

AYGAZ
SUSTAINABILITY REPORT
2022



AYGAZ

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ABOUT THE REPORT

We present the 2022 edition of Aygaz Sustainability Report, which offers an overview of the sustainability-related activities and the economic, corporate governance, social, and environmental performance of Aygaz A.Ş. (Aygaz). This report covers the period from January 1, 2022 to December 31, 2022, and also provides a look into the developments in 2022 and future plans of Aygaz.

Aygaz Sustainability Report has been prepared according to the GRI Global Reporting Initiative's GRI Standards applicable for the same period. The content has been guided by the aspects identified through comprehensive materiality analyses, including a stakeholder analysis.

Please submit all your questions, opinions, and suggestions to surdurulebilirlik@aygaz.com.tr.



Esteemed Stakeholders,

I want to start by expressing our deep sadness for the devastating earthquake on February 6, 2023 that caused major destruction in Kahramanmaraş at the epicenter and in 11 provinces. We share the grief of our people who lost their loved ones in the affected region. And we believe that we can overcome all the hardships when we stand together in unity and solidarity.

Starting in the early hours after the earthquake, we began to work in coordination with Koç Holding Crisis Coordination Center, AFAD, and local administrations. We joined forces with our employees, dealers, and logistics providers, and started to dispatch cylinder gas, stoves and heaters along with the essential drinking water to meet the heating and cooking needs in the affected region, where harsh winter conditions made the situation even worse. I want to emphasize that we remain committed to extending our support and contributing to the recovery work in the region under the leadership of Koç Holding.

With uncertainties in the energy markets leading to price spikes, 2022 was a year of challenges in terms of affordable energy. This is where LPG comes to the forefront as a transportable and easily accessible energy source. Driven by the climate crisis agenda and the normalization in the post COVID-19 era, the demand for low carbon alternatives continues to rise

by the day, pushing the move for energy transition worldwide. In a recent report, World LPG Association (WLPGA) addresses the solutions for sustainable energy and positions LPG as a bridging fuel that can play a role in the energy transition at a time of inequalities in access to energy during the shift to a low carbon economy. As an affordable energy source that is directly extracted, LPG can also become an important part of the energy mix during transition.

At Aygaz, we regard climate crisis as a major risk with serious environmental and socioeconomic consequences and carefully assess the related risks as we build a sustainable business model. The Carbon Transition Program of Koç Holding, which is a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and has committed to net zero by 2050, guides us in our activities in this area. We also align with Koç Holding's targets to reduce Scope 1 and Scope 2 greenhouse gas emissions by 27% and 49% by 2030 and 2040, respectively, and see it as a priority to contribute to these efforts.

I am proud to report that Aygaz maintained its leadership in the Turkish LPG market in 2022. As we solidified our strong position, we also made progress toward our goal of becoming an international LPG player. We take a 26% share from the Turkish LPG market, which saw a total demand of 3.9 million

tons as of the end of December. In 2022, Aygaz's total sales, which includes domestic, wholesale and international markets, increased by 5% year on year, reaching the highest ever sales volume with more than 2.3 million tons. We closed the year with TL 37.5 billion in consolidated revenues. With its successful performance, Aygaz also ranked 33rd in İstanbul Chamber of Commerce's (ISO) list of Top 500 Industrial Enterprises Türkiye.

As part of the Aygaz E-commerce Transformation Program, we relaunched the Aygaz Mobile app in 2022 with a new face and structure to combine our sales channels and those of our dealers. Meanwhile, our digital transformation efforts continued with a focus on price management, digital and lean work environment, and smart logistics and production. And our AR-WE project, launched to create a lean virtual office environment, was recognized with three awards in 2022. Furthermore, our GreenOdor product won first prize in the Safety category at the 2022 Global Technology Conference organized by the World LPG Association in November in New Delhi, India.

Following Koç Group's Gender Equality in Technology and Innovation Campaign, launched as part of UN Women's Generation Equality Forum, we disclosed our five-year targets. As part of social projects, we are committed to reaching 100,000 girls and women from different age groups through training, mentoring and scholarship programs. As for our targets within the organization, we aim to

increase the ratio of women in technology and innovation to 35% and female managers to 21%. I am pleased to note that we increased the female employment ratio in technology and innovation as we made strides toward our targets by reaching thousands of women through intrapreneurship projects, TEV scholarships, summer internship programs, and activities under the umbrella of W-Energy for Equality.

As a company working with a focus on sustainability since the very beginning, Aygaz continues to create value for society and the environment. I was honored to join Aygaz's 62-year journey in 2023. And now, as I present the 2022 Sustainability Report, I want to thank all our stakeholders for their invaluable contributions to improving our environmental, social and governance (ESG) performance and helping us drive our sustainability vision.



Melih Poyraz
General Manager

ABOUT **AYGAZ**



> **Aygaz at a Glance**

> **Highlights of 2022**



About Aygaz

We work to offer the best products and services in energy and last mile delivery sectors.



26%
Market share in LPG sector

Founded in 1961, Aygaz is the first Koç Group company to operate in the energy sector. Since then, we have grown into an integrated company with extensive operations in the LPG sector, sourcing, stocking, and filling LPG, manufacturing and selling pressurized containers and LPG equipment, and maritime transport of LPG. We also operate in the bottled water and last mile delivery sectors, leveraging our effective, wide-spread dealer network. In addition to our local and international operations, we focus on developing new business lines and enhancing our technological infrastructure. As the first and only publicly traded LPG company in Türkiye for many years, Aygaz ranked 33rd in Istanbul Chamber of Industry's (ISO) 2021 list of Türkiye's Top 500 Industrial Enterprises.

According to the December 2022 data of Energy Market Regulatory Authority (EMRA), we maintained our leadership in the LPG market, in which nearly 80 companies operate, as in the previous years. We captured a market share of 41.2% in the cylinder gas segment, 22.5% in the autogas segment, and a total market share of 26% as of December.

United Aygaz LPG Ltd., which we established in 2019 to engage in LPG supply, filling and distribution operations in Bangladesh, started to sell LPG in 2022 in the Bangladesh market. Meanwhile, our investments are ongoing to increase capacity. We also captured over 70% of growth in foreign currency-based revenues in 2022, with sales to 41 LPG distribution companies, including 11 new clients, in Europe, Latin America, Africa and Asia.

We are leading the industry with services that facilitate e-commerce for our customers. Our digital transformation efforts continue with a wide range of activities in customer applications, smart sales management, digital dealers, digital price management, digital and lean work environment, smart logistics, and production.

Vision, Mission, and Strategic Priorities

Vision

To be the brand known for its strength in the energy and distribution sector, solutions that make a difference, closeness to the customer, making life flow easier.

Mission

To offer the best products and services in all fields of operation, starting with LPG, by prioritizing high quality and safety standards with work principles that align with corporate values of Koç Group, and always respecting the community and the environment.

Strategic Priorities

- Commitment to delivering the essential needs that ensure the continuity of life with Aygaz assurance.
- Being a strong mobile energy brand at home and abroad.
- Building an agile work culture based on continuous learning and innovation.
- Offering innovative solutions for a sustainable future.
- Being close to the customer's mind, heart, and life.

Aygaz at a Glance

Founded in 1961

Koç Group's first company in the energy sector

Integrated LPG company

The first R&D center in the sector

Main Fields of Operation

Procurement, storage, filling, and sales of LPG

Production and sales of pressurized containers and LPG equipment

Maritime transportation of LPG

Facilities

5

Filling Plants

7

Distribution Centers

5

Sea Terminals

1

Pressurized Container and Accessory Manufacturing Plant

~4,000

dealers across Türkiye

Aygaz in Numbers - 2022

2.4

million tons

LPG sales volume

2,198

Cylinder gas dealers

1,830

Autogas stations

33rd

largest industrial enterprise in Türkiye*

*Istanbul Chamber of Commerce Top 500 Industrial Enterprises Türkiye (2021)

1.1

billion \$

Year-end market value

9.56

Corporate Governance Rating Score*

* out of 10

1,673

average number of employees

178

thousand m³

the largest LPG storage capacity in Türkiye

47

million km

the distance traveled on land with LPG logistics operations

240

thousand

number of Aygaz cylinders distributed to households per day

40

thousand

number of vehicles filled with Aygaz Otogaz per day

325

thousand

number of downloads (Aygaz Mobile app)

35

million \$

Aygaz Gebze Plant's export revenues

70%

YoY increase in Aygaz Gebze Plant's export revenues

28.8

thousand m³

total transportation capacity of the LPG vessels owned by Anadoluhisarı Tankercilik

49

million \$

capital of United Aygaz LPG Ltd.

753.5

million TL

capital of Sendeo

12

million

packages delivered by Sendeo

498

Sendeo agents

~1,500

Sendeo delivery points

95

million m³

natural gas sales volume of Aygaz Doğal Gaz

197

million liters

Pürsu carboy, pet and glass bottle sales

Highlights of 2022

- With a corporate governance rating of **9.56**, we ranked among the highest rated companies in Türkiye.
- We published the **Sanctions and Export Controls Policy** and **Whistleblowing Policy**.
- We allocated **TL 24.9 million** for R&D spending.
- Our AR-WE project, which provides a virtual office environment, was recognized with **three awards** in the IaaS/PaaS and IDC Cloud Roadshow IaaS/PaaS categories at the CxO Media Future of Cloud Awards 2022, including **first prize** in the Future of Work-Borderless Organization category at the IDC CIO Summit 2022.
- Aygaz Mobile app, built on an upgraded infrastructure and enhanced with new features, reached nearly 325,00 downloads in 2022, 710,000 downloads in the first half of 2023, and **610,000 registered users** to date.
- Our GreenOdor product was recognized with the **first prize** in the Safety category at the 2022 Global Technology Conference organized by the World LPG Association in November in New Delhi, India.
- In 2022, both Aygaz and Mogaz captured a score of **91%** in customer loyalty surveys in the cylinder gas segment, while Aygaz reached **91%** and Mogaz **85%** in the autogas segment. Meanwhile, Sendeo's net promoter score reached **90%** as of year-end 2022.
- In 2022, the ratio of local suppliers among a total of **1,876 suppliers** was around 97%, while the centralized procurement ratio was 83%.
- We conducted **198 supplier audits** and audited 87 critical suppliers based on environmental and social audit criteria.
- The ratio of women in senior executive management roles rose from 18% in 2021 to **27%** in 2022.
- At Aygaz, the ratio of female employees in technology and innovation rose to 15%, and women in management roles to **16%**.
- **510** employees were rewarded in 2022 as part of the Bright Star process, launched in 2021.
- We paid a total amount of TL **730,000 in incentives** to 123 employees for their contributions to the zero-based budgeting activities, which aim to encourage generating and implementing new ideas for efficient budgeting.
- The average training time per person **reached 34.2 hours** with the investments made in employee development.
- The overall **employee satisfaction survey score** of Aygaz employees who participated in all the training programs offered under the AyLearn umbrella was **74.5**.
- We provided **1,469 hours** of training on various topics to prepare the workforce for the digital world and migrate the operational processes to the digital environment.
- In 2022, our employee loyalty score rose to **71.3** with an increase of 3.8 points compared to 2021.
- In 2022, we provided **17,685 person*hours** of OHS, fire, and emergency response training for the employees and subcontractors, and supported the training with drills.
- We provided **1,796 person*hours** of environmental training.
- We align with Koç Holding's 2050 net zero and other greenhouse gas reduction targets and work to reduce Scope 1 and Scope 2 GHG emissions by **27%** and **49%** by 2030 and 2040, respectively. We launched a number of energy efficiency projects to reach our targets and prevented **275 tons** of carbon emissions.
- We provided **488 person*hours** of Energy Awareness Training at the Yarımca Terminal and Gebze Plant.
- We obtained **Zero Waste Certificate** for the Head Office building.
- At Aygaz, we joined the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum. Accordingly, we are committed to reaching **100 thousand girls and women** from different age groups through education, mentoring and scholarship projects, and increasing the ratio of women in technology and innovation to 35% and female managers to 21%.
- **55%** of the interns participating in the 2022 Summer Internship Program were female students. With this ratio, we exceeded our **target of 50%**.
- We reached **12,899 young women** through the W-Energy for Equality Program.

Subsidiaries

AYGAZ DOĞAL GAZ

Field of Operation

Natural gas and liquified natural gas (LNG) sales

Participation rate : 100%
Founded in : 2004
Sales volume : 17 million m³ of piped natural gas
 78 million m³ of LNG

ANADOLUHİSARI TANKERCİLİK

Field of Operation

LPG transportation by sea

Participation rate : 100%
Founded in : 2010
Number of vessels : 3
Transportation capacity : 28,800 m³
Average age of the fleet : 17

SENDEO

Field of Operation

Courier and last mile delivery services

Participation rate : 55%
Incorporated in : 2020
18 facilities

AKPA

Field of Operation

LPG, fuel products and bottled water marketing and sales

Participation rate : 100%
Incorporated in : 2001

BAL KAYNAK SU (PÜRSU)

Field of Operation

Drinking water production and sales

Participation rate : 100%
Acquired in : 2019
Sales volume : 197 million liters

Joint Ventures

UNITED AYGAZ LPG LTD.

Field of Operation

Sourcing, storage, filling, and sales of LPG in Bangladesh

Participation rate : 50%
Formed in : 2021

OPET AYGAZ GAYRİMENKUL

Field of Operation

Property purchasing to operate fuel and autogas stations

Participation rate : 50%
Formed in : 2013
17 stations

Affiliates and Financial Investments

ENERJİ YATIRIMLARI (EYAŞ)

Field of Operation

Energy

Participation rate : 20%
Founded in : 2005
Indirect share in the capital of TÜPRAŞ*: 9.3%

KOÇ FİNANSAL HİZMETLER A.Ş.

Field of Operation

Financial Services

Participation rate : 3.93%
Indirect share in the capital of Yapı Kredi Bank: 1.6%

*Türkiye Petrol Rafinerileri A.Ş.

