

AYGAZ

SUSTAINABILITY REPORT

2019



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ABOUT THE REPORT

The 2019 Aygaz A.Ş. (Aygaz) Sustainability Report documents the economic, corporate governance, social and environmental performance of Aygaz.

The report, which covers the period from January 1 to December 31, 2019 as well as the developments in 2019 and future plans, has been prepared in accordance with the GRI Standards: Core option.

Decisions about the report's content were guided by material issues we identified last year through extensive materiality analyses. This year, we also included stakeholders' feedback obtained through face-to-face and online interviews about our report and our activities.

For any questions, opinions and suggestions about this report, please contact us at surdurulebilirlik@aygaz.com.tr.

AYGAZ



Dear stakeholders,

The trade wars that intensified in 2019 and the ongoing geopolitical risks led to further economic challenges both in our country and all over the world. In addition to the global economic headwinds and political uncertainties, the year was also marked by the impact of the climate crisis observed strikingly across the world. As well as affecting vital resources such as water and energy, climate crisis also creates grounds for social crises such as immigration and conflicts. In addition to the ongoing socioeconomic developments and environmental crises across the world, the pandemic that broke out in Wuhan, China, and spread around the globe, also laid bare how fragile the economic order and businesses can be. This unprecedented event showed us once again that social inequalities are on the rise, and those hit hardest by such crises are the most vulnerable segments of society.

As resources are being depleted and the world population is rapidly increasing, it has become clear that the existing systems will not be sufficient to achieve economic growth. Consumption and production in the traditional sense deepen environmental crises and social inequalities, and stand in the way of sustainability. This is why the business world must transform itself and grasp the importance of environmental and social issues as much as economic value. If we succeed in managing the environmental, social and governance aspects in integration with business strategies, we can navigate through crises and come out stronger, and adapt our business models to the constantly evolving global conditions.

In the next decade, the LPG consumption is estimated to exceed 375 million tons. Climate crisis-related policies and the shift to a green economy are expected to encourage wider use of LPG. In addition to these positive trends in the LPG market, our country, the tenth largest global market and the second largest in Europe in terms of energy consumption excluding petrochemicals and refineries, also has the potential for countless

opportunities. Despite the economic recession that was felt in all the markets, the Turkish LPG market maintained its scale with 0.5% annual increase in 2019.

Even though economic, environmental and social challenges prevailed, 2019 was also marked by major developments for Aygaz. We recorded successful financial results, and reached a sales volume in excess of two million tons, including 1.1 million tons in retail sales in the cylinder gas, bulk gas and autogas segments. Our consolidated turnover amounted to TL 10.2 billion, with 3% year-on-year increase in sales. Meanwhile, we maintained our leadership in Turkey with 26% market share. We made important investments in line with our goal of becoming a global player; in addition to opening our London branch office, we also signed a share transfer agreement with the Bangladesh-based United Enterprises to enter the Asian market, which promises strong growth potential in domestic LPG consumption. Our presence in Bangladesh will enable us to focus on other Asian countries in proximity, while we will also consider other continents such as Africa for wider geographical diversity.

Our subsidiaries play a critical role in ensuring the continuity of our success and growth by providing access to international markets. In 2019, Aygaz Doğal Gaz recorded a turnover of TL 1.4 billion by selling around 800 million cubic meters of natural gas. The company also obtained the necessary licenses for exports to Bulgaria and Greece, and exported natural gas to the former by road as a first in the sector. Anadoluhisarı Tankercilik accounted for 14 percent of Aygaz's maritime and shipping activities in 2019. Akpa, our distribution company, completed 2019 with a turnover of TL 609 million.

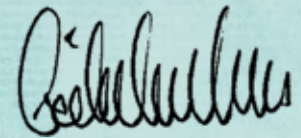
Our strong relationship with our dealers, who are valuable members of the Aygaz family, provides us with important opportunities in terms of opening to new markets. On the other hand, the bottled water sales in carboys and pet bottles, which we started with the Pürsu brand, and our investments in this area continued in 2019. We now carry out our activities through our subsidiary Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. with the aim of increasing our production capacity and expanding our distribution area. In 2019, we sold around eight million carboys of water through 400 dealers in 36 provinces. Meanwhile, Opet Aygaz Gayrimenkul reinforces our presence in the autogas market with 21 stations across Turkey.

In 2019, our success was crowned with new awards, including first prize in the "Mineral Fuels Exports" category at the Stars of Export Awards, and a Silver Effie, the only and the top award in the "Automotive Products" category, at the Effie Turkey Advertisement Effectiveness Awards. We are ranking among the most reputable brands in the fuel industry according to Turkey Reputation Index Survey results. As our Corporate Governance Rating rose to 9.42, we also maintained our position in the BIST Sustainability Index.

We believe that innovativeness is a very important tool in ensuring sustainability, and we follow the developments in digitalization, R&D and innovation, which all drive transformation across the world, closely to incorporate them into our business strategy. As we reflect the value we create onto our customers, we always work in a manner that respects the environment and serves the community.

We launched Aygaz Mini, the product of our innovative approach and our R&D activities, as the first small-sized cylinder in Turkey that is designed for use both in the kitchens and also outdoors. Aygaz Mini, which we designed to meet customer expectations identified by focus group studies with consumers, is a reflection of our approach that is rooted in involving stakeholder engagement in the production processes.

During the COVID-19 pandemic, our operations continued without disruption. Our focus on sustainability lies behind our resilience in times of such major crises. We are proud to present this report, which provides a transparent overview of the environmental, social, corporate governance and economic performance of Aygaz in 2019, to our stakeholders. I would like to express my gratitude to all our stakeholders, and particularly our colleagues, for making this level of success possible.



Gökhan Tezel
General Manager

ABOUT AYGAZ



- **AYGAZ IN FIGURES**

- **VISION, MISSION AND STRATEGIC PRIORITIES**

- **SHAREHOLDING STRUCTURE**

- **SUBSIDIARIES AND AFFILIATES**

- **FINANCIAL AND OPERATIONAL PERFORMANCE**



We operate across all our plants, including five marine terminals, six filling facilities, seven distribution centers, and one plant that produces pressurized containers and accessories, in compliance with international standards.

26%
Market share



We are an integrated LPG company that has been engaged in LPG sourcing, stocking, and filling services as well as LPG device production and sales operations since 1961. As the most established Koç Group company in the energy sector, we are the industry leader with 26% of the market share, our extensive dealer network, fast service and quality products. As the first and only publicly-traded company in the LPG sector, we ranked 22nd in Istanbul Chamber of Industry's (ISO) 2019 Turkey's Top 500 Industrial Enterprises list. Our work is guided by the vision of being the number one company offering energy solutions, particularly LPG and natural gas, to the Turkish market and potential export markets. We operate in compliance with international standards across all our plants, including five marine terminals equipped with state-of-the-art technology, six filling facilities, seven distribution centers, and one plant that produces pressurized containers and accessories. We sell our products in both domestic and foreign markets and have the largest LPG storage capacity in Turkey with a total of 178,000 m³. In addition, we manage the biggest LPG marine logistics operation in Turkey with our tanker companies.

Our services encompass all 81 provinces of Turkey, and are provided by more than 1,700 autogas stations and nearly 2,400 cylinder gas dealers. We offer the most popular LPG products, delivered to more than 60,000 households every day. The autogas we supply through the stations selling Aygaz and its brands power 220,000 vehicles daily. In 2019, we reached a sales volume of 2.1 million tons, including 1.1 million tons of cylinder gas, bulk gas and autogas.

In 2019, we announced two developments as part of our international expansion strategy. After extensive studies, evaluating similar industry practices, taking into account current affairs and closely monitoring the opportunities in international markets, we opened a branch office in London to engage in trading and other activities that will help increase trade volume with third parties in foreign markets, support import, export and transit operations, and create added value from the supply chain. Another investment was our entrance into the Asian market, which boasts the highest share and growth trend in the global household LPG consumption, with a share transfer deal with the Bangladesh-based United Enterprises for sourcing, filling and distributing LPG. With these initiatives, we aim to drive Aygaz further towards becoming a global player.



Aygaz in Figures

22nd

ranking in
ISO* 2019 Turkey's Top
500 Industrial Enterprises

**178,000
m³**

the largest LPG storage
capacity in Turkey

**3.9
billion**

Turkish liras
market value

**302,000
tons**

cylinder gas sales

1,729

autogas stations

2,383

cylinder gas dealers

**734,000
tons**

LPG sales

9.42

Corporate Governance
Score**

**2,1
million**

tons Autogas sales of

**993,000
tons**

wholesale and
foreign sales

~8

million

units Pürsu brand carboy
water sales

**28,800
m³**

total LPG transport capacity with
Beykoz, Beylerbeyi and Kuzguncuk
ships

40 hours

Training per
employee

1,316

average number of
employees in 2019

**262
million**

US dollars
LPG export

14%

The percentage of marine
and ship transportation
handled with our own
fleet

* ISO: İstanbul Sanayi Odası (İstanbul Chamber of Industry)

** Corporate Governance Report in 2018: 9.40

Vision, Mission and Strategic Priorities

VISION

To be the leading company providing energy solutions in Turkey and other potential markets, particularly in the LPG and natural gas sectors.

MISSION

To offer the best products and services in all fields of operation, particularly LPG, by prioritizing high quality and safety standards with business principles that align with the corporate values of the Koç Group while continuing to respect the community and the environment.

STRATEGIC PRIORITIES

Continue to be the LPG market leader by:

- Investing in the future conscious of our responsibility as the industry's reputable and reliable brand that is closest to the consumer
- Prioritizing high safety standards and product quality
- Developing innovative products and services with solutions that focus on innovation and digitalization

Ensure sustainable growth to move Aygaz into the future by:

- Staying abreast of and seizing opportunities for mergers, acquisitions and investments at home and abroad
- Improving efficiency in all processes from sourcing to selling LPG
- Striving to create value for all stakeholders

Shareholding Structure (%)



The Koç Group



Liquid Petroleum Gas Development Company



Free Float

Subsidiaries and Affiliates

Subsidiaries	Participation Rate	Main Business
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	100%	Marketing
Anadoluhisarı Tankercilik A.Ş.	100%	Maritime Operations
Aygaz Doğal Gaz Toptan Satış A.Ş.	100%	Natural Gas
Aygaz Doğal Gaz İletim A.Ş.	100%	Natural Gas
Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.	100%	Bottled Water Business
Kandilli Tankercilik A.Ş.	100%	Maritime Operations
Kuleli Tankercilik A.Ş.	100%	Maritime Operations
Kuzguncuk Tankercilik A.Ş.	100%	Maritime Operations
Affiliates		
Enerji Yatırımları A.Ş. (EYAŞ)	20%	Energy
Entek Elektrik Üretimi A.Ş.	50%	Electricity
Opet Aygaz Gayrimenkul A.Ş.	50%	Real Estate

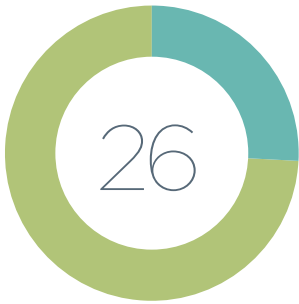
Detailed information about our subsidiaries and affiliates is provided in the 2019 Aygaz Annual Report.

