this, Dyo Coating selects its suppliers based on certain criteria, evaluates them and contributes to their development. Inspections and technical visits are implemented based on the supplier development plan prepared annually in order to contribute to the development of our suppliers as well as to learn about the beneficial practices mutually and put them into practice for them while they are being evaluated and selected through concepts such as quality, service, pricing, on-time delivery, and sustainability declarations.

As it is explained in the technical procedures of our company, onsite inspection for our suppliers is among the main priorities. On the other hand, it is a requirement for our suppliers not applied with an onsite inspection to fill in the Supplier Inspection Inquiry Form and send it through email or fax. The inspection departments of our company prepare reports and determine inspection points following the inspections they carry out with the suppliers. In addition to this and under circumstances where required, a follow-up inspection is planned in accordance with the Caution and Corrective Action Report (CCAR)."

Only the issues with problems are inspected in the follow-up inspections and no second inspection is carried out. The items being subject to the follow-up inspections are not scored again. Having carried out 20 supplier inspections in total within 2016, our company aims to inspect 53 suppliers in 2017.

Continuing to audit our suppliers in terms of environment, Our Company scanned all its suppliers separately in terms of raw materials, packaging and commercial products pursuant to the TSE EN ISO 14001 Environment Management System providing the criteria for environment.

Supply Chain Management

VIKING TISSUE

Among our Group Companies, Viking Tissue considers the powerful relationship it built up with its suppliers as a one of the constituents of a sustainable business. Because Our Company does not produce cellulose - the raw material for paper - in Turkey, it supplies the raw material from regions and countries such as Finland, Sweden, North America, Russia, Spain, Portugal and South America (Brazil and Chile). Viking Tissue, which successfully carries out this foreign supply process that carries significant risks in terms of price range and competitive power, supplies its packaging and chemical material supply from companies that has strong bonds with it. Coming together with its suppliers especially in activities such as fairs and seminars, Viking Tissue gives priority to the internalization of any type of development in the fashion to increase its production capacity and quality.

Constantly observing the production, storing and loading conditions of its suppliers, Our Company checks whether or not what is required by the quality certificates and quality certificates are implemented through the supplier inspections. Viking Tissue, which assesses its suppliers through the terms of the quality, delivery, price performance and point system, applies the CPA (Corrective Preventive Activity) follow-up system for the purpose of preventing the quality problems experienced. The problems determined are shared with the suppliers and the necessary measures are taken; their results are monitored neatly. Embracing operational perfection as an institutional target, Viking Tissue implements the optimization works for the effective cost management and operational costs in the field of supply.

Our company analyzes, evaluates and carries out production inspections for what is foreseen as suitable together with its suppliers for the new chemicals, packaging designs and technical developments through following closely the most recent improvements in the sector. Within the scope of this, aside from the current quality of cellulose in the delivery of raw materials in 2016, alternative product trials were given value, as well. On the other hand, in the field of the supply for scrap paper - the raw material for the recycle product - constant works on finding alternative suppliers were carried out and 10 new companies were included in the list of scrap paper supplier list in total within 2015 and 2016.

Placing huge importance to sustainability in terms of energy consumption awareness, Viking Tissue shares with its suppliers in addition to receiving the ISO 50001 Energy Management System Certificate. For the purchases of energy consuming equipment and devices, it is demanded from the suppliers in the placed orders that the devices to be proposed should have their energy classes determined and that they should Show complies with ISO 50001 standards in their assessments while purchasing.

ALTIN YUNUS

Being the representative of our Group in the tourism sector, Altın Yunus takes environmental policies and corporate reliability as a main priority while selecting suppliers. Our Group, which implements inspection once a year to its food suppliers, demands corrections through providing detailed feedback to the supplier concerning the issue of any noncompliance. Provided that the demanded level of correction is not taking place, a new supplier is sought. In the following term, Our Company plans the inclusion of additional indicators for environmental and social issues in its selection criteria selection for suppliers, while as for the quality target, it is aimed to inspect 75% of the suppliers, primarily starting from the food suppliers within the period of a year.

Our company that continues to supply the vegetables and fruits that make up 5% and 10% of its total supply from local areas prefers nearly all of its products grown in the Aegean Region. Besides the meat and meat products, our company supplies its water, milk and dairy products from Yaşar Group Companies, while supplying the products it offers to its customers from well-reputed brands domestically through its dealerships. Our Company receives outsourced services for safety, garden disinfection, landscaping and stipulates as a condition items related to occupational health and safety (OHS) in its supplier agreements.

Stakeholder Opinion

MEHMET ERBİL

Board Member, Gözde Corporate Group



Based in Manisa Central District and Kemalpaşa, Gözde Group offers distribution services to leading Turkish companies with a professional sales team of 25-years' experience and a fleet of 85 pieces. Our Group aims to operate by keeping the high level of trust, customer satisfaction, rapid and high-quality service, and by constantly adapting to the technology. Since 2001, we have been business partners with Yaşar Group with whom we walk together on this journey towards those goals.

We follow the educational and social support that Yaşar Group has provided for many years. Especially the painting contest for children and the YBP's sister school project represent a significant contribution to education.

We fully support every product marketed by the YBP. The brand Pinar represents quality and being pioneer in its field. We receive rapid support from the YBP staff and find solutions to problems that we ever experience in marketing products. We attach big importance in taking part in joint projects which progress further our mutual capacities with the YBP. We hope to keep walking with Yaşar Group on this journey for many years to come...

AKAN ABDULA

Future Bright, Managing Partner



For how long have you been working with Pinar?

We have enjoyed the privilege of serving Pinar Dairy for the past five years. This is a significantly long period given that our business is just a local company founded six years ago.

The period of time indicates that Pinar Dairy likes to establish strong bonds with its suppliers. It not only benefits from suppliers but also helps to improve them while establishing sustainable relations with them.

So, how Pinar Dairy teams, your service partners, have contributed to you?

First of all, Pinar Dairy teams are among the most detail-oriented teams in the world of marketing. The Company is highly capable of coming up with new solutions to very complex details. We have always been fascinated by their skills to put a vast amount of information in coherent series of ideas as well as their culture.

For the past five years, they mostly contributed to us with those qualities. Pinar Dairy has a very powerful culture and Future Bright will continue to adapt to this rich culture in the years ahead.

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