[For more information on financial and operational outlook, please visit 2022 Aygaz Annual Report.](#)

MATERIAL ISSUES



> **MATERIAL ISSUES**
Materiality Matrix



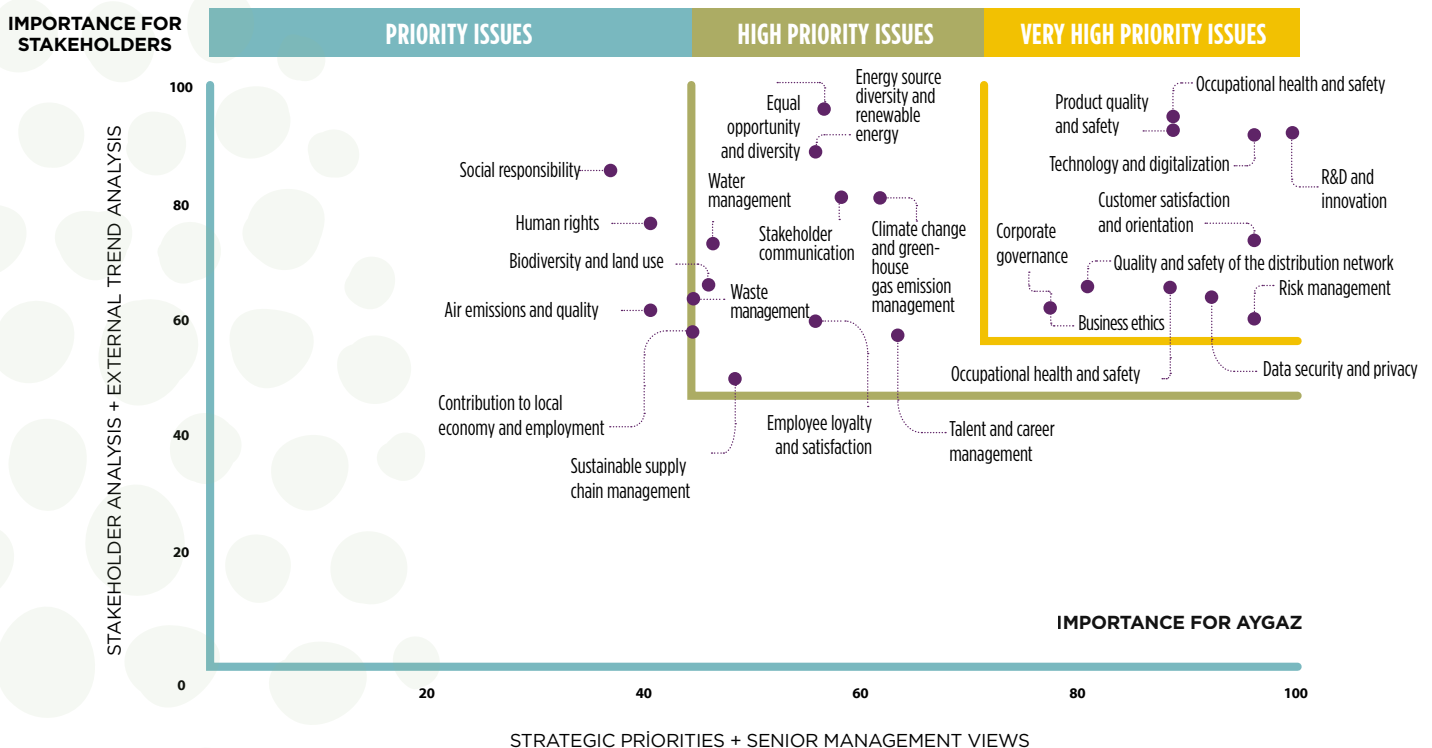
Material Issues



The material issues that form the foundations of our sustainability approach also underpin our business model, which considers the contributions and interests of all stakeholders. At Aygaz, we work with our stakeholders to identify our material sustainability issues by taking into account global trends such as transitioning to a low carbon economy, climate crisis, equal opportunity and diversity, information security, demographic changes, increasing energy demand, and the rising importance of sustainable energy resources as key factors that closely concern the industry. Accordingly, we identified our material sustainability aspects in view of the opinions of the company’s senior management and by evaluating strategic decisions, the results of the stakeholder analyses and the external trend analyses. Material aspects of highest priority that will create value for both Aygaz and the stakeholders were determined through the analyses. Aygaz also contributes to the Sustainable Development Goals with its efforts in these strategic areas.

Materiality Matrix

At Aygaz, we reviewed our material issues in response to the evolving global trends in 2022 and to align with the sustainability focus of Koç Group. We updated our material issues to respond to the stakeholder expectations, while taking into account external trends, Koç Group’s activities, and our strategic priorities. As a result of the materiality analysis, “climate change and greenhouse gas emission management” and “equal opportunity and diversity” rose to the top among the high priority issues. “Water management” and “biodiversity and land use,” which were previously categorized as material issues, also escalated in rank to be included among the high priority issues of Aygaz.



Very High Priority Issues	Contribution to SDGs	
<p>R&D and Innovation</p> <p>We place great emphasis on R&D and innovation and invest in this area to manufacture products and provide services that create value for all stakeholders and to better manage evolving customer demand amidst the rapidly changing and highly competitive market conditions.</p>	<p>Goal 9: Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.</p>	
<p>Technology and Digitalization</p> <p>We integrate technological innovations into our business processes to improve the quality of our products and services and elevate the level of customer satisfaction by meeting expectations.</p>	<p>Goal 9: Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.</p>	
<p>Customer Satisfaction and Confidentiality</p> <p>We closely monitor customer expectations and needs to ensure ultimate customer satisfaction, which lies at the core of our business culture. Accordingly, we facilitate the communication of all kinds of feedback from customers to our company via various channels. We ensure the confidentiality of customer data in all activities through non-disclosure agreements we sign with third parties.</p>	<p>Goal 12: Ensuring sustainable consumption and production patterns.</p>	
<p>Data Security and Privacy</p> <p>Customer data privacy is becoming an increasingly important global trend. Accordingly, we assure the confidentiality of customer data in all our activities through the non-disclosure agreements we sign with third parties.</p>	<p>Goal 12: Ensuring sustainable consumption and production patterns.</p>	
<p>Risk Management</p> <p>We identify and prioritize potential risks to ensure the continuity of our operations and make sure the trust we have earned from stakeholders is long-lasting. We also develop solutions to eliminate these risks.</p>	<p>Goal 16: Promoting peaceful and inclusive communities for sustainable development, providing access to justice for all, and building effective, accountable and inclusive institutions at all levels.</p>	
<p>Occupational Health and Safety</p> <p>Regarding occupational health and safety (OHS), we take measures that go beyond the legal requirements with the goal of Zero Work Accidents. We create production conditions that eliminate the risks inherent to our sector.</p>	<p>Goal 8: Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.</p>	
<p>Operational Excellence and Safety</p> <p>We manage all our operations with an integrated approach, including the entire value chain from sourcing LPG to distributing our products and collecting them from our consumers. Operational excellence and safety are among our top priorities in every link of this chain.</p>	<p>Goal 12: Ensuring sustainable consumption and production patterns.</p>	
<p>Product Quality and Safety</p> <p>In all processes from production to delivery to the customer, we adopt an integrated management approach and ensure product quality and safety in international standards.</p>	<p>Goal 12: Ensuring sustainable consumption and production patterns.</p>	
<p>Quality and Safety in Distribution Network</p> <p>We reach our customers across Türkiye via our dealers in an extensive distribution network. Our LPG sourcing and distribution activities are carried out with the country's largest road transportation LPG fleet. We work to ensure the highest standards without compromising quality and safety in our distribution operations.</p>	<p>Goal 12: Ensuring sustainable consumption and production patterns.</p> <p>Goal 17: Strengthening the means of implementation and revitalizing the global partnership for sustainable development.</p>	 
<p>Corporate Governance</p> <p>The principles of equality, transparency, accountability and responsibility as part of our corporate governance approach facilitate our efforts to reach our long-term corporate goals. As a result, we create sustainable value for our stakeholders, starting with our shareholders. With a Corporate Governance Rating of 9.56 in 2022, we are included in the BIST Corporate Governance Index and the BIST Sustainability Index.</p>	<p>Goal 16: Promoting peaceful and inclusive communities for sustainable development, providing access to justice for all, and building effective, accountable and inclusive institutions at all levels.</p>	
<p>Business Ethics</p> <p>With the code of ethics at the core of our corporate culture, we strive to maintain our reputation without compromising integrity and trust while creating value for all our stakeholders, starting with our shareholders.</p>	<p>Goal 16: Promoting peaceful and inclusive communities for sustainable development, providing access to justice for all, and building effective, accountable and inclusive institutions at all levels.</p>	

CORPORATE GOVERNANCE AND BUSINESS ETHICS



- 
- > **Anti-Bribery and Anti-Corruption**
 - > **Risk Management and Internal Audits**
 - > *Internal Control System and Internal Audits*
 - > **Sustainability Management**

Corporate Governance and Business Ethics

We deliver value for our stakeholders with our transparent, traceable and integrated management systems.

9.56

2022 Corporate Governance Rating

ranking among the highest rated companies in Türkiye

Having effective corporate governance mechanisms in place offers the companies important opportunities to improve governance quality, manage organizations better by identifying financial and non-financial risks, and gain more reliability and reputation in financial and capital markets. At Aygaz, we comply with international standards through our Corporate Governance Principles, create sustainable shareholder value, secure funding from foreign markets, and achieve consistent growth. We also contribute to sustainable transformation at Aygaz by establishing transparent, traceable and integrated management systems and deliver value for our stakeholders. As a result of the evaluations by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., providing corporate governance rating services under license from the Capital Markets Board (CMB), Aygaz's Corporate Governance Rating, which was determined as 9.50 in 2021, was upgraded to 9.56 in 2022. Publishing the Board of Directors Diversity Policy, in which Aygaz disclosed its commitment to increasing the ratio of female Board members to 25% within five years, was a key contributing factor to the increase in our Corporate Governance Rating Score. The policies we published in 2021 and 2022 in accordance with the Compliance Program roadmap, including the Human Rights Policy, Anti-Bribery and Corruption Policy, Gift Acceptance and Honor Policy, Supply Chain Compliance Policy, Aygaz Group Ethical Principles, Sanctions and Export Controls Policy, Whistleblowing Policy, Compliance Policy, and Community Investment Policy, also contributed to this increase.

All the policies are publicly available on the corporate website of Aygaz.

We carry out all our operations and activities in line with the ethical principles that apply to the Aygaz culture and values, and adopt transparency as a core principle.



To ensure that ethical values are extended to all employees and passed on to the next generations, Aygaz published its Code of Ethics and Implementation Principles in written form in 2010 and the Code of Ethics and Implementation Principles Policy in 2018.

The Ethics Committee, established to better evaluate any ethics violations and ensure alignment between practices, is composed of the General Manager, Senior Executives, Chief Human Resources Director, and Legal and Compliance Director. The Code of Ethics and Implementation Principles booklet is provided to all the employees, including the newly recruited ones. We also deliver ethics training during

the recruitment and onboarding processes. We support this process by encouraging our employees to participate in the online Code of Ethics-Energy training designed by Koç Holding. In 2022, 680 employees took the Code of Ethics-Energy training.

The Workplace Responsibilities and Implementation Procedure provides information on the actions to take when ethical rules are violated.

Any impropriety that threatens the interests of Aygaz and society and violates business ethics can be reported to the company in confidentiality by contacting the Koç Holding Ethics Line by phone or online.

[Please click to access Aygaz Code of Ethics.](#)

A Compliance Program roadmap has been created to build a culture of compliance across the Koç Group and monitor compliance with the local and international legislation and the resolutions and regulations imposed by relevant administrative authorities. The Code of Ethics and Compliance Policies, created and updated as part of the Compliance Program, have been redefined and implemented according to the sectoral and geographical presence of Aygaz and in line with universal best practices after the approval of the company management. The Compliance Program lays out a comprehensive



framework for the employees and stakeholders regarding topics such as ethical principles, human rights, anti-bribery and anti-corruption, preventing conflicts of interest, economic sanctions, protecting privacy and confidential information, and occupational health and safety.

The Human Rights Policy, Board of Directors Diversity Policy, Anti-Bribery and Corruption Policy, Donations and Sponsorship Policy, Gift Acceptance and Honor Policy, and Supply Chain Compliance Policy were published in 2021. And in 2022, we approved and published the Sanctions and Export Controls Policy and Whistleblowing Policy.

[Please click to access Aygaz Compliance Policy.](#)

With the Whistleblowing Policy published in 2022, we aim to

encourage Aygaz Group employees and stakeholders to report the actions that they suspect are in violation of Koç Group and Aygaz Group Ethical Principles and relevant policies or legislation. We also clearly state that Aygaz Group employees, who become whistleblowers, are protected against potential retaliation.

[Please click to access Aygaz Whistleblowing Policy.](#)

[For more information on corporate governance and business ethics, please visit 2022 Aygaz Annual Report.](#)

Anti-Bribery and Anti-Corruption

At Aygaz, we undertake anti-bribery and anti-corruption efforts within the framework of the Compliance Program and address this topic as a critical issue. In 2021, we published the



Anti-bribery and Corruption Policy and expanded the scope of our activities in this area. In addition to carrying out extensive work within the organization, we also expect all our stakeholders, starting with the suppliers and dealers, to adopt the same approach. All notifications regarding bribery and corruption are communicated to the Koç Holding Ethics Line.

[Please click to access Aygaz Anti-Bribery and Corruption Policy.](#)

Risk Management and Internal Audits

At Aygaz, we base our risk management activities on the corporate risk management principles. We manage corporate risks in integration with the strategies and targets of Aygaz. We manage corporate risks in integration with the company strategies and targets. In managing the corporate risks, which we assess with a holistic, systematic and proactive approach, our objective is to create value for all stakeholders and other business partners. Identifying potential risks in advance and anticipating their impact according to different scenarios form the basis of the corporate risk culture at Aygaz. We determine the necessary strategies and actions within the framework of effective corporate risk management and proactively address potential risks and opportunities. With effective corporate risk management, we review the developments from a strategic perspective with updated processes and action plans and implement systematic policies. As part of the corporate risk management activities carried out through the year, we update and prioritize the company's risk inventory and focus on solutions to mitigate or eliminate the risks. We

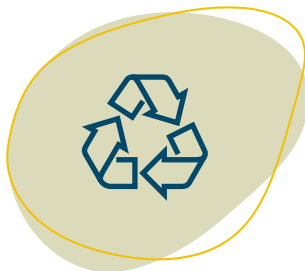
then consolidate the updated risks and action plans and inform the internal stakeholders. Accordingly, the departments review their own risk assessments, enabling us to raise awareness about corporate risk management across the organization.