Financial and Operational Performance

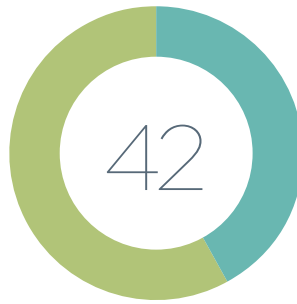
As confirmed by EMRA data, we were once again the leader of the LPG market in 2019.

In terms of operational and financial performance, 2019 marked another successful year as we once again maintained our position as the leader of the LPG market, in which 93 companies operate according to EMRA (Energy Market Regulatory Authority) data. As of year-end, the company's total market share was 26%, with 42% of the cylinder gas segment, and 22% of the autogas segment. Aygaz's combined domestic sales of cylinder gas, bulk gas and autogas amounted to 1,074,000 tons. With the addition of wholesale, export and transit sales, the total surpassed 2 million tons while our consolidated turnover was recorded as TL 10.2 billion as of 2019 year-end.

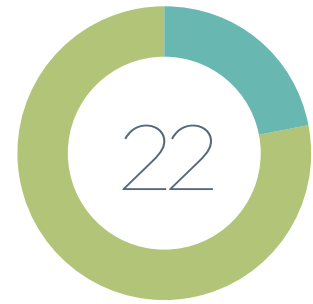
LPG Market Share (%)



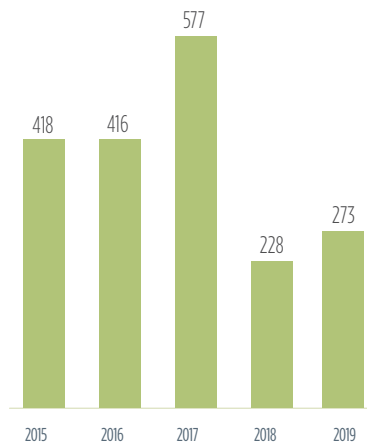
Cylinder Gas Market Share (%)



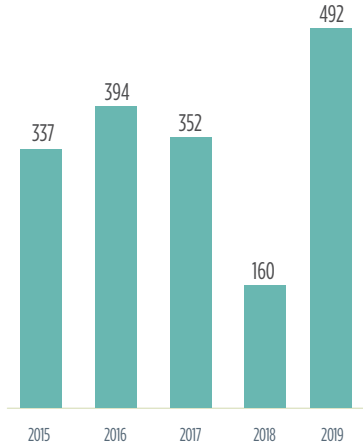
Autogas Market Share (%)



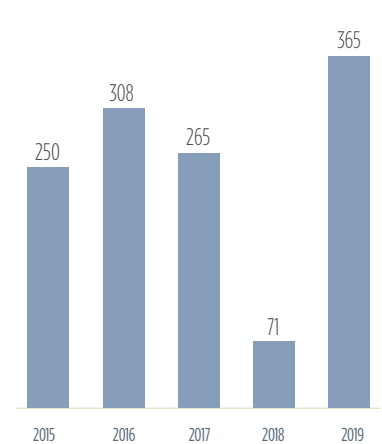
Net Profit (TL M)



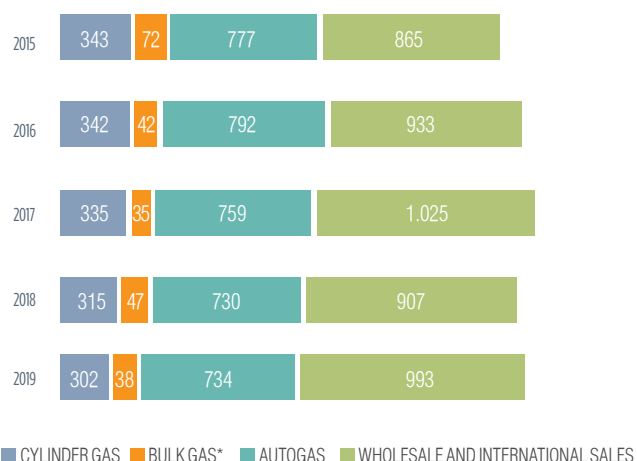
EBITDA (TL M)



Operating Profit (TL M)

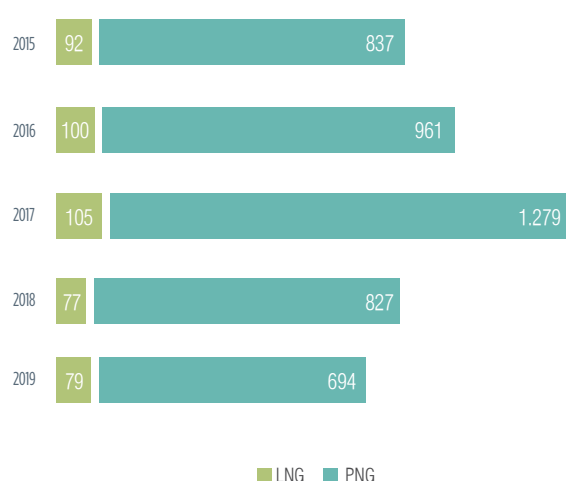


LPG Sales Volume by Segments (000 TONS)



*Petrochemical sales included

Natural Gas Sales Volume (mcm)



Summary Financial Indicators

(TL M)

	2019	2018	2017	2016	2015	2019 / 2018 Change
Sales revenues	10,211	9,554	8,469	6,749	6,420	7%
Gross profit	957	634	741	787	677	51%
Operating profit	365	71	265	308	250	417%
Pre-tax profit	306	250	621	469	458	22%
Net profit	273	228	577	416	418	20%
EBITDA	492	160	352	394	337	207%
Gross profit margin	9%	7%	9%	12%	11%	2
Operating profit margin	4%	1%	3%	5%	4%	3
Net profit margin	3%	2%	7%	6%	7%	1
EBITDA margin	5%	2%	4%	6%	5%	3
Current assets	1,589	1,618	1,588	1,277	1,025	-%2
Fixed assets	3,366	3,396	3,379	2,954	2,891	-%1
Total assets	4,955	5,013	4,966	4,231	3,916	-%1
Short term liabilities	1,495	1,484	1,279	924	847	%1
Long term liabilities	982	1,027	764	566	459	-%4
Shareholders' equity	2,478	2,502	2,923	2,742	2,611	-%1
Total equity and liabilities	4,955	5,013	4,966	4,231	3,916	-%1
Return on equity (ROE)	11%	9%	20%	15%	16%	2
Net debt/equity ratio	24%	30%	13%	2%	10%	-6
Current ratio	1.06	1.09	1.24	1.38	1.21	-0.03

SUSTAINABILITY PRIORITIES



- SUSTAINABLE DEVELOPMENT GOALS

- PRIORITY MATRIX

- 2019 HIGHLIGHTS



The sustainability priorities of Aygaz have been identified and determined after careful consideration of the senior management's views, the Company's strategic decisions, and analyses of stakeholder opinions and external trends.

We manage sustainability in the context of the strategic areas we have identified. Responding to global trends that are of particular concern in our sector, such as information security, big data, climate change, demographic change, growing energy demand and the increasing importance of sustainable energy resources helps us prepare the company for the future. Therefore, we have identified priorities and areas of investment related to sustainability through a materiality analysis conducted in accordance with international standards.

We sought the views of internal and external stakeholders through an analysis conducted in accordance with the AccountAbility AA1000SE (Stakeholder Engagement) Standard. We also performed an external trend analysis by reviewing the trends that impact the industry and the global agenda, and considering international principles and standards, particularly Sustainable Development Goals. We then combined the results of the stakeholder analysis and the external trend analysis. We also evaluated Aygaz's strategic priorities in view of the opinions of the company's senior management.

Based on these analyses, we identified the material issues of highest priority that would create value for both Aygaz and stakeholders. Our efforts in these strategic areas also contribute to the Sustainable Development Goals.



Material Issues of Highest Priority

R&D and Innovation

We place great importance on R&D and innovation, making investments in this area to produce products and services that create value for all stakeholders so that we can better manage evolving customer demands in rapidly changing market conditions with increasing fierce competition.



Technology and Digitalization

We adapt technological innovations in our business processes in order to improve the quality of our products and services and to raise the level of customer satisfaction by meeting expectations.



Customer Satisfaction and Confidentiality

We closely track customer expectations and needs in order to create the highest level of customer satisfaction, which is at the core of our business culture. In this regard, we facilitate the communication of all kinds of feedback from customers to our company via various communication channels. We ensure the security of customer data in all activities through confidentiality agreements we make with third parties.



Data Security and Privacy

Customer data privacy is a global trend that increasingly gains prominence. We assure the security of customer data in all activities within the framework of our privacy agreements we make with third parties.



Risk Management

We identify and prioritize potential risks in order to ensure the continuity of our operations and to make sure the trust we have earned from stakeholders is long-lasting. We also develop solutions to eliminate these risks.



Occupational Health and Safety

With regard to 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.



Operational Excellence and Safety

We manage all our operations with an integrated approach, including the entire value chain from supplying LPG to distributing our products to and collecting them from our consumers. Operational excellence and safety are among our top priorities at every link in this chain.



SUSTAINABILITY PRIORITIES

Relevance to Sustainable Development Goals

Material Issues of Highest Priority

Product Quality and Safety

We ensure product quality and safety that meets international standards through our integrated management approach in all processes, from production to delivery to the customer.



Quality and Safety in Distribution Network

We reach our customers in different parts of Turkey via our dealers in an extensive distribution network. Our LPG supply and distribution activities are carried out with the largest road transportation LPG fleet in the country. We work to ensure the highest standards without compromising quality and safety in our distribution operations.