In addition to managing the financial risks, which include foreign currency, interest, liquidity, commodity, loan, collection, and capital risks, we incorporate operational and cyber risks into our risk management processes. We also align these activities with the Integrated Management Systems Policy and sustainability principles. We consider alternative methods to ensure systemic integration with the business processes and monitor them regularly. Based on the results of the assessments, we review the internal operating procedures and roadmap, and update all our plans. These efforts allow us to build a risk management structure compliant with international standards. The policies approved and strategic targets set by the Board of Directors, which takes into account feedback from relevant departments starting with the Risk Management Committee and Executive Board, play a key role.

The Board of Directors is briefed about these activities by the Risk Management Committee, which submits the periodic reports prepared by the company management. The decisions that the senior management makes by considering the operational, legal and strategic risks, which are assessed by the relevant departments, are also communicated by this committee to the Board of Directors to follow through. Furthermore, senior management and the Risk Management Committee advise the

We published the Sanctions and Export Controls Policy and Whistleblowing Policy in 2022.

Aygaz assesses the action plans related to the issues and complaints reported to Aygaz via various channels and monitors how they are resolved without enabling any retaliation.



Board about the corporate risk management activities carried out within the scope of the strategic planning and management processes.

[For more information on risk management, please visit the 2022 Aygaz Annual Report.](#)

Sustainability Risks and Opportunities

We started to identify the sustainability risks and opportunities of Aygaz in 2022. As a company of Koç Holding, which supports Task Force on Climate-Related Financial Disclosures (TCFD), we aim to identify our short-, medium- and long-term climate-related risks and opportunities and analyze their potential financial impact on our operations. Therefore, we follow the latest local and global climate crisis developments closely while also keeping an eye on our industry. Topics such as efforts to tackle and adapt to climate change, resource efficiency, cost savings, using low-emission energy sources, developing new products and services, access to new markets, flexibility and resilience in the supply chain also bring various opportunities for businesses. Our goal is to leverage these opportunities by integrating them into our activities.

Internal Control System and Internal Audits

At Aygaz, we have an effective internal control system in place to provide sufficient assurance regarding the efficiency of operations and the financial reporting system's compliance with applicable regulations. The internal control system refers to all controls such as standard definitions included in financial transactions,

reports and workflows, job descriptions, authorization/approval system, policies, and written procedures.

The internal control system is regularly reviewed and audited by the Internal Audit Department, which performs its duties under the supervision of the General Manager. The mission of the Internal Audit Department is to provide risk-based recommendations, projections and determinations to the General Manager with objective assurance, thereby protecting and enhancing organizational value.

The Internal Audit Department conducts routine financial and operational inspections and ad hoc audits when needed during site visits at the company's terminals, plants and distribution facilities across Türkiye. The department performs process analyses according to audit plans and reports its findings about the areas that have room for improvement or are considered risky to senior management. The department objectively assesses the action plans related to the issues and complaints reported to Aygaz via various channels and monitors how they are resolved without enabling any retaliation. Additionally, the department assists Aygaz subsidiaries in designing their relevant processes and takes an active role in the implementation of the planned activities. The Internal Audit Department is also tasked with submitting regular reports to the Audit Committee to provide information on the audit activities and results.

Sustainability Management

The sustainability approach of Aygaz is an integral part of managing the company's financial and nonfinancial assets. This



approach and in conjunction, sustainability management form the basis of the long-term relationships we build with our stakeholders to provide benefits and create value. We focus on the environmental, social and governance (ESG) aspects and contribute to the sustainable development of Aygaz's organizational structure. In recognition of our effective and strong sustainability management efforts, we continue to be listed in the BIST Sustainability Index, which consists of publicly traded companies in Borsa Istanbul (BIST) with high corporate sustainability performance.

Sustainability management at Aygaz is built upon the Integrated Management Systems Policy, which is created in alignment with the sustainability strategy and goals. The Board committees,

which are actively involved in the company's corporate governance, play a key role in sustainability management. The Sustainability Working Group, which consists of the Corporate Communications, Finance and Risk, Quality System, ESG-S and Industry Relations, and Human Resources departments, is responsible for following and monitoring the sustainability-related activities. The Working Group reports to the General Manager, who in turn reports to the Board of Directors as needed. The sustainability strategy and targets are defined based on the evaluations of the Board of Directors in line with business processes.

[Please click to access Aygaz Integrated Management Systems Policy.](#)

In recognition of our efforts, we continue to be listed in the BIST Sustainability Index, which consists of publicly traded companies in Borsa Istanbul (BIST) with high corporate sustainability performance.

An aerial photograph of a two-lane asphalt road cutting through a dense, lush green forest. The road has white dashed lines in the center and solid white lines on the edges. The trees are vibrant green, and the overall scene is captured from a high angle. A large, bright yellow graphic element, consisting of two overlapping circles, is positioned in the upper left quadrant of the image. Inside this yellow area, the text 'INNOVATIVE AND SAFE PRODUCTS EVERYWHERE' is written in a bold, blue, sans-serif font. The word 'AND' is smaller than the other words.

INNOVATIVE
AND SAFE
PRODUCTS
EVERYWHERE

> **Innovation Culture**

- > *R&D Center*
- > *Technology and Digitalization*
- > *Product Quality and Safety*

> **New and Innovative Products and Applications**

> **Customer Focus and Satisfaction**

- > *Communicating with the Customers*
- > *Data Privacy and Information Security*



Innovative and Safe Products Everywhere

Driven by our vision of sustainable innovation, we support and encourage innovative ideas in product, service, process, and business models.

TL 24,9 million

the budget allocated for R&D spending in 2022

As a leading player of the Turkish LPG market, we strive to meet customer needs and expectations by offering innovative and safe products. We value the importance of complying with environmental, safety and efficiency standards and leverage digital technologies in our work processes. We encourage spreading digitalization and new technologies wider by taking into account the risks and opportunities that emerge with developments such as the climate crisis, the Russia-Ukraine war and the pandemic. We also promote continuous development at our company by systematically implementing innovative ideas in all our processes.

As transformation in the energy sector gains momentum, we adapt to change with our agile and dynamic structure and proactively generate solutions to evolving customer demand. In addition to developing strategies to improve satisfaction by focusing on the customer, we build on our innovation capabilities to keep offering quality and safe products. Driven by our vision of sustainable innovation, we support and encourage innovative ideas in existing and new areas, including product, service, process, and business models.

Recognizing our responsibility as an industry leader in Türkiye, a major global LPG market, we always strive to deliver products and services of the highest quality. Therefore, high product quality and safety are our top priorities. We aim to build an innovative ecosystem by offering technological solutions to our customers and all stakeholders. In line with Koç Holding's net zero target across the value chain, we carry out innovation activities at our R&D center.



Innovation Culture

We enhance our business processes by developing innovative customer-centric solutions and investing more. We also support innovative ideas by partnering with stakeholders to spread our innovation culture across the organization. As we improve efficiency through digitalization, we build our sustainable innovation culture with our employees and their creative ideas.

We apply an Innovation Management Process to transform different and new ideas into viable projects. We believe that project ideas that create value for all of our stakeholders and Aygaz can only emerge through the active participation of our employees. In 2022, we reviewed our innovation

strategies and focus areas by also considering the evolving customer needs and expectations. Based on with updated strategy and focus areas, we continue to develop innovative ideas and follow the opportunities.

We aim to strengthen and expand our intrapreneurship ecosystem across Türkiye and lead a progressive intrapreneurship culture. Therefore, we invest in innovative products and services in our main lines of business and focus areas, creating value for the national economy and the company. As part of the intrapreneurship program running with the motto "Innovation Starts with You" since 2016, we continue to encourage our employees to submit their creative ideas through

the Aythink Platform and Design Thinking workshops. The ideas submitted by the employees are reviewed and those that align with the innovation strategies of Aygaz are developed into innovative business models with the Lean Startup Methodology. In 2022, we collected 1,167 ideas with these methods and started to work on 45 ideas, including seven ideas that moved to the acceleration phase.

In addition to taking bold steps in intrapreneurship, we are also a corporate member of the Mobility/Internet of Things Vertical at the İstanbul Office of Plug and Play, the largest global innovation platform for startups and companies in Silicon Valley. With this partnership, we aim to create opportunities for projects,

We created the Aygaz Venture Investment Thesis in 2022 to bring more focus and structure to the Company's venture investments.



partnerships, and investments by accelerating information and experience exchange. Last years, we had signed a pilot agreement that enables access to the Plug and Play ecosystem, which runs two programs every year and has corporate members from all around the world. As part of our membership, we continue to benefit from the ecosystem through the ongoing POC (Proof of Concept) activities, exploring new ideas and initiatives and seeking creative solutions in the sectors where we and our affiliates operate while leveraging the latest technologies.

In order to bring more focus and structure to the Company's venture investments, we created the Aygaz Venture Investment Thesis in 2022. Our objective is to invest in startups with high potential in the pre-seed and seed stages in Türkiye or abroad that develop environmental solutions and/or new technologies for the global energy and distribution markets. Our focus areas for potential venture investments are briefly described below:

- **Hydrogen Storage and Distribution:** In terms of CO₂ neutrality targets, hydrogen is set to become an important energy source. However, storing and distributing hydrogen presents a set of challenges to overcome. At Aygaz, we believe that storing and distributing hydrogen in gaseous, liquid or solid form will become easier and that highly feasible and scalable technologies will accelerate energy conversion in the future.
- **Biofuels:** We anticipate that new types of fuels such as LPG derived from biological sources will play a key role in reducing the negative impact of climate change in the future. BioLPG, renewable dimethyl ether, and biomethane are predicted to replace LPG and other fossil fuels as fuel sources of the future. At Aygaz, we recognize the importance of combining our own knowhow with startups that develop high-tech solutions to produce, purify, compress, and mix such gases with the available gases, conducting joint studies, and investing in this area.
- **Renewable Energy:** Electricity generated from renewable sources such as wind, solar and geothermal is gaining an increasingly higher share in daily consumption. Renewable energy also offers an important alternative to LPG as energy sources available to the consumers become more diversified. For instance, the customer may generate energy while consuming it. LPG-powered devices and vehicles may now use a blend of new energy sources. Accordingly, startups that follow the changing energy consumption and seize the opportunities in this area will be a good option for investment.
- **Recycling:** Pürsu, our bottled water brand, aims to offer environment friendly packaging solutions. Therefore, we prioritize recycling plastic bottles and using environment friendly water bottles at Aygaz. Furthermore, recycling food and organic wastes is a key considerations since they will

Aygaz R&D Center, the first in the industry, operates with a team of 29 researchers as of 2022.

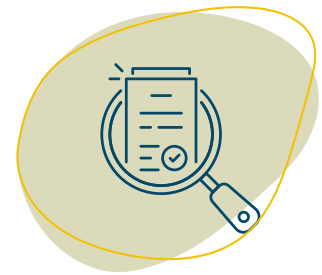
be the raw material of next generation fuels.

- **Mobile Life:** We intend to invest in startups that develop different usage scenarios for LPG and solutions that use different energy sources for cooking, heating and vehicle fuel.
- **Customer Experience:** We prioritize using and investing in data-driven digital applications that monitor customer experience through the product order, delivery and payment steps and offer solutions for e-commerce and mobile commerce.
- **Delivery Optimization and Automation:** We believed that last mile delivery, disconnected delivery, delivery by drones and robots, route optimization in delivery, and automated delivery solutions will support Aygaz in improving the customer experience, efficiency and growth. Therefore, we aim to use advanced technology solutions in an industry with significant competition as diverse distribution and sales channels continue to emerge.

R&D Center

We launched Aygaz R&D Center, certified by the Ministry of Industry and Technology, in 2018 to engage in research and development activities and develop new projects

by closely following the latest technological advancements worldwide. As a company that has always recognized the importance of research and development since the very beginning, we support all kinds of new ideas that may improve product and service quality and business processes. Aygaz R&D Center, the first in the industry, operates with a team of 29 researchers as of 2022.





The R&D Center's ongoing projects include enhancing existing and developing new LPG-powered products and improving the quality of LPG. Digitalization with intelligent products, improving efficiency through automation systems and modernization, researching alternative and clean energy sources, and contributing more to the consumers, the environment and the national economy are among the center's focus areas. The R&D Center, operating on a total area of 1,437 m², currently houses an engine and fuel technologies laboratory, a chemicals laboratory, an automation and design laboratory, an embedded systems laboratory, a manufacturing workshop, and prototype and test Lines along with the recently added valve and

regulator laboratory and device laboratory. The experienced team at the R&D Center aims to develop new technologies to contribute to business processes and create value for stakeholders. In addition to positioning us at the forefront of the industry, the R&D Center also delivers financial benefits and helps us increase our competitiveness in the market with projects designed to create value for society and the environment. With the Center and the participation of all stakeholders, we aim to launch exemplary projects in the LPG industry.

At Aygaz R&D Center, we highly value university - industry collaborations. Accordingly, we collaborated with seven universities and cooperated with TÜBİTAK

(The Scientific and Technological Research Council of Türkiye) in 2022. The R&D Center currently runs two projects, one on smart devices featuring IoT technology, and one on LPG-powered camping devices, within the scope of the TÜBİTAK TEYDEB 1707 On-demand R&D Projects grant scheme.

Technology and Digitalization

As the global economy faces headwinds and our country grapples with the fallout of the recent earthquakes, Aygaz's services and service continuity have become even more important. We are going through a period when companies that increase their digital investments thanks to the latest technological advancements gain a competitive advantage. At Aygaz, we recognize the importance of this transformation and continue to take innovative steps. As we follow the technology and digitalization trends in the world and in the industry, we adopt innovative solutions to enhance business processes and customer experience. We see digital transformation as a strategic priority and maintain our leadership in the industry by leveraging cutting edge technologies.

We developed the Digital Transformation and Innovation Ambassadors program to drive digital transformation. Our goal with this program, which we run with representatives from the IT department and other relevant units, is to spread the digital transformation processes and culture across the organization. We also aim to build on the knowledge of the business units by organizing

awareness days, technology-focused training programs, and seminars throughout the year to support idea generation to develop the processes further. We also work to develop and launch projects that accurately utilize these processes and technology together.

Working with the Integrated Digital Transformation initiative, we continue to launch digital transformation projects in which all business units participate. Furthermore, we continuously enhance our mobile platforms and applications to support our employees in working more efficiently anytime anywhere. With a robust information technology infrastructure, we promote the widespread adoption of a digital and agile working culture.

Driven by our Digital Dealer vision, we enable our dealers to access several services easily and quickly by using our Mobile Dealer, Digital Order System and ASG Mobile applications as we digitalize the order management process end to end.

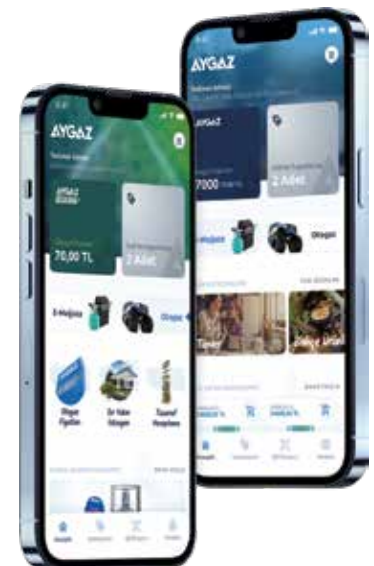
The Robotic Process Automation projects continue to deliver seamless management of operations and high efficiency in business processes. We added big data technologies and the IoT platform to the data-driven technologies that form the basis of our decision-making processes while work is ongoing to develop analytics and artificial intelligence applications in sales, facility, production, and sourcing processes. As part of the data-driven projects, we launched Sales/ Demand Forecasting, Analytical Supply Planning, and Dynamic

Pricing projects. We also enabled access to centralized reporting systems that support fast and effective decision-making in all Aygaz's operations from any device and environment. And we introduced dashboard reports for sales, finance, production, facility and all other processes.

We developed the AR-WE remote working platform to create a lean and digital work environment. With applications and platforms such as AR-WE, ADA (Aygaz Digital Application), İKON (Human Resources Online Platform), Sales Assistant, and Radar (Autogas Sales Management), etc., our employees now access Aygaz resources and systems via a secure platform, using any device, anytime anywhere. Our AR-WE project, which provides a virtual office environment, was recognized with three awards in the IaaS/PaaS and IDC Cloud Roadshow IaaS/PaaS categories at the CxO Media Future of Cloud Awards 2022, including first prize in the Future of Work-Borderless Organization category at the IDC CIO Summit 2022.

Online Sales Platform: In 2022, we launched the upgraded version of the new Aygaz Mobile app, which combines the sales channels, both direct and via the dealers, as part of the Aygaz E-Commerce Transformation Project. Aygaz Mobile app, built on an upgraded infrastructure and enhanced with new features, reached nearly 325,00 downloads in 2022, 710,000 downloads in the first half of 2023, and 610,000 registered users to date. In 2022, we continued to sell LPG and LPG-powered devices and related equipment online via our

Aygaz Mobile app, built on an upgraded infrastructure and enhanced with new features, reached nearly 325,000 downloads in 2022, 710,000 downloads in the first half of 2023, and 610,000 registered users to date.



e-commerce platform, keyiflibahce.com. As an extension of Aygaz E-commerce Transformation Program, we launched our new customer-centric e-commerce site Aygaz e-Store in June 2023. On this website, we sell Aygaz cylinders and nearly 600 different items along with all the equipment that the customers may need on a single platform. Aygaz Mobile app allows us to quickly create flexible sales campaigns for cylinder gas, device and autogas products, and offer our customers the opportunity to redeem the coupons and points they earn. Thanks to the agile capabilities of the new e-commerce infrastructure, we ran two aid campaigns to donate cylinders to the earthquake region and deliver the idle cylinders after filling them. Additionally, self-service features such as IVR (Interactive Voice Response) and Chatbot facilitate the customers' transactions, including orders.

Autonomous Filling Plant: In line with Aygaz's digitalization,

autonomous plant, and Industry 4.0 vision, we developed an Autonomous Filling System as an automation project, which includes filling lines using advanced sensors and visual check technologies, to enable different types of cylinders to be filled in the same process. The objective of this system is to achieve technological transformation of all processes, starting from filling the cylinders to ensuring the safety of end-users and loading the cylinders on to the trucks. The R&D Center utilizes cutting edge technologies and patented automation systems to improve filling safety and efficiency, ensuring that high quality cylinders are safely delivered to the consumers. In 2022, we continued to develop and deploy efficiency- and optimization-focused automation machines that support the relevant processes.

As part of the smart manufacturing and logistics initiative, we monitor the manufacturing processes and

improve efficiency by using MII (Manufacturing Integration and Intelligence) technologies at our Gebze Plant. In 2022, the digital energy efficiency infrastructure initially implemented at the Gebze Plant was deployed in all Aygaz terminals. This infrastructure allows us to monitor all energy consumption via devices and meters. We also improve our energy efficiency by using alert and analysis reporting applications. Regarding autogas distribution, we carry out remote, paperless and fully automated delivery processes, using integrated digital technologies. Remote and real-time monitoring of the distribution processes and the inventory levels of the stations enables us to manage the delivery processes effectively and to give our customers 24/7 access to our products.

Product Quality and Safety

Continuously enhancing quality and safety in all our production processes is always a top priority for us at Aygaz. We manage all



processes from the production of the products we offer to our customers to after-sales in accordance with our Corporate Total Quality Management approach and Aygaz Integrated Management Systems Policy. For this purpose, we periodically check the products, systems and processes for compliance and perform internal and external audits at the affected locations.

[Please click to access Aygaz Integrated Management Systems Policy.](#)

At Aygaz, we continue to improve and expand the scope of our Total Quality Management approach with the necessary upgrades and enhancements every year. In line with our Integrated Management Systems Policy, we aim to manage all our operations with a holistic approach and integrate all systems involving quality, environment, occupational health and safety, customer satisfaction, energy, and information security under one umbrella. In 2022, we updated the Integrated Management Systems Policy to align with the latest requirements. We always keep the Integrated Management Systems Handbook, created to provide information and guidance, up to date.

We assured compliance of the management systems through internal and external audits, which we conduct as part of the periodic ADR (European Agreement Carriage of Dangerous Goods by Road) inspections and as a Customer Friendly Organization and a Customer Friendly Brand. The management systems we audit and enhance include quality, environment, occupational health and safety, energy, and customer

satisfaction. In 2022, the internal audits were conducted online and on site to cover all processes by a team of 56 internal auditors in 66 business units. In addition to the enhancement efforts, we worked with a team established under the Koç Group Quality Board to support the activities to improve the management systems. No adverse health and safety issues were detected in our products according to the internal guidelines or applicable legislation in 2022.

New and Innovative Products and Applications

We follow the latest global trends and continue to implement new and innovative applications. We adopt an innovative approach to developing products, services, and solutions. We also ensure that the products and services we offer are protected by intellectual property rights. As a result, our patents steadily increase in number. As of 2022, the number of patents we hold stands at 60. Meanwhile, we also launch enhancement and development projects related to the existing applications.

In 2022, we launched a no-shield cylinder as a first in Türkiye by considering the rising consumer interest in outdoor activities and the growth potential of this segment. We first introduced this product as Aygaz Marine primarily for boat customers. Featuring a design similar to the cylinders used on boats in Europe, the Aygaz Marine cylinder comes in a size to fit in even the smallest cabinets on boats. In 2022, we also started to offer LPG Safety and Check Service specifically for boats to further improve safety during LPG use. With this service, we aim to spread awareness about ensuring that all LPG-powered equipment used on the boats should be checked. We

In 2022, we started to offer LPG Safety and Check Service specifically for boats to further improve safety during LPG use.



In 2022, both Aygaz and Mogaz captured a score of 91% in customer loyalty surveys in the cylinder gas segment, while Aygaz reached 91% and Mogaz 85% in the autogas segment.

also started to offer cylinders with higher propane content for camper vans. And now these cylinders and other special-purpose products are available to both customers and camper van manufacturers.

GreenOdor: LPG is a colorless and odorless gas that is typically odorized with sulfur components. This odorization process, which releases a perceptible and distinctive odor in accordance with the EN 589 standard, is used to detect leaks. Conventional chemicals used for odorizing cause an increase in the total sulfur content of LPG while the odorization process results in an increase in harmful SOx emissions. After seven years of work, four in R&D and three in product development, the sulfur-free LPG odorant called GreenOdor started to be used at Aygaz terminals and facilities in 2022. Compared to traditional odorants, GreenOdor delivers lower emissions, involves less chemical use, and offers cost benefits. The Center has plans to start the R&D work on the compatibility of GreenOdor with bioLPG and rDME in the near future. Business areas to be included in the hydrogen value chain have been identified and an R&D roadmap has been created for the bioLPG/LPG and rDME/LPG mixtures and usage scenarios with these mixtures.

Customer Focus and Satisfaction

Customer behavior is evolving rapidly in the current climate, necessitating businesses to adopt

a new approach to ensuring customer satisfaction. We strive to understand the changing customer behaviors and see them as an opportunity to develop innovative products and services. At Aygaz, we constantly monitor and analyze customer behavior to better understand the evolving customer expectations and offer the best customer experience.

During the pandemic, the adoption of digital technologies gained significant momentum as the use of digital tools in customer management processes saw an increase. Accordingly, we continued our communication activities in 2022 by introducing innovations via digital channels. As part of the Aygaz Venture Investment Thesis, we aim to improve the customer experience. Using and investing in digital applications that offer e-commerce and mobile commerce solutions by monitoring the customer experience at every stage from placing the order to delivery and payment with a data focus. With the new Aygaz Mobile app, we continue to introduce new enhancements that benefit autogas users and strengthen customer loyalty.

We adopt a customer-centric business culture and respond to customer expectations with innovative solutions and services. And we always strive to improve customer satisfaction and loyalty. We continue to capture high customer satisfaction scores in cylinder gas and autogas

segments, as demonstrated by the results of independent surveys conducted since 2003. In 2022, both Aygaz and Mogaz captured a score of 91% in customer loyalty surveys in the cylinder gas segment, while Aygaz reached 91% and Mogaz 85% in the autogas segment. Meanwhile, Sendeo's net promoter score reached 90% as of year-end 2022.

Communicating with the Customers

We closely follow the changing media consumption habits and the evolving media and communication trends, and engage in communication activities via their preferred channels. We use digital applications to facilitate our customers' communication with us, and drive engagement. And we constantly listen to our customers' needs and expectations by establishing two-way communication.

As usual, we ran campaigns using various communication tools and collaborated with business partners in 2022. Our communication activities via digital channels and social media included engagement campaigns and sales campaigns on these platforms. Such campaigns allow us to strengthen customer loyalty and reach more customers on social media.

Ensuring ultimate customer satisfaction is a key priority for us. Therefore, we closely follow customer expectations and needs, and enable the customers to communicate their feedback via all



available communication channels. We hold ISO 10002 certification since 2011 as a symbol of excellence in customer satisfaction. We rigorously monitor the feedback and complaints received through all our communication channels and take action as needed. In line with the ISO 10002 Customer Satisfaction Management System and internal policies, we manage customer complaints in international standards. In 2022, we received 48,279 complaints via all our communication channels.

[Please click to access AYGaz Customer Complaints Management Commitment.](#)

Data Privacy and Information Security

As business processes become increasingly more digitalized, cyberattack risks are also on the rise. Therefore, data and system security is an integral part of our

business operations. Preventing cyberattack risks that may lead to financial losses, erosion of customer trust, damage to reputation, and legal sanctions as well as disruptions in operations or data breaches is of utmost importance to us. We conduct risk analyses and actively manage the process by taking preventive actions.

We ensure system continuity by performing internal and external audits according to the ISO 27001 Information Security Management System. We also organize meetings where we review the Management Systems applications for effectiveness, compliance with the strategic goals and adequacy to raise awareness.

[Please click to access AYGaz Information Security Policy.](#)

Ensuring the security and privacy of the data and information that

our customers provide is critically important to us. Therefore, we sign non-disclosure agreements to ensure information security in all interactions. We value the importance of properly using the information and data belonging to the people working for our organization, our customers and all other stakeholders. As part of the personal data protection efforts, we process data in accordance with the applicable laws and principles. Furthermore, we restrict access to the Koç System servers for information security purposes. Accordingly, we grant our dealers restricted access to information to respect the privacy rights of our stakeholders. With Dealer Agreements, renewed every five years, we ensure that the dealers' information is under legal protection. We have not received any complaints in 2022 regarding the confidentiality of customer information, breaches or loss of customer data.



SUSTAINABLE OPERATIONS

> **Supply Chain Management**

- > *Quality and Safety in the Distribution Network*
- > *Logistics*



Sustainable Operations

We aim for operational excellence and safety, while always prioritizing quality, ethical principles, and environmental and social conditions in our business processes.

650 person*hours

of training given to suppliers

As the negative impact of climate crisis continues to increase, there is a growing interest in low carbon fuel alternatives to mitigate the risks. As a low carbon alternative to conventional fossil fuels, LPG becomes an important option for tackling climate crisis and contributing to transitioning to a low carbon economy.¹ It should also be noted that the price volatility in the energy sector and disruptions in the supply chain due to the Russia-Ukraine war are leading to repercussions that affect the continuity of operational processes.

At Aygaz, we place the concept of sustainability at the heart of our operations and continuously strive to supply, produce and distribute LPG supply without interruption. We prioritize operational excellence and safety in our business processes while working to ensure quality, ethical principles, and environmental and social compliance across the value chain. At Aygaz, our operations span a broad scope from LPG sourcing to delivering the products to the end-user and recollecting them. Therefore, we focus on managing Aygaz's value chain with an integrated approach. We leverage our wide dealer and logistics network to ensure everyone has easy access to Aygaz products and comply with high quality and safety standards in distribution operations.

Supply Chain Management

The disruptions in the global supply chain, which emerged with the COVID-19 pandemic, turned into a global crisis with the world economy slowing down and the Ukraine-Russia war, urging companies to adopt a proactive approach to supply chain management. The companies also implemented practices to mitigate potential risks to continue their operations and gain a competitive advantage.

¹ *Liquid Gas Europe -Climate change and low carbon fuels*

In 2022, we conducted 198 supplier audits and audited 87 critical suppliers based on environmental and social audit criteria.



At Aygaz, we manage our supply processes, starting with LPG - the first link in our supply chain - and other goods and services, with an integrated approach and aim for transparency, speed and reliability in purchasing operations with our Supplier Portal. Except for LPG, we procure all services and products from local suppliers. In 2022, our local supplier ratio among a total of 1,876 suppliers was nearly 97%.

Our “Centralizing Supply Processes” project enables us to run all supply processes on a single system and increases efficiency. As of 2022, the centralized procurement ratio within Aygaz Group was 83%.

We consider several criteria including human rights, working conditions, occupational health

and safety, anti-corruption practices, and the environment when selecting our suppliers. As a subsidiary of Koç Holding, a signatory of United Nations Global Compact (UNGC), we do not procure products and services from suppliers that do not meet UNGC criteria. We are also committed to complying with the criteria of the United Nations Global Compact, of which we are a signatory. We value the development of our suppliers and support them with social, environmental and ethics training programs. In 2022, we provided 650 person*hours of training on these topics.