Corporate Governance

Our corporate governance approach, and the principles of equality, transparency, accountability and responsibility drive us toward our long-term business goals, and help us deliver sustainable value for all our stakeholders, including the shareholders.



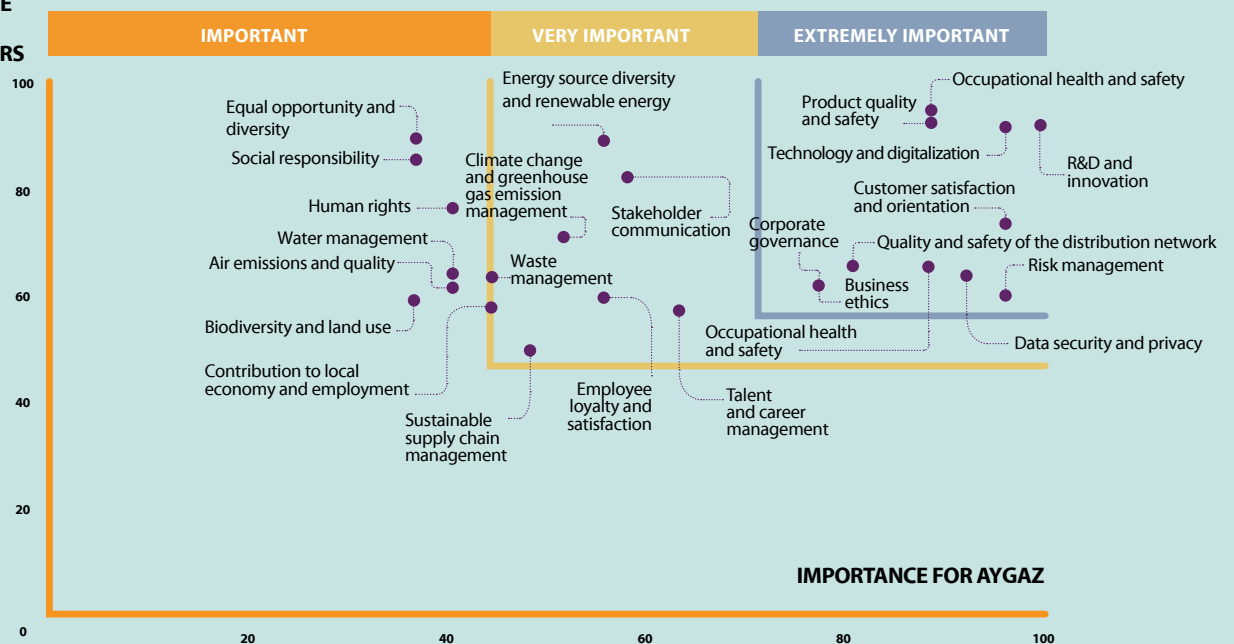
Business Ethics

With business ethics at the core of our corporate culture, we strive to maintain our reputation without compromising integrity and trust, and aim to create value for all our stakeholders, particularly the shareholders.



IMPORTANCE FOR STAKEHOLDERS

STAKEHOLDER ANALYSIS + EXTERNAL TREND ANALYSIS



STRATEGIC PRIORITIES + SENIOR MANAGEMENT VIEWS

Highlights of 2019

- The corporate governance rating score of Aygaz was upgraded from 9.40 in 2018 to **9.42 in 2019**.
- On June 21, 2019, SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. determined the (National) **long-term credit rating score of our company as (TR) AAA**, (National), the short-term credit rating score as (TR) A1+, and its outlook as stable.
- We introduced **Aygaz Mini**, a new cylinder designed for use both in the kitchen and also outdoors.
- Aykargo won the “**Best In-house Startup Project**” award at the “Corporate & Startup Day” event.
- We opened our **London branch**, aiming to increase trade volume with third parties in international markets and to create added value from the supply chain.
- **Aygaz ranked 22nd** in Istanbul Chamber of Industry’s (ISO) 2019 Turkey’s Top 500 Industrial Enterprises list.
- Aygaz continued to be listed in the **BIST Sustainability Index**, which includes publicly traded companies on Borsa Istanbul (BIST) with the highest corporate sustainability performance.
- We signed a share transfer deal to acquire **50% of the Bangladesh-based United LPG Ltd.**, a United Group company, for sourcing, filling and distributing LPG.
- We launched year-long awareness raising activities with the slogan “**Earth in Our Hands**” as part of our Zero Waste Project.
- As part of the Aygaz Library project, we sponsored **The God-Kings by the Euphrates** (“Fırat Kıyısında Tanrı Krallar”), a book published by Arkeoloji Sanat Yayınları.
- **Aygaz and Pürsu became supporters** of the 16th Istanbul Biennial, sponsored by Koç Holding, and focused on the human-generated waste in this edition.

CORPORATE GOVERNANCE AND BUSINESS ETHICS



- ANTI BRIBERY AND CORRUPTION

- RISK MANAGEMENT AND INTERNAL CONTROL

 - *RISK MANAGEMENT COMMITTEE*

 - *INTERNAL AUDITING AND INTERNAL CONTROL*

- SUSTAINABILITY GOVERNANCE



We conduct all our operations and activities in compliance with our ethical principles, which are at the core of our corporate culture, and we view transparency as a responsibility toward our stakeholders.

Our approach to corporate governance is based on fairness, transparency, accountability and responsibility. We create sustainable value for all our stakeholders using this approach, which encompasses our ethical principles and values. We regard corporate governance as a key factor in reaching our corporate goals. The importance we place on our principles of corporate governance and our commitment to perpetuate these principles as a dynamic process are demonstrated in our Corporate Governance Rating Score and inclusion on the Borsa Istanbul Corporate Governance Index. All our departments have adopted our company's approach to corporate governance and use it to guide their operations. The Corporate Governance Rating demonstrates the reliability of our activities within the scope of corporate governance. We raised our Corporate Governance Score from 9.40 in 2018 to 9.42 in 2019.

9.42

We raised our Corporate Governance Score to 9.42 in 2019.





Our ethical principles, which are at the core of our corporate culture, play a significant role in the way we operate. In all of our activities, from our own processes to the supply chain, we remain fully committed to the Aygaz A.Ş. Code of Ethics and Implementation Principles, which we created based on the Koç Group's Code of Ethics and Business Conduct, and we require all our stakeholders to comply with these principles. The implementation of ethical codes is handled by the senior Ethical Conduct Board, which consists of the General Manager, relevant Senior Management, the Human Resources Manager and Legal Counsel. We view transparency as our responsibility toward our stakeholders. Therefore, with the exception of confidential business information, we disclose all information fully and accurately.

Business ethics is one of our top priorities and plays a key role in maintaining our relationship of trust with our stakeholders as well as our reputation. In managing issues related to human rights, fighting corruption and bribery, fair competition and internal auditing, we benefit from the principles of international organizations as reference, and follow the human rights and business principles outlined by the United Nations Global Compact, which was signed by the Koç Group, of which we are an affiliate.

Ensuring that our ethical principles are embraced throughout the company is very important to us. We outlined our principles of corporate governance based on ethical principles in a booklet which we share with all of our employees, including new hires. We provide

training about ethical conduct during recruitment and orientation. The Workplace Responsibilities and Implementation Procedure provides information about what should be done when ethical rules are violated. Notifications about any impropriety that threatens the interests of Aygaz and the society, and which violates business ethics can be communicated to our company confidentially via Koç Holding's central system.

More information on corporate governance and business ethics is provided in the 2019 Aygaz Annual Report and the Corporate Governance Reports on our website's Investor Relations page.

Aygaz A.Ş. Ethical Code of Conduct and Implementation Principles can be found on our website.

ANTI-BRIBERY AND ANTI-CORRUPTION EFFORTS

One of the main pillars of our business ethics is fighting bribery and corruption, and this plays a critical role in ensuring smooth operations but in protecting our reputation. We combat every kind of bribery and corruption in order to comply with the working principles outlined in the United Nations Global Compact signed by Koç Holding. We expect all of our stakeholders to adopt these principles, not only our employees but also all of our business partners, particularly our dealers and suppliers. Notifications regarding bribery and corruption are conveyed via Koç Holding's central system, which is described in the Corporate Governance and Business Ethics section. In 2019, we did not receive any notifications regarding bribery and corruption.

RISK MANAGEMENT AND INTERNAL AUDITS

Within the scope of our risk management approach, we detect potential risks in advance and identify opportunities, and define the necessary strategy and actions systematically, in order to achieve the company's goals. By managing the risks in line with the company's strategies and goals, we aim to create the highest value for our stakeholders and shareholders. Accordingly, we detect and analyze the internal and external risks, and determine the risk management strategies. We then assess the risks with respect to the updated processes and action plans, and also identify the opportunities that may present themselves in the process by implementing systematic policies.

In accordance with the policies and strategic goals

that the Board of Directors approves and determines by considering feedback from the departments within the company, and in particular the Executive Committee and the Risk Management Committee, we employ a risk management approach that meets international standards and takes into account a balance between growth and revenues. Given the nature of our sector, we face various financial, operational and legal risks, all of which we manage within the framework of corporate risk management with a holistic, systematic and proactive approach that utilizes risk assessments that are updated according to defined processes and disseminated throughout the organization. Integrating these practices into our corporate culture and implementing them across the organization is essential for the proper





We strive to prevent all kinds of bribery and corruption in order to comply with the operational principles of United Nations Global Compact.

Independent Board Member Şadan Kaptanoğlu Dikici, who was appointed per the Board of Directors resolution on March 25, 2019. The other member of the committee is Board Member Dr. Bülent Bulgurlu. The committee, which convened seven times in 2019, is responsible for evaluating the risk management processes at Aygaz, and the principles and data or risk reporting, analyzing the periodical risk reports, and submitting its opinions on the measures required for the issues, which are identified as noncompliant with the limits defined in the risk management process. The committee informs the Board of Directors about the reporting activities and its evaluations.

functioning of the company. With effective risk monitoring, we ensure that risks are prioritized according to the likelihood of occurrence and potential impact, and managed appropriately.

We inform the Board of Directors with internal reports, which are periodically prepared by the management and presented to the Risk Management Committee. Operational, legal and strategic risks are assessed by the relevant departments, and decisions made by the executive management are monitored by the Board of Directors through this committee. The Board of Directors also obtains information about corporate risk management activities conducted within the scope of strategic planning and management processes from executive management and the Risk Management Committee.