In addition to conducting 198 supplier audits, we also audited 87 critical suppliers for compliance with environmental and social audit

criteria in 2022. In the last three years, we audited 256 suppliers for sustainability risks.

[**The Supply Chain Compliance Policy, published in 2021, provides a guide for the adoption of the core principles and values of Aygaz Group and also applies to all the suppliers. Please click for more information about the Supply Chain Compliance Policy.**](#)

Quality and Safety in the Distribution Network

At Aygaz Group, we manage the distribution processes, which make up a significant part of our operations, proactively. With an extensive distribution network, we deliver cylinders of Aygaz and our other brands to approximately



In 2022, the ratio of local suppliers among a total of 1,876 suppliers was around 97%, while the centralized procurement ratio reached 83%.

40 thousand homes, while more than 240,000 autogas-powered vehicles fill up their tanks at our stations every day. We aim to achieve product and distribution safety in world standards and meet the customer requests and expectations quickly and safely. We use the most advanced technological infrastructure in LPG distribution and the production of LPG cylinders, tanks, valves, and regulators.

Cylinder Tracking

We continuously improve traceability in our distribution processes. As part of the Cylinder Tracking Project, launched in 2015 to ensure that the cylinders are tracked at every stage from production to distribution and collection from the user, the QR scanners were installed in all the plants, and we started to affix the QR labels developed for this purpose on the cylinders.

To date, we have labelled 20.9 million cylinders with QR codes and logged more than 140 million cylinder movements, ensuring that our cylinders are monitored across their lifecycles in the cylinder gas sector. The project that has laid the foundation for big data makes it possible to monitor our cylinders more effectively during their lifecycles. We own the intellectual rights to this application, which we aim to license to other companies and lead the industry in terms of transparency and efficiency.

Dealers

At Aygaz Group, we recognize that our strong dealer network plays a critical role in our long years of success. We serve our consumers through 2,198 cylinder gas dealers and 1,830 autogas stations to create ultimate customer satisfaction across Türkiye with our Aygaz and Mogaz brands. We expect all our dealers to provide services in the highest standards and to fully comply with quality and safety requirements.

We value the importance of two-way communication for ensuring the continuity of our extensive network and achieving the targeted quality and customer satisfaction levels. Therefore, we provide training programs to support the development of our dealers and also engage with them through the dealer hotline, dealer portal, campaigns, regional dealer meetings, and dealer visits.

We use the dealer portal to collect feedback and opinions from our dealers regarding new products and services and regularly review the complaints and suggestions received through various channels. We continuously enhance the quality

of our products and services based on these reviews, monitor the satisfaction and loyalty of our dealers with dealer satisfaction surveys conducted through Koç Holding, and reward the successful practices to encourage our dealers' development.

We also continue to enhance our order tracking system, Aygaz Express, to further improve the dealer management processes, provide information and tools for the dealers to better manage their businesses, offer personalized services and campaigns, and contribute to the company's sales and customer satisfaction targets.

Logistics

As the prolonged economic fallout of the pandemic continued, the Russia-Ukraine war broke out, disrupting the global supply chain and consequently, the logistics operations. The uncertainties faced worldwide create risks that need to be addressed carefully in terms of transportation activities. At Aygaz Group, we anticipate the potential risks pertaining to our logistics processes as an important part of our operations and take precautions for minimal risk by prioritizing high safety standards.

LPG is an explosive and flammable substance; therefore, we never compromise quality and safety in our logistics operations from sourcing to distribution by land and maritime transport. We optimize our logistics network using digital systems and data analytics, and improve it based on the distribution and volume of our sales by considering vehicle capacity, distribution routes and

numbers. Thanks to these systems, the order requests are created automatically and distribution is made via optimum routes without the need for manual intervention. As a result, we improve efficiency and dealer satisfaction.

With more than 300 tanker trucks and nearly 200 autogas tanker trucks, we have the largest LPG road fleet in Türkiye. We use the Station Inventory Management and Tanker Routing Systems when we supply LPG to more than 1,700 autogas stations.

We operate in compliance with European Norms, the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR), and Turkish Standards, taking all necessary safety measures. To ensure fleet safety, we track our LPG tanker truck fleet, consisting of vehicles with ADR Certificate of Conformity for Carrying Dangerous Goods, online 24/7 via GPS, and we monitor the speeds. We also provide safe and economic driver training for all the drivers.

As well as accounting for 29% of local LPG production and 71% of LPG imports into Türkiye, we also run the country's largest LPG maritime logistics operations. In imports and exports, ships account for a significant part of maritime transportation of LPG between sea terminals. In 2010, we assigned the management of our LPG carriers to our subsidiary Anadoluhisarı Tankercilik A.Ş. The fleet currently has a total capacity of 28,800 cubic meters with three specially equipped, full-pressure carriers with an average age of 17 years. In 2022, Anadoluhisarı Tankercilik accounted for 15% of Aygaz's maritime procurement and transportation activities.

We have the largest LPG storage capacity in Türkiye with five sea terminals equipped with state-of-the-art technologies that meet international standards and have a capacity of 178,200 cubic meters. In addition, we have five filling plants, seven distribution centers, and one production facility that manufactures pressurized containers and accessories.





EMPLOYEES

➤ **Equal Opportunity and Diversity**

➤ **Integrated Career and Talent Management**

➤ *Performance System*

➤ *Agile Recognition and Reward System*

➤ *Training and Development Programs*

➤ *Agile Culture Transformation and Digitalizing the HR Processes*

➤ *Employee Loyalty and Efficiency at Work*

➤ *Remuneration, Benefits, and Flexible Work*

➤ **Occupational Health and Safety**

➤ *OHS Management*

➤ *Digitalization in Occupational Health and Safety*

➤ *OHS Training Programs*



Employees

At Aygaz Group, we manage our qualified human resource by increasing employee satisfaction, and supporting continuous development, and two-way open communication.

1,673

employees

At Aygaz Group, we value the importance of creating a work environment where our employees can be happy and productive. We adopt a human resources management approach focused on increasing the employee satisfaction, continuous development opportunities, and two-way open communication to encompass all stakeholder groups. Guided by the words of our founder Vehbi Koç, "Our most valuable capital is our human resource," we base our human resources policies on the principles of modernity, transparency and equality.

In 2022, our total workforce reached 1,673 employees with an average age of 38 while the average term of employment at the company was 7.6 years. Female and male employment ratios are 15% and 85%, respectively. 72% of all employees on indefinite employment contracts hold graduate, undergraduate and associate degrees while this ratio reaches 91% among office employees.

The key principles that guide the human resources policies at Aygaz include: equal opportunity for all, recruiting and appointing the right person to the right job, equal pay for equal work, merit-based promotion, timely recognition and rewarding, continuity and efficiency in professional success, effective internal communication, and sensitivity to the community.

[Please click to access Aygaz Human Rights Policy.](#)

Equal Opportunity and Diversity

At Aygaz, we promote gender equality and diversity in the workforce and support women's participation

in decision-making positions. We apply equal opportunity in recruitment, performance management, remuneration, training and development processes and strive to improve diversity and inclusion further. In 2022, The ratio of female managers in decision-making positions reached 17%. Meanwhile, the ratio of women in senior executive management roles rose from 18% in 2021 to 27% in 2022.

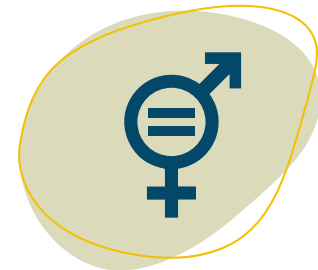
After becoming a signatory of UN Women's Empowerment Principles in 2016, we joined the movement for equal opportunity for women's employment in technology and innovation, as part of UN Women's Generation Equality Forum, with Koç Holding as a global leader, and disclosed our five-year targets in 2022. These include: contributing to gender equality in the technology and innovation ecosystem by reaching 100,000 women and girls from different age groups through education, mentoring and scholarship programs, increasing female employment in technology and innovation from to 35% and

the ratio of female managers in this field from to 21%. In 2022, the ratio of female employees in technology and innovation rose to 15%, and female managers to 16%. Furthermore, 40% of the employees involved in the intrapreneurship projects were women in 2022. In the 2021-2022 academic year, 75% of the TEV scholarships were granted to female students in STEM. As a brand that serves people of all ages, we also launched various social projects in line with our Generation Equality approach.

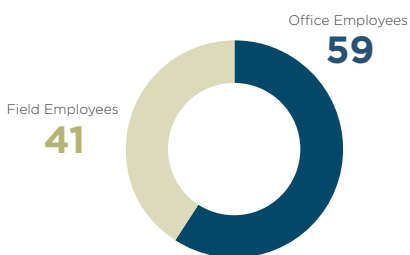
Integrated Career and Talent Management

At Aygaz Group, we recognize the importance of attracting and retaining qualified human resource who will serve the company's vision. Therefore, we apply the most up-to-date selection and placement processes, which include group interviews with participation from all management levels, case studies, presentations, foreign language proficiency assessments, numerical and verbal aptitude tests for relevant positions, personality inventories,

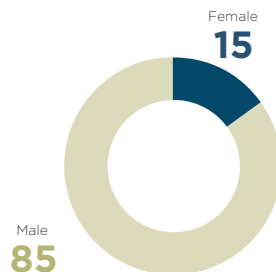
The ratio of women in senior executive management roles rose from 18% in 2021 to 27% in 2022.



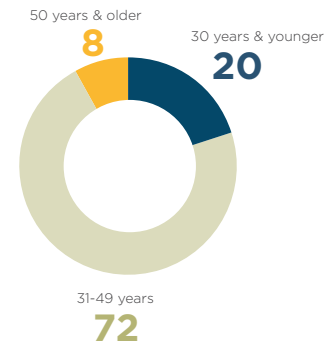
Employees by Category (%)



Employees by Gender (%)



Employees by Age (%)





The New Competencies at Aygaz Group

Basic Competencies:

- Trust
- Pushing the Boundaries
- Collaboration
- Agility
- Courage

Functional Competencies:

- Innovation
- Perfectionism
- Commercial Focus

Leadership Competencies:

- To Inspire
- Managing Talent

and reference checks. Candidates are assessed for prospective roles without considering concepts such as fair competition, religion, language, race, ethnicity, and gender while the recruitment strategies are adjusted annually to align with global trends.

Each candidate included in the recruitment process is sent a candidate experience questionnaire and asked to share their experiences about the process. As a result of these surveys, the NPS (Net Promoter Score) score of Aygaz rose from +59 points in 2021 to +68 points in 2022.

We manage the recruitment process with “the right candidate for the right position” and “equality at work” approaches. Starting from the moment the candidates accept an offer, they undergo a comprehensive, interactive and

digital onboarding program, designed by Aygaz.

Performance System

With our performance management system, we focus on transparent and objective assessment of the employee performance and aim to create value for our employees and reward them instead of expecting quick We introduced the Koç Dialogue Performance System in 2021 and continued to develop it further in 2022. With a completely updated flow and digital infrastructure, this system provides a mobile environment where the employees can set their targets, get the necessary approvals, and access anywhere. With the Koç Dialogue process, 4,100 OKRs (Objectives and Key Results) and 13,465 KR (Key Results) were created in 2022. The efficiency score of the evaluation

process, which strengthens intra-team communication thanks to the dialogues made with the managers during the Check-in periods, increased from 4.7 out of 5 in 2021 to 4.8 in 2022. In the survey, in which our employees evaluate the effectiveness of the processes, the performance score was 58.4 in 2022. In the new dialogue-focused system, the conversations between the managers and the employees during check-ins further strengthened team communications, increasing the efficiency score of 4.7/5 in 2021 to 4.8/5 in 2022. On the other hand, the satisfaction score of the system was 58.4 according to the employees' assessments.

Agile Recognition and Reward System

With integrated career and talent management at Aygaz, career plans are made for the employees in line with their knowledge, skill, and competency levels through a process that considers the employee expectations. Therefore, we moved to a digital platform in which the employees may specify and monitor their short- or long-term career aspirations, openness to mobility opportunities, rotation requests, and expertise instantly and continually.

At the annual Strategic Human Resources Planning Meetings, held with specific methodologies and senior management's inputs, succession plans are defined for the company's executive potential pool and all management positions in line with the future goals and strategies of Aygaz. At the end of this process, special training and development opportunities are offered to the employees identified as potential executives to ensure that they are well-prepared for the next position.

"You Are Part of the Success" System

"You Are Part of the Success" System was designed as an agile project to encourage Aygaz Group employees to work toward the company goals while developing themselves and to motivate them by recognizing their success and efforts. You Are Part of the Success system, designed as an agile project, consists of three categories, defined by the level of contribution: Bright Star, Supporting Us, and Driving Our Success.

The Bright Star category celebrates instant successes of the employee/team and aims to create opportunities for recognition and rewarding based on a flexible schedule throughout the year. The Supporting Us category aims to identify the employees who make a difference within Aygaz, and recognize, appreciate, and reward their achievements. This approach increases loyalty and promotes exemplary behaviors across functions.

The Driving Our Success category aims to recognize, appreciate and reward the outstanding achievements of the employees identified in the Supporting Us category and that make significant contributions to the company.

After launching the Bright Star process in 2021, a total of 510 employees were rewarded in 2022. We also paid a total amount of TL 730,000 in incentives to 123 employees for their contributions to the zero-based budgeting activities, which aim to encourage generating and implementing new ideas for efficient budgeting.

Training and Development Programs

We aim for our employees to

We paid a total amount of TL 730,000 in incentives to 123 employees for their contributions to the zero-based budgeting activities, which aim to encourage generating and implementing new ideas for efficient budgeting.

continuously develop, adapt to future competencies, and build leadership skills, and carry out training and development activities to support their efforts. The average training time per person reached 34.2 hours with the investments we made in employee development.

Training programs under the AYLEARN umbrella: With thousands of video training content from technology and personal development to wellness, family, and hobbies, the employees continued to learn and develop remotely on the Koç Academy online video training platform this year. Additionally, training contents of the digital learning resources TISK Academy and MESS Academy were also offered to Aygaz employees. The overall employee satisfaction survey score of Aygaz employees who participated in all the training programs offered in 2022 under the AyLearn umbrella was 74.5.

Agile Scrum Quick training: Scrum Quick Start training, available in Koç Holding's Agile Academy catalogue, was launched as part of Aygaz Group Cultural Transformation. Designed as an Introduction to Agile Methods, Scrum Quick Start training courses are offered online with a self-paced structure to allow the participants to proceed at their own pace. The program, which aims to provide key information, raise a general awareness about agility among the

employees, and elevate the basic knowledge level of the project teams, will continue next year and will be extended to all Aygaz employees. In 2022, 300 Aygaz employees completed the training.

Partnerships with leading educational institutions: Many Aygaz managers attend the PDP, AMP, MAP, LSI, and LEAD programs that Koç Holding prepares and customizes for different levels of potential employee groups in collaboration with some of the world's leading educational institutions. Employees and managers are also encouraged to take the HBX, Udacity, MIT, and Code Academy digital transformation programs that develop digital skills online as well as Koç University Executive MBA, Modular and Technical MBA programs.

English Language Education: A priority topic for Aygaz is improving the foreign language skills of employees. Accordingly, all employees who wish to improve themselves are offered online, classroom, and one-to-one English language education. As part of these activities, English Ninjas, a platform where employees from all around the world can practice speaking with native English instructors in video and audio calls on mobile or web, continued during the year. Additionally, a 10-week series was offered this year in the speaking clubs with reading activities, movies, books and

games for 75 participants in lower intermediate, upper intermediate and advanced levels to improve their English speaking skills with.

Sales development journey: A program was designed for the whole sales team with the objective of equipping the salespeople with new selling skills so that they can make a difference in their teams, enabling them to develop agile and innovative sales approaches together with all the teams, and introducing them to the current trends to open different development paths. The first training set of the program, designed to educate the sales leaders of the future, was completed by the entire sales team. The training received 4.69 points on a scale of 5, reflecting the high level of satisfaction.

Leadership with a coaching approach: With this program, designed to support leadership skills with a coaching approach, we address the development process of Aygaz leaders from a holistic perspective. We also intend to have the leaders coach their teams during the OKR check-ins. The program, which consists of six sessions, was completed with 75 leaders participating in all the sessions and received 4.6 points on a satisfaction scale of 5.

Mentoring through MentHall: The mentoring programs, launched in 2016, continued under the "Meeting Point for Learners -

In 2022, 300 Aygaz employees completed the Agile Scrum Quick training.



MentHall” umbrella structure in 2022. Common experiences were shared with the participants and Human Resources during supervision meetings. 30 employees participated in the “Ask Someone Who Knows” mentoring program and eight employees participated in the “Learn From Someone Young” reverse mentoring program.

Improving road safety with driving training: A part of the Aygaz Road Safety Project, the Defensive and Antiskid Driving Techniques training, designed for drivers who use company vehicles at Aygaz, aims to educate the participants about recognizing the dangers and risks in traffic early on, raises awareness about defensive driving, and targets zero accidents. A total of 177 employees participated in both the theory and practice parts of the training program in eight regions.

Next-generation Internship Experience: We regard the candidates selected for internships at Aygaz as future Koç employees. In 2022, the interns went through an end-to-end employee experience that involved orientation, presentations, project work, career development, and performance assessment along with the Aygaz Summer Internship program. The intern experience survey conducted at the end of the internship resulted with a high NPS score of +75 points.

We care about attracting new talent to Aygaz. Therefore, as part of the employer brand activities, we started to participate in Youthall, the largest young talent platform in Türkiye, and also engaged with nearly 3,500 students from top Turkish



universities to share our existing and new business lines, innovative work culture, and technology and innovation focus.

Agile Culture Transformation and Digitalizing the HR Processes

In 2022, we continued to simplify the organizational model and transform it into a more agile structure in order to respond to customer expectations faster and more innovatively. Therefore, we adopted an agile approach in business processes to keep up with the requirements of the digital age. Transformation is currently ongoing with 16 agile projects in total.

At Aygaz, we are rapidly adapting to the current conditions by following the digital transformation, data analytics, automation, and artificial intelligence trends. In 2022, the operational efficiency of the human resources processes was improved and the operational tasks were automated. Of the 41 processes planned at the beginning of 2022, 25 have gone live. Furthermore, project activities are ongoing to enhance the employee experience and support the digitalization

culture in all human resources processes. To prepare Aygaz employees for the digital world and migrate the operational processes to the digital environment, 1,469 hours of training was provided on various topics.

Employee Loyalty and Efficiency at Work

Maximizing employee loyalty and satisfaction and employee experience are among the priorities of Aygaz. In 2022, we developed strategies to create an employee experience that enhances work environments, improves efficiency, and offers development solutions. Then, we reviewed these strategies for an agile work model, the total employee experience. We focused on improving the quality of planned actions through the Employee Experience Agile Team to increase the participation of colleagues from different groups. We also hold focus group studies and listen to our employees to improve their experiences.

Koç Moments is another application that supports employee engagement and loyalty. Koç Moments involves keeping a record of the special moments, hobbies, and precious memories

We deliver OHS training for all the employees of Aygaz and the subcontractors to raise awareness across the workforce.

to improve the experience, loyalty and engagement between the employee and their superior. Aygaz also reviews the feedback received from its internal customers every year and has been conducting surveys to measure employee satisfaction and loyalty through an independent research firm since 1996. In 2022, employee loyalty score rose to 71.3 with an increase of 3.8 points compared to 2021.

In addition to the Annual Employee Loyalty Survey, we also conduct monthly mood surveys, host coffee breaks with the office employees, and visit sites and field employees to understand their needs and recognize their emotions. The employees may also contact the HR team by email for all their questions and problems and rapidly receive support.

Remuneration, Benefits, and Flexible Work

At Aygaz, we apply an international job assessment system that measures the contribution of all jobs toward achieving company goals and ensures that they are ranked according to their scale. A competitive remuneration policy, determined in line with our current wage structure, position in the market, competition, and financial means, is applied fairly without any bias for gender, language, religion, and race.

Remuneration for unionized employees is determined according to the collective bargaining

agreements with MESS (Turkish Employers Association of Metal Industries) and the Turkish Metal Union for the employees working in the metal business lines or Turkish Seamen's Union for the seafaring employees. Employees are paid 12 salaries + 4 bonuses per year, while all employees are offered comprehensive fringe benefits of Koç Group, standard or varied depending on the position.

At Aygaz, we prioritize HR practices that promote a healthy work-life balance for the employees. As we aim to quickly adapt our ways of doing business to the future, we adopt the future of work trends and offer our employees flexible and hybrid working opportunities.

The objective of the annual communication plan at Aygaz is to build an internal communication culture that embraces employee needs and expectations and that creates an effective employee experience. Accordingly, various webinars and events like special day celebrations are organized to encourage engagement. A Running Club, Book Club, and Aygaz Winter and Outdoor Sports Club, formed within the company, aim to create synergy from the employees who are interested in these topics by organizing nature hikes, marathon runs, and book review gatherings.

We organized an outdoor event to bring field employees together, encourage engagement, and improve collaboration and

teamwork in the post-pandemic period. The program, in which 306 employees participated, received 4.4 points on a satisfaction scale of 5.

Occupational Health and Safety

Providing a healthy and safe work environment for our employees is a key priority for us. The LPG sector, as our primary field of operations, is known to contain many OHS risks, which we strive to manage most effectively. For this purpose, we deliver training programs to raise OHS awareness among the employees and the subcontractors. We aim to mitigate our OHS risks through continuous improvement efforts. We manage all the OHS processes in compliance with the ISO 45001 Occupational Health and Safety Management System, which we have applied since 2019. All 12 of our locations, including the head office and the plants, hold ISO 45001 certification.

OHS Management

The Quality System, HSE-S and Industry Relations Manager reports the OHS actions taken and planned in the business units and the OHS performances to the Assistant General Manager - Technical Affairs and Investments, the highest level executive responsible for OHS. The facilities and work sites have OHS committees, which consist of members representing the employees in those locations. We regularly monitor and report our OHS performance. Furthermore, the committees consisting

2022 OHS Performance*	Employees	Subcontractor Employees	Total	2022 Target - Total
LTIF**	15.53	6.20	11.15	8.44
TRIF***	16.35	8.11	9.64	10.90

* Only Aygaz data.

** Lost Time Injury Frequency (LTIF): Workdays lost due to workplace accidents X 1,000,000 / Total hours worked in the reporting period

*** Total Accident Frequency Rate (TRIF): Number of work injuries x 1,000,000 / Total hours worked in the reporting period

of employer representatives, occupational safety experts, workplace physicians, employees, employee representatives, and union representatives in some facilities address the OHS issues in monthly meetings and draw up improvement plans.

We prepare Accident Investigation and Root Cause Analysis reports after all workplace accidents. Based on these reports, we review the root causes of the accident and take the necessary precautions. As part of our accident prevention activities, we periodically conduct fire, evacuation, rescue, and chemical spill drills at the Head Office, Gebze Plant, the filling plants, and the cylinder filling facilities. Our approach to preventing OHS risks is not limited to training and drills. We also create and distribute Informative Brochures on Workplace Accidents to ensure that accidents do not reoccur.

Digitalization in Occupational Health and Safety

As a key step toward integrating occupational health and safety into the corporate culture, we started to work on safe behaviors and actions. The objective of these activities is to prevent workplace accidents by detecting unsafe movements in the videos captured by cameras and uploaded to the

system, thanks to a collaboration with a company that runs AI-assisted occupational health and safety platform at the Gebze Plant and a partnership with TISK.

In 2022, OHS performances in five categories were monitored with Power BI as part of the efforts to digitalize the occupational health and safety processes. On the other hand, using the Worksafe software, transferring the records about the basic occupational health and safety training of Aygaz employees and the employees' recruitment and periodic health checks to the Ministry of Labor and Social Security continued during the year.

OHS Training Programs

In 2022, we delivered a total of 10,155 person*hours of training to Aygaz employees working at the filling and production plants to raise awareness on occupational health and safety, fire and emergency, and to build a stronger foundation for this corporate culture. And we supported some of the training with drills. Prior to the national earthquake alert drill, all Aygaz employees were provided information to raise earthquake awareness. We also organized an "Illustration Competition" to draw the attention of office and field employees to occupational health and safety violations in the workplace. The competition was

completed with 300 submissions. Our objective with the online competition, which was open to all the employees, was to prevent the non-compliant practices and dangers in the workplace and to ensure that they are not ignored.

In 2022, the OHS, fire, and emergency response training delivered to the employees and subcontractors amounted to 17,685 person-hours. Some of these programs were complemented with drills.

As a result of our extensive OHS activities, no employees, including those of the subcontractors, suffered any occupational diseases or fatal accidents in 2022. With a near-miss ratio of 0.40 per person for Aygaz employees and subcontractors, we reached our 2022 target.

In 2022, we determined 1,100 enhancement activities across all Aygaz units. After already completing 71% of these activities in 2022, we planned to continue with the rest in 2023.



A close-up photograph of a person's hand holding a small amount of dark, rich soil. The background is a soft-focus green, suggesting a garden or natural setting. A semi-transparent teal overlay is at the top. A bright yellow, irregularly shaped bubble with a white outline is positioned in the upper left, containing the text 'ENVIRONMENTAL RESPONSIBILITY'.

ENVIRONMENTAL RESPONSIBILITY

- > **Climate Crisis and Energy Management**

- > *Low Carbon Products*

- > **Waste Management and Efficient Water Use**

- > **Biodiversity**



Environmental Responsibility

Environmental responsibility is one of the main pillars of our sustainability approach.

Zero Waste

In 2022, we obtained Zero Waste Certificate for the Head Office building.

Uncontrolled consumption of natural resources leads to deforestation, depleting freshwater sources and loss of biodiversity. Furthermore, climate crisis due to higher levels of carbon dioxide in the atmosphere is causing extreme weather events, droughts, flash floods and wild fires, posing serious threat to humankind. Environmental responsibility is one of the main pillars of our sustainability approach. Therefore, we aim to minimize the negative environmental impact of our products and operations. We also provide environmental training programs to raise awareness about environment-related issues. In addition to these trainings given by environmental consultants, we conduct monthly site visits and create environmental status reports. We take various actions in line with the development points revealed in these reports. Thanks to our compliance with environmental legislation, we did not receive any environmental fines in 2022.

We aspire to raise environmental awareness both among our employees and also in our communities. Therefore, we organize training programs and events to raise environmental awareness. In line with the goals and principles of Koç Group, we work to ensure compliance with the Integrated Management Systems Policy. All of our 12 locations hold ISO 14001:2015 Environmental Management Certification while the Gebze Plant and Yarımca Filling Facility also have ISO 50001:2018 Energy Management System Certifications. We successfully completed the internal, external, and field audits conducted for this purpose. We apply the environment and energy management system with a holistic approach together with the other management systems at the Gebze plant and in all the filling facilities



under the umbrella of an integrated management system.

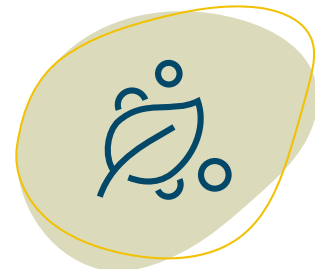
Climate Crisis and Energy Management

Keeping global warming below 1.5°C as proposed by the Paris Agreement and the European Green Deal are two key items on the global agenda, pushing the governments and the private sector to accelerate their efforts toward the 2050 net zero target. On the other hand, the Russia-Ukraine war continues to cause changes in energy markets and policies. According to the International Energy Agency, fossil fuels are seeing a peak in demand in the short term in response to rising gas prices. Lasting solutions to today's crisis lie in reducing

fossil fuel demand, which can be achieved by turning to renewable energy sources and implementing energy efficiency practices².

Alternative low carbon fuels will play a critical role in achieving the 2050 net zero targets. With low carbon and pollution properties, LPG comes to the forefront as an alternative energy source and an important tool in tackling climate crisis, increasingly being used as a bridge in the transition to a global low carbon energy system and encouraged in many countries. In recent years, governments have promoted transitioning to and using LPG as part of their climate policies. LPG stands out as a much more accessible and clean energy source compared to other

In 2022, we provided 1,796 person*hours of environmental training.



² World Energy Outlook

At Aygaz, we align with Koç Holding's 2050 net zero and other greenhouse gas reduction targets and work to reduce Scope 1 and Scope 2 GHG emissions by 27% and 49% by 2030 and 2040, respectively.