As a protective measure against any losses that may arise from operational or other risks, various insurance policies are taken out, including coverage for subsidiaries. All transferable risks are delegated to third parties through insurance policies.

Operational risks are monitored by the relevant organizational departments and reported to senior management at regular intervals. The changes in legislation are monitored by all the relevant departments, and particularly Legal Counsel; and we also carry out a number of activities to provide necessary information, training and compliance programs to ensure that legal risks are avoided.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been established to ensure compliance with Article 378 of the Turkish Commercial Code 6102 and the Capital Markets Board (CMB) Corporate Governance Communiqué and the effective functioning of the committees working under the Board of Directors by detecting the risks that could threaten the existence, development and continuity of the company in advance, implementing the measures to mitigate and manage such risks, and managing risks. The Committee is headed by the

INTERNAL CONTROLS AND INTERNAL AUDITS

The company has in place an effective Internal Control System to provide adequate assurance about the efficiency of our operations and compliance of the financial reporting system with applicable regulations. The Internal Control System at Aygaz encompasses all controls covering financial transactions, reporting, standard definitions found in work flows, job descriptions, the authorization and confirmation system, as well as policies and written procedures.

We were voluntarily listed for the second time on the Borsa Istanbul (BIST) Sustainability Index, which includes companies with excellent sustainability performance.

The Internal Control System is regularly evaluated and audited by the Internal Audit Department, which reports to the General Manager. The mission of the Internal Audit Department is to provide risk-based recommendations, forecasts and determinations with objective assurance, thus protecting and building on the organizational value. The Internal Audit Department conducts regular, effective audits to ensure the integrity, consistency, reliability and timeliness of financial information obtained from the accounting and financial reporting system. In 2019, the terminals, plants and distribution centers of Aygaz were periodically or sometimes out of necessity audited for their financial and operational status.

The Internal Audit Department analyzes the processes in accordance with the audit plan, reports the results of the audits conducted in the areas that are open to improvement or risky, as well as its reviews of the notifications and complaints submitted to the company through various channels to the senior management. The department also plans the actions to be taken for the reported issues and follows them through.

SUSTAINABILITY MANAGEMENT

Sustainability management enables us to manage our financial assets as well as our non-financial assets effectively. We view sustainability as an important tool in maintaining the relationship of trust we have established with our stakeholders and in protecting our company's reputation. Our approach to sustainability includes environmental, social and corporate governance, and enables us to build a strong corporate structure. With our effective and strong sustainability management, we were voluntarily listed for the second time on the Borsa Istanbul (BIST) Sustainability Index, which includes companies with excellent

sustainability performance. We have developed an active and comprehensive management approach with all departments taking responsibility, particularly executive management to ensure that sustainability is embraced throughout the company. The Integrated Management Policy, created by the Management in line with the sustainability strategy and goals, reflects the key principles of the company's sustainability management, which is an area where the Audit Committee, Risk Management Committee, Executive Committee, and Corporate Governance Committee all play an active role regarding the company's corporate governance. The Sustainability Working Group, which consists of the Corporate Communications Department,





the Finance Department, Quality Systems, HSE-S and Industry Relations Department and the Human Resources Department, is responsible for monitoring the sustainability-related activities. The Working Group reports the sustainability issues to the General Manager, who may escalate the matter to the Board of Directors when necessary. The sustainability strategy and goals are determined following the evaluation of the Board of Directors in conjunction with business processes.

You can find the Integrated Management System Policy on the Aygaz website.

EMPLOYEE OPINION

One of the key objectives of sustainability-related communication is to bring together different perspectives on a common ground, encourage stakeholder engagement and involve the stakeholders in the process of change. Reinforcing corporate sustainability with the support and participation of stakeholders is essential. Stakeholder communication plays a major role in ensuring that the corporate sustainability approach and projects are embraced by internal and external stakeholders, creating a sustainability-focused corporate culture, and achieving the set goals. In this sense, stakeholder engagement is a critical process that helps companies understand their environmental and social impact and recognize the risks and opportunities with respect to sustainability. Clear and accurate communication of how a company creates value for itself, for the community and for the environment, as well as the progress achieved in these areas is an attribute that bring that company to the forefront. Having this attribute enables stakeholders to trust the company and turns them into voluntary ambassadors. Transparent communication with its stakeholders and the partnerships established are two important factors that lie behind the fact that Aygaz is the industry leader, and regarded as a trusted brand by its stakeholders. Aygaz is recognized for its financial strength and the quality of its products and services, and seen as a brand that creates value for the society; these attributes demonstrate that Aygaz communicates with them accurately and that they also understand Aygaz as intended.

Fulya Kanbek
Aygaz / Corporate Communications Manager

RESPONSIBLE PRODUCTS EVERYWHERE FROM HOME TO THE ROADS



- **INNOVATION CULTURE**

- *R&D CENTER*

- *TECHNOLOGY AND DIGITALIZATION*

- *PRODUCT QUALITY AND SAFETY*

- **NEW AND INNOVATIVE PRODUCTS AND APPLICATIONS**

- **CUSTOMER FOCUS AND SATISFACTION**

- *COMMUNICATION WITH CUSTOMERS*

- *INFORMATION SECURITY*



We always aim to improve customer satisfaction and encourage loyalty by way of our products and services as well as our quality and safety enhancing efforts across our distribution network.

As the leader of the Turkish LPG market, we offer our customers the highest quality and safest products with a focus on customer satisfaction in all of our services. With a diverse product range and extensive dealer network in every city in Turkey, we touch the lives of countless people. We analyze the rapidly evolving customer expectations with our customer-focused approach, ensure information security, and continuously diversify and enhance our product and service range with the opportunities that new technological developments and digitalization offer. Our R&D activities and employee-driven innovation culture play a crucial role in this process. As the sector's leading company in Turkey, which is among the major LPG markets in Europe, our priority is to always provide the highest quality products and services. Product safety is also an essential part of our quality approach.

We reach consumers across Turkey through our dealers, who are part of our extensive distribution network, and aim to provide the highest quality and safety in our distribution operations. We also seek new business opportunities that can benefit from our extensive distribution network. We always aim to improve customer satisfaction and encourage loyalty by way of our products and services as well as our quality and safety enhancing efforts across our distribution network.





INNOVATION CULTURE

Our position as the sector leader means we are responsible for offering our customers better products and services and minimizing the potential negative impact that may result from our activities. This is why we implement the latest digitalization and technological advancements in our processes as we continue to develop ourselves through the transformational impact of R&D and innovation. Our innovation culture is built on in the creative ideas of our employees. 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. Therefore, we apply an Innovation Management Process to transform the ideas of our employees into viable projects. Innovation Management makes it possible for us to manage the whole process, from collecting ideas to implementing projects in a systematic way. We identified important areas of innovation for the future,

namely increasing services, digitalization, big data, artificial intelligence, growing the market and a sharing economy. A total of 980 project ideas were developed through intrapreneurship on the Aythink Idea Platform, which was launched in 2016. These ideas were transformed into business models by the project teams, who learned about the Lean Startup method. We tested and analyzed the new projects with our customers. In this scope, 21 of the 34 innovation projects that reached the final stage in the last two years received investment support to transition to the pilot stage. Introducing sustainability criteria for R&D processes in the future will make it possible for us to monitor the environmental and social impact of our activities in this field.

In the workshop organized with the participation of dealers, customers, university students and company employees, 64 business model ideas were reviewed, and new business models were designed. As part of our innovation culture, we created

EMPLOYEE OPINION

The Aythink Platform offers us an opportunity to exchange ideas that we would normally think about “who to tell” and proves that each idea can be important. Aythink is a sharing platform that fosters ideas, encourages expressing opinions and supporting other ideas, and provides an environment where impossible ideas can come to life and where we feel happy as more ideas come in. In a sense, it gives us a pause from the daily rush to stop and breathe, consider the past and think about the future, and talk with ourselves. Like the Aythink Platform, Design Thinking Workshops also provide a platform for about “creating ideas together”, a place where ideas pour in and are acknowledged as they are expressed, where they are discussed, applauded or abandoned, and in this respect they are much more fun, more colorful, more crowded, more exciting than working on a computer screen... As a matter of fact, the objective is the same, providing an environment to step out of daily routines, take a moment to look at our company, our business and ourselves from a different angle, and question what we do, what we can do, and what could be done over and over again. The aim is to stop the left hemisphere of the brain that controls the daily routines and let the right hemisphere, the creative side, do the talking for a while.

Rıdvan Uçar

Aygaz / Assistant General Manager – Marketing and Innovation



Aygaz R&D Center enhances our financial performance while helping us further improve customer satisfaction, environmental performance and provide more social benefits.

the Aklınla Bin Yaşa Project (Good Thinking) with our employees in order to provide a solution for one problem every month. This way, we encourage our employees to think outside the box. In addition, we also encourage the culture of working together in a new working environment called Arı Kovanı (BeeHive) which increases communication between departments for the solution of various problems faced by project teams. We conduct a survey every two years to measure the extent to which employees have internalized the of innovation culture. Thus, we aim to efficiently manage employee

engagement regarding innovation and to ensure the continuity of this culture. We engage in innovation not only with internal resources but also through external ventures. We contribute to the implementation of various projects through our collaboration. Thanks to our membership in the networks of angel investors, we evaluate different cooperation and investment opportunities with start-ups in the innovation eco-system.

R&D CENTER

We opened our R&D Center in 2018 with an investment of TL 2.5 million with the aim of driving our success further, expanding

the areas where LPG is used and enhancing its efficiency. With enormous effort, our R&D Center was officially established when our application to the Ministry of Industry and Technology for an R&D center was approved in October of 2018. By 2019, the R&D spending amounted to TL 11,706,523.

The R&D Center operates in our Gebze Plant with 237 square meters of office space and 535 square meters of laboratories and test lines, where 18 expert researchers work. In the R&D Center, we have set up an Engine and Fuel Technologies Laboratory, Chemicals Laboratory, Automation and Design Laboratory, Embedded System Laboratory, Manufacturing Laboratory, and Prototype and Test Lines. The center makes it possible for us to conduct various projects to develop new products fueled by LPG, increase the quality of LPG products, drive digitalization with smart products, increase efficiency with automation systems, and research alternative and clean energy resources. We believe that the R&D Center will help us blaze a trail with many new projects that will differentiate us in the sector and enhance our position in the European and world markets. Thanks to our innovation culture shaped by the contributions of our employees, Aygaz R&D Center will help us further improve customer satisfaction, environmental performance and provide more social benefits while driving continuous innovation. Introducing sustainability criteria for R&D processes in the future will make it possible for us to monitor the environmental and social impact of our activities in this field.