Aygaz Climate Change Strategy includes the following focus areas:

- Working to minimize the potential environmental impact of our operations.
- Organizing training programs and activities that contribute to the employees and social awareness.
- Innovating to develop new business lines and business models by considering climate-crisis-related factors in all our operations, including R&D activities.
- Leading the way in drafting regulations and standards on environmental management, starting with tackling climate crisis in our field of operation and collaborating with NGOs and relevant platforms.
- Using energy efficient technologies and identifying material aspects according to the sustainability principle.
- Raising awareness among the potential and existing consumers about the environment-friendly features of autogas compared to other fuel types.
- Defining and implementing green purchasing criteria.
- Informing the public and consumers about climate crisis to promote the use of LPG.

alternative fuels. At Aygaz, we closely follow the global trends and regulations on climate crisis and work to raise awareness among our stakeholders.

Koç Holding has joined the companies supporting the Task Force on Climate- Related Financial Disclosures (TCFD). With this support, Koç Holding aims to manage the risks and potential opportunities created by climate crisis according to TCFD, regularly disclose them to its stakeholders, and spread them in its ecosystem. At Aygaz, we align with this approach, regard climate crisis as an important risk with significant environmental and socioeconomic consequences, and analyze our risks to build a sustainable business model. As we move toward a low-carbon economy, we develop our products and services with this approach and place sustainability at the core of this development process. We closely follow the international standards, and the global and local developments, and apply an effective environment and energy management in line with our Climate Change Strategy.

[Please visit the corporate website for more information on Aygaz Climate Change Strategy.](#)

Carbon Transition Roadmap:

In 2022, we created a Carbon Transition Roadmap with the goal of integrating carbon transition into the company culture. Defining a carbon strategy, awareness raising activities, expanding the data providers and their pool, and assurance of greenhouse gas emissions were determined as the priority topics of this roadmap. Starting with the departments involved in Health-Education-

Environment, Strategy, Innovation, Digital Transformation and R&D, which are identified as key stakeholders, we held Carbon Workshops for a total of 160 person*hours with all the functions that impact carbon management. During the workshops, we identified energy efficiency, renewable energy, alternative fuels, new products/ markets and emission reduction as the main focus areas and integrated them into the innovation and R&D strategies and short-long-term business plans of Aygaz.

In 2022, we ran nine energy efficiency projects at Aygaz Filling Facilities and Gebze Plant, saving 165 MWh in electricity and 94.7 thousand m³ in natural gas, and TL 2.5 million in costs as a result. In addition to achieving 3,865 GJ of total annual energy savings, we also prevented 275 tons of carbon emissions.

We use the solar power plant installed on the roof of the Gebze

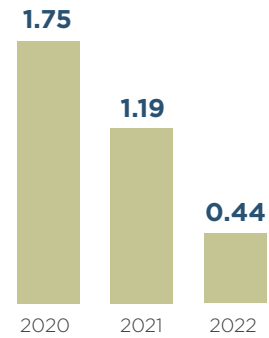
Plant Administration Building with a total installed capacity of 75 kW to generate electricity. We also aim to find the most ideal solution by comparing different panel technologies. In 2022, this project generated 69,090 kWh of solar energy at the Gebze Plant, where efficiency-focused activities continued throughout the year. These efforts resulted in an efficiency increase of 15%-45% in the identified equipment by switching to machine-based efficiency monitoring and delivered 10% improvement in the unit energy consumed.

Low Carbon Products

Low carbon fuels, which have less greenhouse gas emissions compared to fossil fuels, play a key role in reducing the negative impact of the climate crisis. Therefore, we need alternative products that release less greenhouse gas during use. In 2022, we conducted a life cycle assessment study in partnership with the Turkish LPG Association

We provided 488 person*hours of Energy Awareness Training at the Yarimca Terminal and Gebze Plant.

Greenhouse Gas Emissions*
(tons CO₂ / TL million)



**2021 and 2022 data assured; 2020 data calculated but not assured.*





GreenOdor received the first prize in the Safety category at the 2022 Global Technology Conference organized by the World LPG Association in November in New Delhi, India.

and Boğaziçi University to analyze the various environmental effects of the LPG product.

GreenOdor: LPG is a colorless and odorless gas that is typically odorized with sulfur components worldwide. This odorization process, which enables detection of leaks, causes the release of sulfur oxides after burning. After seven years of work, four in R&D and three in product development, the sulfur-free LPG odorant called GreenOdor was introduced at Aygaz terminals and facilities in 2022. Compared to traditional odorants, GreenOdor delivers lower emissions, involves less chemical use, and offers cost benefits. In 2022, we conducted a life cycle assessment of GreenOdor in partnership with Kocaeli University. GreenOdor was also recognized with the first prize in the Safety

category at the 2022 Global Technology Conference organized by the World LPG Association in November in New Delhi, India.

[Please see the New and Innovative Products and Applications of this report for more information.](#)

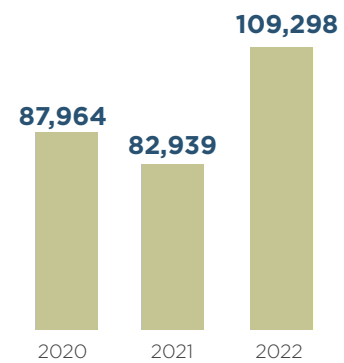
Waste Management and Efficient Water Use

At Aygaz, we monitor our impact across the value chain as part of waste management. We reduce and recycle waste at the source or dispose of waste safely when recycling is not possible. In 2022, we obtained Zero Waste Certificate for the Head Office building.

As part of our water management approach, we carry out activities at our facilities to use water with



Water Consumption m³



maximum efficiency and recycle as much water as possible. However, the hydrostatic tank tests carried out at the facilities in 2022 demonstrated a year-on-year increase in water consumption, which rose to 109,298 m³. On the other hand, all the water recycled, recovered and reused in 2022 amounted to 60,809 m³.

Biodiversity

Protecting biodiversity and reducing the potential negative impacts on the ecosystem are two key topics on the global agenda. Biodiversity plays a critical role in tackling and adapting to climate change. Therefore, we adopt a protective approach to ecosystems and all their different components, habitats, ecosystem services and all species. Accordingly, we take action to prevent activities that cause biodiversity loss. As a result,

we ensure that no land or water resources are affected by our operations in terms of biodiversity.

- In the investment processes, we address potential impact with environmental impact assessments in new fields of operation and take the necessary precautions if impacts on biodiversity are identified.
- We do not operate in locations identified as natural conservation areas according to the regulations and international agreements or in the Ramsar Convention's protection areas.
- In addition to considering the negative impact on biodiversity, we also enter into partnerships and support various projects to protect biodiversity. We have supported a number of projects conducted by the Mediterranean Conservation Society since 2015.

These include contributing to the protection of species such as the Mediterranean Monkfish (*Monachus monachus*) and Sandbar Shark (*Carcharhinus plumbeus*) as part of the Gökova Bay Marine Protection Areas Monitoring and Protection Project. The project has expanded over time, and the areas that were protected by banning fishing were transformed into the Marine Rangers Project. Creating an international conservation area has marked a significant achievement.

A photograph of a person wearing a purple ribbed sweater, standing in a lush, mossy forest. The background is filled with green foliage and tree trunks, creating a natural and serene atmosphere. A large, light green, irregularly shaped graphic element with a yellow outline is overlaid on the top left, containing the text.

SOCIAL RESPONSIBILITY

- > **Culture and Arts**
- > **Environment**
- > **Sports**
- > **Education**
- > **Gender Equality in Technology and Innovation**



Social Responsibility

With our social responsibility projects, we create value for the community and environment, while also contributing to the UN Sustainable Development Goals.

105,993

students participated in the Climate Change Awareness Workshop (2010-2022)

At Aygaz, we support and run several projects in areas such as environment, education, health, gender equality, sports, and culture and arts. We aim to create value for society and environment, while also contributing to the UN Sustainable Development Goals to invest in the future. The social responsibility projects of Aygaz continued in 2022 to contribute to environmental, social and cultural development.

Culture and Arts

İzник Tile Kilns Excavation

İzник Tile Kilns Excavation, which we have supported since 2021, is one of the oldest excavation sites – dating to the 1960s – focused on uncovering Turkish art.

The Ottoman tile workshop area, located within the infrastructure of the Early Byzantine Period, was again the main focus of the studies this year. Among the excavated artifacts, five pieces were selected by the experts from the İzник Museum and taken into the inventory to be exhibited in the museum while work on 359 artifacts was completed. Meanwhile, the regular conservation work continued in the 2022 season as well. As part of the conservation work, the architectural elements that formed the first four kilns that were unearthed in the 1980s within the excavation area were processed. After these elements were reinforced against deterioration and disintegration, the worn top covers were renewed. The analyses, conducted in partnership with Koç University Surface Science and Technology Center (KUYTAM) since the 2018 excavation season, continued in 2022.

İKSV Theatre Festival Sponsorship

Aygaz has supported the theater



since 2004. In 2022, we continued our support as the co-sponsor of the İstanbul Theatre Festival. The 26th edition of the festival featured 23 plays - 9 international and 14 local productions - attracting nearly 25 thousand viewers. The attendance rate of the festival plays was nearly 90%.

Books on the History of Ottoman Diplomacy

History of Ottoman Diplomacy is among the many cultural activities of Aygaz. With this project, documents and information curated from the Ottoman archives are published in book form. With seven more books added in 2022, the total number of published works now stands at 100.

Environment

“What will the weather be like tomorrow?” Project

This project, which we launched

in 2010 in cooperation with the Regional Environmental Center (REC), is ongoing with support from the Ministry of Environment, Urbanization and Climate Change. Meanwhile, educational programs related to the project have been offered at the Rahmi M. Koç Museum since 2012. The Climate Change Awareness Workshop hosted in the museum’s Discovery Globe was attended by 4,784 students from 123 schools in the January - December 2022 period. To date, 105,993 students from 2,458 schools have attended these workshops.

Sports

Sports Club Sponsorships

We started to sponsor the Beşiktaş Handball Team with our Mogaz brand in 2013. This sponsorship by a private sector company as a first in the handball discipline has continued with the Aygaz



At Aygaz, we joined the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum. Accordingly, we are committed to reaching 100 thousand girls and women from different age groups through education, mentoring and scholarship projects, and increasing the ratio of women in technology and innovation to 35% and female managers to 21%.



brand since the 2019 season. Beşiktaş Aygaz Handball Team successfully represents Türkiye in the European Handball Federation (EHF) Champions League. With the support extended to other sports disciplines, Aygaz became a sponsor of the Fenerbahçe Sports Club Professional Football A Team. In addition to handball and football, Aygaz has sponsored Tofaş Basketball Team since the 2019-2020 season.

Education

Aygaz Firefly Education Unit

Aygaz has supported the education of children and young people in partnership with the Education Volunteers Foundation of Türkiye (TEGV) since 2001. In the 2021- 2022 period, the Firefly Education Unit Program reached 18,392 students at 67 locations in 31 cities across Türkiye remotely via the TEGV Digital Education Platform.

Gender Equality in Technology and Innovation

Following the campaign for

gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, we announced our five-year targets in this field last March. Accordingly, we are committed to reaching 100,000 girls and women from different age groups through education, mentoring and scholarship projects. Within the organization, we also aim to increase the ratio of women in technology and innovation to 35% and female managers to 21% by building new networks and setting criteria to transform the ecosystem.

At Aygaz, the ratio of female employees in technology and innovation increased from 13.5% to 15%, and female managers from 13% to 15% in 2022. Furthermore, 40% of the employees involved in the intrapreneurship projects were women in 2022. In the 2021-2022 academic year, 75% of the TEV scholarships were granted to female students in STEM. The goal is to keep the ratio of female students at a minimum of 50% in the internship programs



in technology and innovation. Meanwhile, 55% of the interns participating in 2022 Summer Internship Program were female students. We came together with nearly 2,500 university students in 2022 to attract female students in this field.

As a brand serving people of all ages, we adopt the Equality for Generations approach and develop various social projects such as training, mentoring and scholarship programs, designed for girls aged 8-11, young women including high school and university students and recent graduates, as well as a target audience of women over middle age.

W-Energy for Equality Program

In 2022, we designed and launched three youth training programs under the umbrella of the W-Energy For Equality. The programs consist of three phases: W-Energy for Technology, W-Energy for Innovation, and W-Energy for Future. In the W-Energy For Technology

program, launched in partnership with Global AI Hub, the participants earned internationally recognized certificates after improving their digital skills in webinars, bootcamps, and live training courses. The program reached 6,414 young female participants through a total of 42 hours of training from June to December. Young women who completed the program became eligible to apply for the W-Energy for Innovation program with the certificates they earned.

In the W-Energy For Innovation Program, carried out in partnership with Yönderle Akademi, the participants found the opportunity to develop their entrepreneurial skills with the Basic Entrepreneurship and Advanced Entrepreneur Training Courses and prepared for the hackathon. The program reached 5,600 women in total from July to December. With the mentoring training and the mentor-mentee meetings as part of the W-Energy For Future Program, 108 mentors were trained

and mentoring sessions held with 700 mentees. Overall, the training program reached 12,899 young women.

The W-Energy for Kids Program, designed for children aged 8-11, is slated for launch in 2023. There are also plans to create a technology guide with the support of dealers to equip middle-aged women who may have difficulty keeping up with digital transformation with technological skills in the coming years.

W-energy
FOR EQUALITY

The background of the page is a collage of paper cutouts. The top half features a light blue background with white paper cutouts of people in various poses. The bottom half features a light yellow background with blue paper cutouts of people. A large, irregular yellow shape with a white outline is positioned in the upper left quadrant, containing the title text.

STAKEHOLDER COMMUNICATIONS

> Corporate Memberships and Affiliations



Stakeholder Communications

The cooperation culture of Aygaz, focused on creating benefits, is built on stakeholder communications. We believe that effective communication with stakeholders is an essential part of our pioneering work at the forefront of the industry. Therefore, we use innovative and digital channels to improve our communication with stakeholders. The opinions and feedback received regularly from relevant stakeholders for the Sustainability Report and regarding material sustainability topics provide direction for future work and projects. Guided by a consistent and transparent disclosure policy, we communicate accurate and concise information on our performance, future aspirations, and strategies by considering the needs of different stakeholders.