AYGAZ Mini

Aygaz Mini and Aygaz Mini Cooktop, a new product for the cylinder gas sector, were developed and introduced to the market by the Aygaz R&D Center and the Brand, Production and Purchasing Departments as part of the new product development efforts.



The development journey of Aygaz Mini in stages:

- *We identified customer expectations by conducting focus group exercises with consumers.*
- *We conducted tests and checks during the product development process.*
- *We prepared product samples in R&D Center laboratory.*
- *We completed the production of the prototype according to the approved design, and prepared for serial production.*
- *Following the first production lot, we received feedback from consumers through focus group exercises and field surveys.*
- *Based on the feedback, we revised and improved the design.*
- *And finally, we began selling Aygaz Mini and Aygaz Mini Cooktop through our dealers, and digital platforms such as the Aygaz mobile app and website.*

Aygaz Mini, which contains 2 kg of LPG, can be connected to kitchen stoves with only the regulator used in 12 kg household cylinders and no additional equipment. Aygaz Mini is Turkey's first and only cylinder that can be used anywhere with both kitchen stove connection and a special cooktop. Developed specifically for Aygaz Mini, the Aygaz Mini Cooktop features a perfectly fitting and highly safe design, a special wind-protected burner that can reach high heat, a practical lighter, and easy setup, becoming Turkey's first and only specially designed cylinder cooktop.

Research & Development efforts are ongoing to develop new versions of Aygaz Mini and Aygaz Mini Cooktop as well as innovative accessories and related products. We aim to follow this first step in the journey of Aygaz Mini with more products for the customers.



STAKEHOLDER OPINION

There are many factors that affect the way a company increases its revenues, grows and captures a bigger market share, and they involve human resources, market structure, customer expectations, financing and other elements. In the R&D activities, companies should consider the structure of the market, competitors and customer expectations among other factors. When the human resources and corporate culture are supported by R&D centers that create innovative and value-added products with highly qualified employees, the innovative products developed will allow the companies to grow. My opinion is that such collaborations enable the creation of economical, useful, ergonomic and innovative products to benefit Aygaz, and have a direct impact on the company's turnover and growth. The high tech lines developed at the R&D Center and the quality, reliable and user-friendly products made in these lines play an important role in the marketing and branding policy of Aygaz. I believe that such contributions will gain prominence in the coming years through international cooperation, and will even reach higher levels in determining the company's short-, medium- and long-term strategies.

Professor Hakan Serhad Soyhan, PhD
Sakarya University / Mechanical Engineering
Department

As part of industry-academy collaborations, the R&D Center works with universities and scientific organizations such as TÜBİTAK (The Scientific and Technological Research Council of Turkey), Koç University, Middle East Technical University, Istanbul Technical University, Yıldız Technical University, Istanbul University, Sakarya University and Kocaeli University.

TECHNOLOGY AND DIGITALIZATION

Technology and digitalization come with important risks and opportunities for the LPG sector, which is true for many other sectors. We view technology and digitalization as tools that help us respond to customer expectations in the fastest way possible. We are implementing digital transformation in all of our processes, while developing new products and services built on these advances. Our work in this field focuses on production,

ordering, distribution, and customer feedback. We are able to quickly monitor products and orders regardless of time and location thanks to digital applications, which helps us strengthen communication with our customers as well.

Engagement and two-way communication in our digitalization processes are very important to us. We updated our website in line with feedback we received from our stakeholders. We also updated the Aygaz Express (AES) app, which is the main channel through which online orders are submitted. Thanks to this smart phone app, our customers are able to take advantage of our services anytime and anywhere. As of 2019, the Aygaz mobile app had reached 93,287 members. We updated the aygaz.com.tr website for online orders of cylinder gas products, Pürsu and other products. The website makes it possible to compare various

products as well as track an order, so that we can provide services that meet customer needs. In 2019, aygaz.com.tr was visited by nearly 1.6 million people. We also offer our customers LPG-based products, such as barbecue grills, grass-cutting equipment and outdoor heaters through the keyiflibahce.com website. Our kayiflibahce.com site is used by 1,190 customers while the site online.aygaz.com.tr, where we sell cylinder gas, is used by 9,746 customers. As of 2019, 24% of Aygaz customers shop online. We also provide training on topics such as mobility, design thinking, data analysis and assessment, artificial intelligence and machine learning in order to facilitate digital transformation in the company, so that all of our employees can adapt to digital transformation.

PRODUCT QUALITY AND SAFETY

Constantly enhancing the quality of the products offered to the customers is our priority. Ensuring safety across the whole process, from production to distribution, from customer use to post-consumption, is also of utmost importance for us. The activities that we carry out in line with our Corporate Total Quality Management approach and Aygaz Integrated Management Systems Policy are conducted in coordination with Product Quality Department. All Aygaz employees are responsible for conducting their activities related to the environment, occupational health and safety, customer complaints, energy and information security, and particularly in quality processes, in accordance with this policy and the related regulations.

You can find the Aygaz Integrated Management Systems Policy on the Aygaz in Industry page of the Aygaz website.

We have risen to many significant international positions as a result of our efforts in the fields of product quality and safety. We have earned the title of Authorized Economic Operator, which is granted to companies with regular and continuous safety and security standards that also have their own registration system, meet customs requirements and control their own mechanisms.

We have CE and PI branding certificates, which ensure free circulation within the European Union. Furthermore, LPG cylinders are inspected at regular intervals in accordance with ADR and EN 1440, and we have internal inspection certification for periodic inspections at the Gebze Plant and all filling facilities. We also hold the Customer-friendly Brand and Customer-friendly Company certificate issued by the Turkish Standards Institute, which is valid within Turkey. Accordingly we produce all of our products in certified plants in compliance with international product safety and quality standards.

There are seven Aygaz Analysis Laboratories and three Tüpraş Laboratories, where the operations are coordinated by the Product Quality Department, and the quality of our products tested. We are able to monitor the results of analyses conducted on the same products through the Monthly Comparison Program, which we conduct together with Middle East Technical University's (METU) Petroleum Research Center (PAL), and we are constantly bettering ourselves by learning from possible disparities. We are also able to compare the performance of our laboratories across the country through METU PAL. Based on the results in this field, we outperform the average in Turkey. In accordance with

The activities that we carry out in line with our Corporate Total Quality Management approach and Aygaz Integrated Management Systems Policy are conducted in coordination with Product Quality Department.

AR GE
MERKEZİ



We regard it as our responsibility to continuously develop and implement new and innovative products and applications with the inspiration we draw from our customers, our innovation culture, R&D investments and global trends that impact our industry.

the LPG Sampling Plan, we test products which are selected randomly at the supply phase across the country. In addition, we also analyze randomly selected products from filling stations, and we conduct various tests on cylinder gas products at different stages in their life cycles. We put a safety label on the ones that have successfully passed the safety tests after the final checks. We also check random samples from the storage tanks in our plants. Products are shipped following final approval from the Product Quality Department. Products are checked once more before going out for distribution, and these control reports are regularly shared with customers.

In 2019, no inconsistencies regarding the health and safety impact of our products were found within the scope of legal and internal guidelines.

NEW AND INNOVATIVE PRODUCTS AND APPLICATIONS

As a natural output of the innovation culture at Aygaz and its R&D infrastructure, we develop innovative products and applications and we protect the leading products and services in our intellectual rights portfolio. Consequently, we have an increasing number of brands and patents which have been registered both in Turkey and internationally, or which are pending application. As of 2019 year-end, we hold 25 patents.

Our aim with innovative products is to create benefit for all of our stakeholders. In this regard, we touch the lives of our customers

in various fields, particularly with our clean energy supply, drinking water and cargo services. Thanks to the inspiration we draw from our customers, our innovation culture, R&D investments and the global trends impacting in the sector, we see it as our responsibility to consistently offer new and innovative products and applications. With this awareness, we made many innovations in 2019, and achieved progress in our current applications.

Aykargo: Aykargo is an idea developed on the Aythink platform, which is a actual implementation of intrapreneurship as part of innovation culture. The extensive Aygaz customer network made it possible for us to transform this into a business model that could resolve the problems of customers who receive distribution and delivery services, especially in the e-business sector. From its humble beginnings as a pilot project with three dealers in four districts, Aykargo currently provides services in 39 districts of Istanbul and is expected to expand to other provinces. To date, Aykargo has delivered nearly 100 thousand parcels on behalf of 11 corporate clients. As a result of our work with Aykargo, we won the Best In-House Startup Project Award in 2019 at the Corporate & Startup Day organized in cooperation with Özyeğin University, Entrepreneur Organizations Platform, Bizz Consulting, the Turkish Union of Chambers and Commodity Exchange (TOBB) and Capital Magazine.

Greenodor: One of the research projects carried out at the R&D

EMPLOYEE OPINION

Since the first day we entered the LPG sector, we maintain our position as a leader and a pioneer of innovation. We have always benefited from consumer opinions and aimed to exceed their expectations. All the product and service innovations we have introduced to the cylinder gas and autogas sectors have become industry benchmarks.

Gülem Kaya Özden
Aygaz / Brand Manager



Center is the Greenodor project, which is a first in the world. LPG is a colorless and odorless gas that is normally odorized with sulfur components so that leaks can be easily detected. We aim to minimize the use of sulfur in odorizing LPG through a patented project that happens to be a global first. A significant part of the work is completed, and the center has already registered the trademark in ten countries. It is now turning the fuel of the future into an important tool in the fight against climate change by eliminating the use of sulfur as an odorant in autogas and cylinder gas through the Greenodor project. At the end of 2017, we offered LPG products containing Greenodor to customers in pilot areas. After three months of field tests, we offered 180 tons of Greenodor autogas to nearly 20,000 customers.

Greenodor was used in the cylinder gas filling at the Yarımca Terminal in 2018 and 35,000 cylinders were filled in this test process. The results of all tests and pilot projects indicated that Greenodor is a suitable product for customer experience and

usability. We continued to lead the transition to eco-friendly odorant at Aygaz and worked on commercializing this as a trade product in 2019.

Patio Heater Rental Model: In line with our customer-focused approach, we designed the Patio Heater Rental Model based on insights from our customers. We launched the model which gives an option to rent the patio heater, branded “Palmiye”, on a daily basis. The rental module was also added to the Keyifli Bahçe website.

Chatbot: We transformed the chatbot design idea into a project which was birthed in a Design Thinking Workshop in 2017. This idea led to online ordering via Facebook Messenger. Today, online product orders are possible via chatbot on the Aygaz Tüpgaz Facebook page throughout Turkey.

CUSTOMER FOCUS AND SATISFACTION

Our customer network across Turkey is constantly expanding in direct correlation to the increasing diversity of our

EMPLOYEE OPINION

The Design Thinking Workshops taught me that our ideas and projects should be based on the needs and problems of our customers. After attending the workshop, I tried to consider the impact of each decision I make as part of my job, on the customer.

The Aythink platform makes it possible for the employees to give life to their ideas/dreams. In addition to offering an opportunity for the idea owners and those involved in the project to develop new value-added products and business models, it also enables the company to generate income from the product/business models that are implemented. Thanks to the Aythink platform, the idea for a shipping solution was systematically tested and implemented, and became an excellent example of how an idea can create added value when the suitable environment is provided and the team truly believes in the idea.

With the Intrapreneurship program, colleagues from all levels can get the entire company to consider their ideas. If it can go one step further, the idea of a colleague can become a new business area or a product for the company. This is an important opportunity for our colleagues to bring their ideas to life, and as a useful platform where new products and business models are developed, it also creates additional revenue for the company and strengthens employee loyalty.

Kadir Aslantaş

Aygaz / Innovation and Intellectual Property Rights Officer

products and services. As of 2019, we are providing services to 4.5 million cylinder gas customers, 3.4 million vehicles powered by autogas and 2,300 bulk gas clients.

We monitor customer satisfaction via customer satisfaction surveys, which we conduct regularly for different products segments. As part of the 2018 Cylinder Gas Customer Satisfaction Survey, we interviewed 5,173 domestic cylinder gas consumers in 51 cities. The results of the survey indicated that customer

satisfaction in the cylinder gas segment across the country was 78%, with 1 percentage point increase. Aygaz Tüpgaz remained at the same level as the previous year at 85%, which is above the sector average. For the autogas customer satisfaction survey, we interviewed 3,734 people in 25 cities. Aygaz Autogas maintained its leading position with 89 points, which is three points above the sector's loyalty index. Aygaz has held the top spot on this survey since 2003 in the cylinder gas and autogas sectors. In addition, we continued our

success by ranking first in both the cylinder gas and autogas segments three years in a row in Turkey Customer's Voice Loyalty Survey conducted by KalDer (Turkish Quality Association).

Aygaz Customer Complaints Management Declaration can be found on the website of Aygaz.

COMMUNICATION WITH CUSTOMERS

One way that we meet the expectations of our customers is by taking their feedbacks into account in our processes.



We use customer feedback in new product development and design processes.

Our aim is to ensure the highest level of customer satisfaction. We use customer feedback in product development and new product design processes. We use telephone, email, the company website, social media accounts and mobile apps to collect customer feedback. By assigning tickets in the system on the 24/7 hotline, we are able to resolve issues and respond to complaints more quickly. In addition, our callback system makes it possible for the support center to respond to our customers, further enhancing customer satisfaction. We also offer customers easy access by allowing them to submit feedback via WhatsApp.

We rigorously monitor all opinions and complaints that are sent to us through these communication channels. As part of the efficient management of complaints, we integrate international standards in our processes to further bolster our own internal policies. The ISO 10002 Customer Satisfaction Management certificate encompasses all of our products. In 2019, we received 27,071 complaints through all our channels. In May of 2019, we upgraded to the 2018 version of ISO 10002 standards.

We continue to provide trainings to our employees in both cylinder gas and autogas segments because our employees

communicate with consumers directly and play an important role in customer satisfaction.

In cylinder gas segment, we gave trainings to dealer employees and customers in Aygaz Training Truck. In autogas segment, trainings for station employees were organized in Aygaz Education Bus.

In both the cylinder gas and Autogas segments, we provided training to dealer employees and customers with the Aygaz Training Truck.

In 2019, we organized 169 training sessions attended by 1,593 people in 30 cities.

INFORMATION SECURITY

Customers increasingly use our products and services via digital platforms. The number of digital platforms we use to communicate with our customers is also increasing. Digitalization is a global trend, but poses digital risks and the threat of cyber-attacks. Therefore, data and information privacy and security is an increasingly important issue, so confidentiality and protection of customer information is a vital concern for us. We have integrated the internationally recognized ISO 27001 Information Security Management System into our processes to strengthen our own internal Information Security Policy to ensure the security of

all information. Regular audits are conducted in connection with this certification at our Head Office, the Gebze Plant and Ambarlı, Aliağa, Dört Yol, Samsun and Yarımca Terminals. Audits in other locations are conducted using the sampling method.

You can find the Aygaz Information Security Policy on the Industry page of the Aygaz website.

We secure customer information within the framework of the confidentiality agreements we sign with employees and third parties. We block unauthorized access to all information on the Koç System servers. We only allow employee access on a need to know basis and only to limited data. Dealers only have direct access to limited information. Through our Dealer Protocols, which are renewed every five years, we ensure the legal protection of dealer information. We have not received any complaints in 2019 regarding the confidentiality of customer information, violations or the loss of customer data.

SUSTAINABLE OPERATIONS



- **SUPPLY CHAIN MANAGEMENT**

- **QUALITY AND SAFETY IN DISTRIBUTION NETWORK**

- *LOGISTICS*



We manage our value chain in an integrated manner with the responsibility of our leading position in Turkey, and prioritize operational excellence and safety.

We monitor quality, ethical principles, social and environmental conditions across our value chain by prioritizing operational excellence and safety. Our operations at Aygaz encompass an extensive range from LPG sourcing to delivering products to the consumers and collecting them after use. Our responsibility as the leading company in Turkey and the increasing importance of the LPG market in Europe makes our value chain all the more important, so we manage it in an integrated fashion by prioritizing operational excellence and safety. Our products are easily accessible thanks to our extensive dealer and logistics networks across Turkey, and we aim to achieve the highest level of quality and safety in our distribution operations.

SUPPLY CHAIN MANAGEMENT

Supplying LPG, other services and goods constitutes the first link in our value chain. As the only integrated LPG company in Turkey, safety is one of our top supply chain priorities. Our Supplier Portal makes it possible to provide transparent, fast and accurate purchasing processes. We work with 1,097 suppliers, 45% of which are local. Other than LPG, all services and products are sourced locally. Our “Centralizing Supply Processes” project increases efficiency in the supply chain.





We select our suppliers according to many criteria including respect for human rights, working conditions, occupational health and safety, anti-corruption practices, the environment, and we monitor quality, ethical principles, social and environmental conditions across our value chain. In addition, we are committed to complying with the criteria of the United Nations Global Compact, of which we are a signatory. We do not procure products and services from suppliers that do not meet these criteria. We conducted audits in 246 suppliers in 2019. We also provided 1,210 person*hours of training on social issues, 1,032 person*hours of environmental training and 112 person*hours of training on ethics for our suppliers.

QUALITY AND SAFETY IN THE DISTRIBUTION NETWORK

We use the most advanced technological infrastructure in LPG distribution and the manufacture of LPG cylinders, tanks, valves and hoods. When developing our products, which are significant part of our customers' lives, we make sure they are user-friendly in every aspect from safety and ergonomics to efficiency and aesthetics.

Cylinder Tracking: The cylinder tracking system using QR code scanning was launched in 2015 and fully implemented at all plants and facilities in 2017. It allows us to track our products at every stage from production to distribution and to collection from the user. The project makes

~1,100
suppliers

We serve the consumers through nearly 2,400 cylinder gas dealers and more than 1,700 autogas stations across Turkey with our Aygaz and Mogaz brands.



transparent tracking for our products possible, and improves efficiency in terms of quality and logistics management. As a result, we are able to monitor our cylinders more effectively during their life cycles. To date, we have labelled 17.7 million cylinders with QR codes and logged more than 120 million cylinder movements in the cylinder gas sector. We have thus laid the foundations for big data in this field. We own the intellectual rights to this application and lead the sector in terms of transparency and efficiency as we will start issuing licenses to other players in the sector in the near future.

In our sustainability efforts, our priority is to be a prestigious company that has achieved high customer confidence and satisfaction, meeting international product and distribution safety

standards and offering groundbreaking solutions through innovation and digitalization.

Dealers: Our dealers play a critical role in our success and achieving high customer satisfaction levels throughout Turkey. We serve the consumer through nearly 2,400 cylinder gas dealers and more than 1,700 autogas stations across Turkey with our Aygaz and Mogaz brands. We require that all our dealers provide services that meet the highest standards and to comply fully with quality and safety requirements. Dealer trainings and our close relations with them ensure that we achieve the quality and customer satisfaction levels we target.

We engage in two-way communication based on mutual respect via our Dealer

Communication Line, dealer portal, campaigns, regional dealer meetings, and dealer visits. We assess complaints and suggestions we receive through one-on-one events with the dealers, visits and the dealer portal. Dealers are able to submit feedbacks related to any application as well as new products and services through the portal. These suggestions and complaints are collected and used to improve customer satisfaction levels, products and services. We also reward successful practices. We monitor satisfaction and the commitment levels of our dealers through dealer satisfaction surveys conducted via Koç Holding.

Thanks to the Cylinder Tracking Project that we initiated in 2015 and disseminated across Turkey in 2017, we are able to track cylinder



movements within the cycle of plant-dealer-customer via QR code scanning systems.

LOGISTICS

Safe transport of LPG is critical since it is an explosive and flammable substance. Operational excellence and safety are among our highest priorities. As the company with the largest LPG logistics operations in Turkey, we comply with the toughest standards in land and marine transportation of LPG from supply to distribution, without compromising quality and safety. Vehicle capacity, distribution routes and numbers are optimized through digital systems and data analytics based on the distribution and volume of our sales. We have the largest LPG road fleet in Turkey with nearly 200 autogas tankers. We use the Station Inventory Management

and Routing System when we supply LPG to more than 1,700 autogas stations. We ensure efficiency by creating accurate order requests and managing the distribution network with optimal routes, which reduces fuel consumption.