[Please click to access Aygaz Disclosure Policy.](#)

Stakeholder Group	Communication Method	Communication Frequency	Some Issues Brought up by the Stakeholders
Shareholder, Investors, Analysts	Investor Conferences, face-to-face meetings at the head office, responding to information requests received by phone and in writing, teleconferences, analyst meetings, executive management meetings, Investor Relations page on the corporate website, Annual Report, Sustainability Report, company presentations, earnings releases, briefings, material event disclosures	Immediate response to information requests, minimum each quarter	
Business Partners and Dealers	Dealer Hotline, satisfaction surveys, Aygaz Training Truck and Training Bus, collaborative projects, audits, dealer portals	Daily	<ul style="list-style-type: none"> • Highlighting product quality and safety-related activities more in communications • Sharing case studies regarding customer focus • Emphasizing brand strength further • Placing innovation at the heart of the customer experience • Focusing on competitiveness in market conditions • Diversifying new business channels and seizing opportunities
Employees	Employee satisfaction and loyalty research and surveys, online idea collection platform, intranet plasma screens, internal communication activities, announcements, committee meetings, company publications, suggestion systems	Daily	<ul style="list-style-type: none"> • Contributing even more to the development of social projects • Adopting more next-generation HR approaches (flexible working hours, etc.) • Increasing the ongoing intrapreneurship activities • Talent management and career planning • Gaining more knowledge on R&D and Innovation
Affiliates and Subsidiaries	Meetings, collaborative projects	On demand	
Public Institutions and Regulatory Authorities	One-on-one meetings, official visits, industry events	At least once a month	
Customers	Communication campaigns, advertisements, website, social media, Aygaz, Mogaz, Pürsu Customer Service Line, market and customer loyalty surveys, visits	Daily	
Media	Press releases and press conferences, interviews, reputation surveys, website, trade publications	Weekly	<ul style="list-style-type: none"> • Developing a corporate responsibility project that reflects the strength of the Aygaz brand and that can be owned for years
Non-governmental Organizations and Chambers	Following the industry agenda, social responsibility topic, collaborative projects, sponsorship and donations, reputation surveys, working committees and boards	Weekly	<ul style="list-style-type: none"> • Continuing to work on environmental policy and activities related to the country's most pressing matters, integrating quality with environmental management • Raising energy efficiency awareness among end-users
Trade Unions	Face to face discussions, collective bargaining agreement, collaborative projects, General Assembly, open workplace meetings	At least four times a year	
Suppliers	Supplier portal, audits/inspections	Daily	<ul style="list-style-type: none"> • Working to expand the scope of employment in operations across the country • Constantly improving quality, safety and occupational health practices further
International Organizations and Initiatives	Joint projects, conferences, seminars, and corporate memberships	Minimum monthly	
Universities	Conferences, training programs, festivals	Minimum monthly	

Corporate Memberships and Affiliations

We recognize the importance of partnering with institutions and organizations in our ecosystem. Therefore, we design and launch joint programs.

- Adana Chamber of Commerce
- Aegean Region Chamber of Industry
- Aerosol Manufacturers Association
- Aliağa Chamber of Commerce
- Ankara Chamber of Commerce
- Ankara Chamber of Industry
- Antalya Chamber of Commerce and Industry
- Association of E-Commerce Operators (ETİD)
- Bursa Chamber of Commerce and Industry
- Business Council for Sustainable Development Turkey (BCSD Turkey)
- Association of Turkey (KİPLAS)
- Corporate Communications Association
- Corporate Governance Association of Turkey (TKYD)
- Deniz Temiz Association - TURMEPA
- Denizli Chamber of Commerce
- Diyarbakır Chamber of Commerce and Industry
- Dört Yol Chamber of Commerce and Industry
- Erzurum Chamber of Commerce and Industry
- Eskişehir Chamber of Commerce
- Eskişehir Chamber of Industry
- Foreign Economic Relations Board (DEİK)
- Gaziantep Chamber of Commerce
- Gaziantep Chamber of Industry
- GS1 Türkiye Foundation Economic Enterprise
- İmeak Chamber of Shipping
- International Chamber of Commerce (ICC)
- Isparta Chamber of Commerce and Industry
- Istanbul Chamber of Commerce (İTO)
- Istanbul Chamber of Industry (ISO)
- Istanbul Foundation for Culture and Arts (İKSÜ)
- Istanbul Mineral and Metals Exporters' Association
Izmir Chamber of Commerce
- Izmir Chamber of Commerce
- Kayseri Chamber of Commerce
- Kırıkkale Chamber of Commerce and Industry
- Kocaeli Chamber of Industry
- Koç Group Executives Association
- Körfez Chamber of Commerce
- Mersin Chamber of Commerce and Industry
- Samsun Chamber of Commerce and Industry
- The British Chamber of Commerce in Turkey
- TMMOB Chamber of Electrical Engineers
- Trabzon Chamber of Commerce and Industry
- Turkish Association of Advertising Agencies
- Turkish Confederation of Employer Associations (TİSK)
- Turkish Employers' Association of Metal Industries (MESS)
- Turkish Foreign Trade Association
- Turkish Industry and Business Association (TÜSİAD)
- Turkish Investor Relations Society
- Turkish LPG Association
- Turkish Quality Association (KalDer)
- Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- World Energy Council Turkish National Committee
- World LPG Association (WLPGA)

Environmental Performance Indicators

ENERGY CONSUMPTION (GJ)	2020	2021	2022
Renewable energy consumption	331	409	249
Indirect non-renewable energy consumption	147,182	81,323	152,384
Purchased electricity	60,451	74,614	67,596
Total energy consumption	207,964	156,346	220,229
Energy savings	1,633	4,147	3,865

GREENHOUSE GAS EMISSIONS¹ (tons CO₂)	2020	2021	2022
Scope 1	5,791	6,599	6,264
Scope 2	8,633	8,971	8,722
Total	14,425	15,570	14,986
Greenhouse Gas Intensity ² (tons CO ₂ /TL million)	1.75	1.19	0.44

¹ 2021 and 2022 data assured; 2020 data calculated but not assured.

² Greenhouse Gas Intensity calculation is based on total revenues.

AIR EMISSIONS^{3,4} (kg/year)	2020	2021	2022
NOx	1,824	7,710	15,644
SOx	144	280	312
Volatile Organic Compounds (VOC)	47,784	105,519	111,459

³ The values vary since measurements are performed at different facilities every two years as a legal requirement.

⁴ Calculated by unit kg/year as of 2022. Measurements for the years 2020 and 2021 were updated by converting from kg/hour to kg/year.

WATER CONSUMPTION (m³)	2020	2021	2022
	0	0	0
Groundwater	27,736	30,380	48,938
Municipal water	41,362	52,559	60,360
Rainwater and other water resources	18,866	0	0
Total water consumption	87,964	82,939	109,298
Recycled water	208,630	188,095	60,809
Wastewater	42,326	36,979	76,902

WASTE (tons)	2020	2021	2022
Hazardous waste - recycled	420.12	515.07	512.56
Non-hazardous waste - recycled	5,716	3,501	7,845
Hazardous waste - disposed	30	144.2	1.85
Non-hazardous waste - disposed	0	9.81	0

Social Performance Indicators

EMPLOYEES BY GENDER AND CATEGORY	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Office employees	121	476	189	651	231	762
Field employees	28	529	25	607	25	655
Total employees	1,154		1,472		1,673	
Unionized employees	22	234	17	295	17	343

EMPLOYEES BY TYPE OF WORK	2020		2021		2022	
	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Employees	32	1,154	0	1,472	0	1,673

EMPLOYEES BY AGE	2020	2021	2022
>50 years old	86	117	129
31-49 years old	903	1,109	1,202
<30 years old	165	246	342

MID-LEVEL AND SENIOR MANAGERS BY GENDER	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Senior managers	1	8	2	9	3	6
Mid-level managers	12	59	18	94	18	89

EMPLOYEES TAKING PARENTAL LEAVE BY GENDER	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Employees taking leave	6	0	8	0	7	0
Employees returning to work	5	0	6	0	5	0

TRAINING (EMPLOYEES)	2020	2021	2022
Total training time (person*hours)	25,817	59,835	45,426
Training time per employee	19.94	45.64	34.2
Total OHS training time (person*hours)	14,107	16,617	10,166
OHS training per employee	7.48	8.86	7.9

TRAINING (SUBCONTRACTORS)	2020	2021	2022
Total training time (person*hours)	7,619	8,826	7,226
Training time per employee	13.60	16.25	13.40
Total OHS training time (person*hours)	4,407	4,487	3,443
OHS training per employee	7.87	8.26	6.40

*All training data is recorded retrospectively and updated regularly.

Social Performance Indicators

EMPLOYEE TURNOVER BY GENDER	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Employees who left the company	12	50	16	124	48	218
Newly recruited employees	4	53	93	377	85	313

EMPLOYEES SUBJECT TO PERFORMANCE APPRAISAL BY CATEGORY	2020	2021	2022
Office employees	575	840	993
Field employees	301	385	385
Total employees	876	1,225	1,378

OHS PERFORMANCE (Employees)	2020	2021	2022
Fatal accidents	0	0	0
Occupational diseases	0	0	0
Total accident frequency rate (IR) ⁵	14.51	20.88	16.35
Lost day rate (LDR) ⁶	0.14	0.18	0.16

OHS PERFORMANCE (Subcontractors)	2020	2021	2022
Fatal accidents	0	0	0
Occupational diseases	0	0	0
Total accident frequency rate (IR) ⁵	9.46	9.35	7.87
Lost day rate (LDR) ⁶	0.05	0.07	0.06

2022 OHS PERFORMANCE ⁷	Employees	Subcontractors	Total
LTIF ⁸	15.53	6.20	11.15
TRIF ⁹	16.35	8.11	9.64

⁵ Total accident frequency rate (IR): Number of work accidents x 1,000,000 / Total hours worked in the reporting period

⁶ Lost day rate (LDR): Lost days due to work accidents x 1,000 / Total hours worked in the reporting period

⁷ Only Aygaz data.

⁸ Lost Time Injury Frequency (LTIF): Workdays lost due to workplace accidents X 1,000,000 / Total hours worked in the reporting period

⁹ Total Accident Frequency Rate (TRIF): Number of work injuries x 1,000,000 / Total hours worked in the reporting period

GRI CONTENT INDEX

STATEMENT OF USE	Aygaz has reported in accordance with the GRI Standards for the January-December 2022 period.
GRI 1 USED	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	6, 8, 11
	2-2 Entities included in the organization's sustainability reporting	1
	2-3 Reporting period, frequency and contact point	1
	2-4 Restatements of information	14
	2-5 External assurance	External audit is not obtained for the Sustainability Report.
	2-6 Activities, value chain and other business relationships	6, 8, 11, 38-39
	2-7 Employees	44-45, 71
	2-8 Workers who are not employees	It is not declared in the report.
	2-9 Governance structure and composition	2022 Annual Report
	2-10 Nomination and selection of the highest governance body	2022 Annual Report
	2-11 Chair of the highest governance body	2022 Annual Report
	2-12 Role of the highest governance body in overseeing the management of impacts	21-23
	2-13 Delegation of responsibility for managing impacts	21-23
	2-14 Role of the highest governance body in sustainability reporting	22-23
	2-15 Conflicts of interest	18-21
	2-16 Communication of critical concerns	18-21
	2-17 Collective knowledge of the highest governance body	2022 Annual Report
	2-18 Evaluation of the performance of the highest governance body	2022 Annual Report
	2-19 Remuneration policies	2022 Annual Report
	2-20 Process to determine remuneration	2022 Annual Report
	2-21 Annual total compensation ratio	2022 Annual Report

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers
General Disclosures		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	2-3, 14-15, 22-23
	2-23 Policy commitments	18-23
	2-24 Embedding policy commitments	18-23
	2-25 Processes to remediate negative impacts	21-22
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	2-27 Compliance with laws and regulations	18-23
	2-28 Membership associations	69
	2-29 Approach to stakeholder engagement	14-15, 68
	2-30 Collective bargaining agreements	71
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GRI 3: Material Topics 2021	3-1 Process to determine material topics	14-15, 68
	3-2 List of material topics	14-15
	3-3 Management of material topics	14-15
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GRI 3: Material Topics 2021	3-3 Management of material topics	11
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2022 Annual Report
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GRI 3: Material Topics 2021	3-3 Management of material topics	38-39
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	38-39
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GRI 3: Material Topics 2021	3-3 Management of material topics	18-21
	205-2 Communication and training about anti-corruption policies and procedures	18-21
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	18-21
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GRI 3: Material Topics 2021	3-3 Management of material topics	54-57
GRI 302: Energy 2016	302-1 Energy consumption within the organization	70
	302-4 Reduction of energy consumption	70
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GRI 3: Material Topics 2021	3-3 Management of material topics	58- 59
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	58-59, 70
	303-3 Water withdrawal	59, 70

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	54-58
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	57, 70
	305-2 Energy indirect (Scope 2) GHG emissions	57, 70
	305-4 GHG emissions intensity	57, 70
	305-5 Reduction of GHG emissions	57, 70
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GRI 3: Material Topics 2021	3-3 Management of material topics	58
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	58, 70
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GRI 3: Material Topics 2021	3-3 Management of material topics	38-39
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	39
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GRI 3: Material Topics 2021	3-3 Management of material topics	44-51
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	71 - 72
	401-3 Parental leave	71 - 72
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GRI 3: Material Topics 2021	3-3 Management of material topics	44-51
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	In case of collective and / or individual layoffs or job changes, the relevant provisions specified in the labor legislation and collective agreements in the operation countries are applied.
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GRI 3: Material Topics 2021	3-3 Management of material topics	50-51
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	50-51
	403-2 Hazard identification, risk assessment, and incident investigation	50-51
	403-5 Worker training on occupational health and safety	50-51, 71-72
	403-8 Workers covered by an occupational health and safety management system	50-51, 71-72
	403-9 Work-related injuries	72
	403-10 Work-related ill health	72

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers
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GRI 3: Material Topics 2021	3-3 Management of material topics	44-49
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	47-49, 71-72
	404-2 Programs for upgrading employee skills and transition assistance programs	47-49
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GRI 3: Material Topics 2021	3-3 Management of material topics	44-45
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	44-45, 71
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GRI 3: Material Topics 2021	3-3 Management of material topics	38-39
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	38-39
Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	34-35
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Aygaz complies with all international and local legal regulations regarding the health and safety effects of all products manufactured within its operations.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	35
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GRI 3: Material Topics 2021	3-3 Management of material topics	35
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	35
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GRI 3: Material Topics 2021	3-3 Management of material topics	40-41

Legal Notice

This Sustainability Report (Report) was prepared by Aygaz A.Ş. (Aygaz) in accordance with GRI Standards (Global Reporting Initiative).

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You can convey your opinions and suggestions about the Aygaz 2022 Sustainability Report by sending an email to surdurulebilirlik@aygaz.com.tr.

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