We operate in compliance with European Norms, the European Agreement concerning the International Carriage of Dangerous Goods by Road (AD) and Turkish Standards, and we take all appropriate security measures. In order to ensure fleet safety, we track our road transport fleet with the 24/7 Vehicle Tracking System and monitor speeds. We provide safe and economic driver training to our drivers.

In addition to overland transportations, we also conduct

marine transportation. We have three custom equipped, fully pressurized vessels in our fleet with a total load capacity of 28,800 m³ and a fleet age of 14. The fleet conducted 14% of the marine supply and transportation activities in 2019.

As is the case in every stage of our operations, high quality and safety standards in our storage areas are one of our top priorities. We have the largest LPG storage capacity in Turkey with five sea terminals equipped with state-of-the-art technologies that meet international standards and have a capacity of 178,400 m³. In addition, we have six filling stations, nine distribution centers, and one production facility that manufactures pressurized containers and accessories.

EMPLOYEES



- **EQUAL OPPORTUNITY AND DIVERSITY**

- **INTEGRATED TALENT AND CAREER MANAGEMENT**

- **EMPLOYEE LOYALTY AND EFFICIENCY AT WORK**

- **OCCUPATIONAL HEALTH AND SAFETY**



We work carefully and diligently based on the “right candidate for the right position” and “equality at work” principles to select highly competent employees, who will serve the company vision.

Guided by the words of our founder Vehbi Koç, “Our most valuable capital is our human resource,” we manage our competent and highly motivated employees with human resources policies and the principles of modernity, transparency and equality, and implement business processes based on the benefit of all stakeholders.

To attract competent employees to serve the company vision and to drive Aygaz forward with the Koç Group employer brand, we engage in promotional activities, and implement next generation selection and recruitment processes. We organize events at various universities and through communication channels to strengthen the employer brand and aim to introduce our constructive and pioneering corporate culture to young people, inform them about the sector and Koç Group, and to become a preferred employer for young talents.

The selection and placement processes we implement to attract qualified human resources to Aygaz include group interviews with representatives from different management levels, case studies, presentations, foreign language proficiency tests, numerical/verbal skill tests, personality inventories and reference checks. We select highly competent employees to serve the company vision, and base our careful selections on the “right candidate for the right position” and “equality at work” principles. These employees start their careers at Aygaz by going through an extensive, interactive and digital

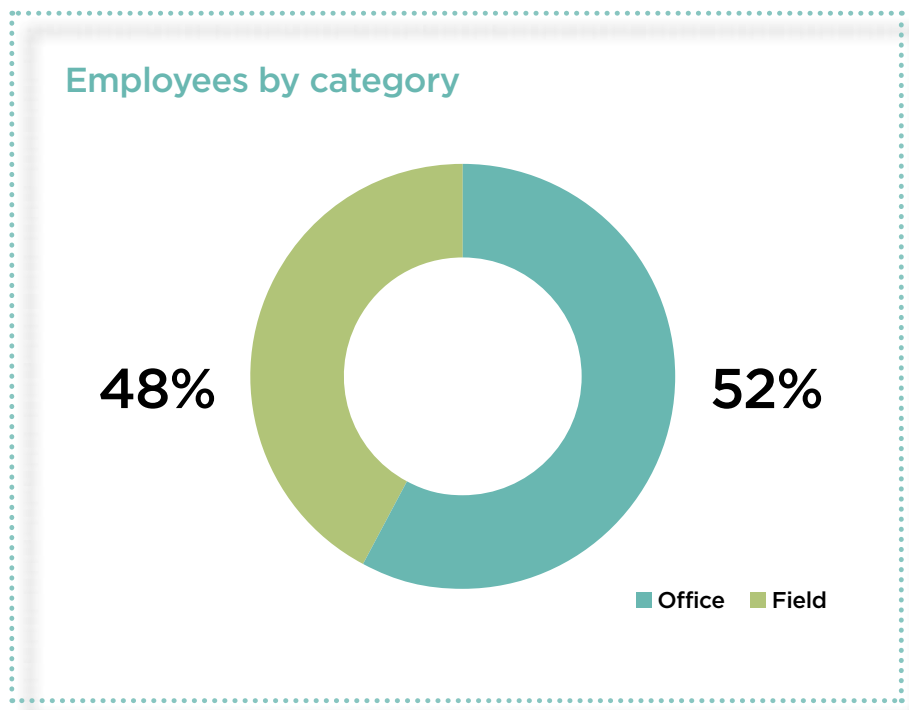


orientation program that includes introduction of the group, and visits to dealers, terminals and plants.

In 2019, our total employment was 1,316 on average, and consisted of 679 office employees and 637 field employees. Women make up 12% of our employees, and men 88%. The average age of our employees is 38.8, and the average time of tenure at the company is 9.3 years. 40% of all our employees hold undergraduate and graduate degrees. This ratio reaches 71% among office employees.

EQUAL OPPORTUNITY AND DIVERSITY

We believe that differences enrich our business culture, and we stand against any form of discrimination. We implement equal opportunity principles in all processes of performance management, compensation, education and the development of our employees. We have been a signatory of the United Nations Women's Empowerment Principles since 2016. Our goal is to empower women in social and economic life as well as in the workplace. We are committed to developing practices that are sensitive to gender equality, especially in LPG and energy sector. We started our work to support gender equality by raising awareness in our employees. We create distinction in the private sector with our Domestic Violence in the Workplace Policy. We provided training for our managers to raise awareness about domestic violence in cooperation with the Mor Çatı Foundation. The hotline which was created to prevent domestic violence in the workplace is still active.



Aiming to fulfil the commitments of Koç Group toward HeForShe, a global movement for gender equality, we at Aygaz doubled the rate of female employment to 40% in the last five years. We promote creating an environment conducive to allowing women to take more active roles in the energy sector, and accordingly, we increased the rate of female employment in the middle and senior management levels by 5% to 18% in the last five years.

TALENT AND CAREER MANAGEMENT

With the global investments we have made since 2018, the mobility of employees has gained priority in career management. Aiming to follow the rotation and mobility opportunities instantly and constantly, an objective also supported by Koç Holding's

career management vision, we shifted to a digital platform where the employees can express their career aspirations for the short or long term. With the annual Strategic Human Resources Planning Meetings that involve specific methodologies and senior management views, we create succession plans for the company's executive talent pool and all management positions in line with the future targets and strategies of Aygaz. We also offer special training and development opportunities to employees with potential to ensure that they are well prepared for the next position.

Mutual feedback and continuous improvement focus

We regard the continuous improvement of the human resource through mutual feedback as an organizational

We have been a signatory of the United Nations Women's Empowerment Principles since 2016.

priority, allocate resources for the personal development of our employees, and encourage them to make use of the opportunities. With the 360-Degree Competency Assessment System, we offer employees the opportunity to receive feedback from managers and colleagues in different levels and functions, to assess themselves, and to plan their personal development.

The Mentoring program that we implemented in line with Koç Group policies enables our employees to expand their horizons regarding their career and development plans. To date, 122 employees have benefited from this program, which allows the participants to give and receive advice based on mutual communication and development. With the Reverse Mentoring program, which was first launched in 2018, young employees mentor more senior managers from different functions and levels about issues such as expectations of younger generations, requirements of the new era and digitalization. In total, 62 employees benefited from the Reverse Mentoring program that we have been running for the last two years.

Recognition and reward processes that focus on competency and merit

Aygaz Recognition and Reward Program titled "Stars of Aygaz", which was renewed in 2018, is a rewarding system that focuses on recognizing and rewarding the employees for their exemplary behavior outside their job descriptions, selfless efforts, standout works in their current roles based on the principles of communication and equality, emphasizing competence and

merit. The nominees are evaluated in the following seven categories by nine different function committees at regular intervals: People-Focused Stars, Developing Stars, Transforming Stars, Value Adding Stars, Result-oriented Stars, Collaborative Stars, and Customer-focused Stars. In the last two years, 13% of Aygaz employees were recognized with the Stars Awards.

Performance management based on objective criteria

We adopt the principle of spreading the company targets across all employees starting from senior management as the basis of the performance management system, and aim to assess employee performance objectively. Accordingly, we reward the creation of sustainable value instead of short-term returns in the performance management system, and use a performance system based on objective and quantitative criteria. With the HR Master System developed in 2018, we built a system that allows the employees to set their targets on their mobile devices, manage the approval processes, and easily access them anytime, anywhere.

Training programs

Aygaz places continuous training and development at the core of the human resources system, and aims to expand the vision of employees and support their personal and technical developments as well as skills. The employees are able to plan their development based on the feedback they receive from their managers and colleagues through the competency assessment system, and also identify their development needs through manager-employee interviews

EMPLOYEE OPINION

We define talent management as an approach that involves attracting the talent that Aygaz needs to achieve its strategic goals, becoming a preferred employer, improving the performance existing employees with talent potential, and retaining the talent. We regard mentoring programs as an important tool for improving the performance of Aygaz employees because we believe that employees that benefit from mentoring achieve behavioral, cognitive, organizational, emotional, and relational development. In the long term, mentoring programs contribute to the organization's development and change goals.

Merve Terzi
Aygaz / Human Resources Officer

as part of the performance process, and create a short and long-term training and development plan. Aygaz offers training opportunities for the employees such as function-specific technical trainings as well as personal development programs. Improving the foreign language skills of the employees is among the top priorities. Accordingly, all employees who wish to improve their skills are offered online, in-class and one-to-one English language lessons. English Ninjas, a platform where employees can practice speaking with native speakers from all around the world, communicate with the instructors by voice or video, anytime and anywhere, via mobile or web, was introduced for this purpose. In 2019, 44 colleagues improved their English language skills on this platform. In addition to traditional classroom

training, we also offer leadership development programs, online training, reading materials, outdoor training activities and rotations through KoçAkademi. To ensure that the newly hired employees get to understand our corporate culture, they go through an orientation program that includes an introduction to Koç Group and Aygaz Group. The orientation program also includes training on occupational health and safety and environmental issues. The AygazLEAD program that we launched in 2016 based on Koç Group's management and leadership competencies includes different modular trainings for managers to improve their leadership skills. AygazLEAD is a modular leadership program designed for today's needs and strategies, and focuses on several current topics such as leadership skills, feedback,

situational leadership, innovation, coaching, and digital trends. The program also provides an opportunity to practice with simulations and individual work, which the participants can follow through after the training. Aygaz also encourages attending Koç Holding Leadership Programs, Koç University Executive MBA, Modular and Technical MBA programs.

All management-level employees have taken Applied Training on Drafting Agreements and Review Techniques, which includes agreement review techniques, main elements of agreements, determining penalty terms and agreement drafting techniques.

We introduced the "My Career Journey" program in 2016 with the aim of raising awareness about "personal leadership culture," helping people gain personal and system awareness with a holistic approach, strengthening the personal awareness of employees, ensuring that they create a future vision. On the other hand, in the "7 Habits of Highly Effective People" training designed for non-managerial office employees as part of Personal Development, each of the seven habits that make an individual more productive is addressed; in 2019, 280 employees attended this training, which aims to teach the participants how to be more effective in business, personal and social life.

In 2019, we delivered informative trainings on the planned revisions as part of the integrated management systems, and supported the existing internal auditors toward developing their skills. We also increased the



Key Human Resources Policies at Aygaz

- Equal opportunity for all
- Right person for the right job
- Equal pay for equal work
- Merit-based promotion
- Timely recognition and appreciation
- Sustainable and efficient work success
- Effective internal communication
- Sensitivity for the community

number of auditors. As part of the integrated management systems, with 51 internal auditors audited 78 business units, which were subjected to audits due to the revisions.

On the occasion of the Quality Day, we hosted an Aygaz Bizbize Quality Talks event with Gani Müjde to raise awareness of our employees about the topic.

In 2019, average training time per person was 39.7 person*hours.

Intrapreneurship

Aygaz employs many people with creative ideas and entrepreneurial potential. The spirit of intrapreneurship is very important to us as an innovative company. We use the Aythink platform to tap into this spirit and creativity.

For more on Aythink, please refer to the Responsible Products Everywhere from Home to the Roads section of this report.

EMPLOYEE LOYALTY AND EFFICIENCY AT WORK

Our goal is to build a workforce consisting of creative, competent and highly motivated employees, who are among the best in the industry, by blending international

approaches and major trends with human resources strategies, and to attain a pioneering and exemplary position in the business world. In order to maximize employee loyalty and satisfaction, as an essential requirement of ensuring high customer satisfaction, we evaluate the feedback from internal customers on an annual basis. For this purpose, we have been working with an independent research firm since 1996 to conduct the satisfaction and loyalty surveys. The results of these surveys are used to analyze our strengths and development areas, review business processes and human resources policies, create action plans and maintain loyalty. The 2019 survey results revealed a high level of satisfaction with 78.7 loyalty points.

Internal communication culture based on collaboration and solidarity

With the annual communication plan, we aim to build an internal communication culture that embraces employee expectations and the needs of the new generation. We also conduct an annual employee loyalty survey to review and update the communication plan with employee feedback to keep it relevant.

Activities carried out for this purpose include townhalls, region and facility visits, service award ceremonies, sports festivities, picnics, “BizBize” talks, and health month events.

OCCUPATIONAL HEALTH AND SAFETY

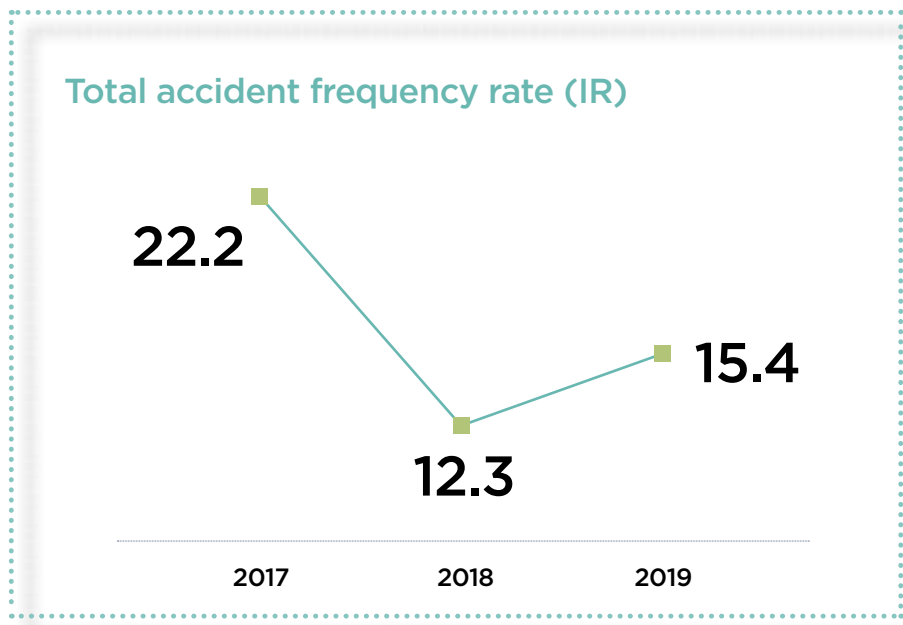
The LPG sector is prone to significant occupational health and safety risks. This is why occupational health and safety (OHS) is a top priority closely related to our business and the continuity of our operations.

The health and safety of our employees is among the most important issues at our company. Therefore, we manage OHS at the highest level both for our employees and our business partners. We provide training that raises awareness of OHS to our employees and contractors’ employees, and we take precautions to prevent any accidents that may harm our employees or our company in order to achieve our goal of Zero Work Accidents. The Quality System, HSES and Sectoral Relations Manager reports to the Deputy General Manager of Technical Issues and Investment, who is the highest ranking officer responsible for OHS. All of our 12 business locations, including the Head Office, the Gebze Plant and facilities hold the ISO 45001 Occupational Health and Safety Management System certificate, which is recognized as the international standard in OHS. We completed the upgrading process to the ISO 45001 Occupational Health and Safety standard in 2019 in accordance with other management systems initiated in 2018. We closely monitor and regularly report our performance

in order to ensure the best management for health and safety risks through OHS Boards at these locations.

The adoption of OHS within our corporate culture is key to our continual efforts to improve our OHS performance. Therefore, we have OHS boards at all of our facilities. These boards consist of employer representatives, occupational safety experts, workplace doctors, employees, employee representatives and union representatives at the same facilities, where they regularly assess OHS issues every month and prepare action plans. In addition, we organize periodic meetings in which we assess all OHS work and objectives with the participation of departments such as the Quality System, HSE and Sectoral Relations, Filling Stations, Investments and Facilities, Purchasing, Industrial Relations and Human Resources, Road Logistics and R&D departments.

Accident Research and Root Cause Analysis reports are prepared by the relevant teams with the participation of employees after any work accident that occurs in our facilities. We review the causes of the accident according to these reports and take measures. As part of our work to prevent accidents, we periodically conduct drills for fire, evacuation, rescue and chemical spills at our filling facilities and cylinder filling centers. We do not limit our approach to the prevention of OHS risks in drills and training. We also prepare Workplace Accident Information Brochures in order to raise awareness and prevent the reoccurrence of accidents. We organized the "Safety for All" competition with the employees and their families, and asked the children to take inspiration from the nature and paint a picture for



OHS. We presented painting sets to all the children that participated in the event and the top three received a bicycle, roller skates and sports equipment, respectively.

Our robust approach to OHS was developed for the purpose of providing a safe working environment at all times and preventing any kind of material harm to our company. There was no occupational disease reported by employees or contractor employees in 2019, and there were no work fatalities. Accident frequency rate was recorded as 15.41. We focused on the preventive role of OHS training, and we provided approximately 10 hours of training per employee. OHS training per employee increased by 23% compared to the previous year, and the rate of OHS training per employee as part of other trainings was 25%.

The OHS and Environmental Culture Survey, conducted in 2019 in coordination with Koç Holding, measured the cultural approach and obtained the opinions of office and field employees about OHS

and Environment using a nine-category question set. According to the survey results, the level of commitment based on target, safe space and recommendation was found to be very high, with 96% among office employees, and 90% among field employees.

Competencies of Aygaz Group

- Improving capabilities of oneself and colleagues
- Creativity and entrepreneurship
- Result oriented approach
- Improving collaborations
- Teamwork
- Roadmapping
- Customer oriented approach
- Managing and adapting to differences
- Communication

ENVIRONMENTAL RESPONSIBILITY



- **CLIMATE CHANGE AND ENERGY MANAGEMENT**

- *CLIMATE PERFORMANCE OF THE PRODUCTS*

- **WASTE AND WATER MANAGEMENT**

- **BIODIVERSITY**



We monitor environmental impact of all our operations and products while complying with applicable regulations and international standards.

Environmental responsibility is one of the main pillars of our sustainability approach. In today's world where environmental challenges such as resource scarcity and climate change are becoming more important, we have adopted the principle of identifying and minimizing the environmental impact of our products and activities. We monitor and improve the environmental impact of all our operations and products while complying with relevant regulations and international standards. In keeping with the goals and principles of the Koç Group, we manage environmental issues according to the Integrated Management Systems Policy and Aygaz Climate Change Strategy.

At 12 locations, including the Head Office, the Gebze Plant and filling facilities, we have implemented ISO 14001 Environmental Management System, and we have ISO 50001 Energy Management System at Gebze Plant and Yarımca Filling Facility. We completed the upgrading process to the revised ISO 50001:2018 Energy Management System standard in 2019. We run the environment and energy management system with a holistic approach together with the other management systems at the Gebze plant and across all the filling facilities under the umbrella of an integrated management system.

Environmental training is of critical importance to comply with management systems and raise awareness about environmental issues. The environment supervisors provide training at our facilities and



In 2019, we provided a total of 751.5 person*hours of training about the environment.



conduct monthly field visits and environmental reports. We identify areas of improvement based on these reports and take the appropriate action. In 2019, we provided a total of 751.5 person*hours of training about the environment. We did not receive environmental penalty in the last three years through effective environmental management.

We do not limit environmental awareness to our employees. Our goal is to disseminate this culture to the families and friends of our employees as well. We aim to raise environmental awareness through awareness programs and events, which extend to the families of employees, and by distributing quarterly environmental bulletins to employees. We donated 134 saplings through the TEMA Foundation for each auditor and meeting participant in order to reduce carbon emissions as part of the Meeting for Integrated Management Systems

Internal Audits and Management Review in 2019.

Aygaz Zero Waste Project was launched in early 2019 and continued with a variety of awareness raising activities throughout the year with the slogan “Earth in Our Hands”. We aimed to carry out these activities in different concepts in four quarters of the year. In the first quarter, we communicated the launch and announcements and highlighted the slogan “Earth in Our Hands” and we supported these activities with images and posters to raise awareness among the employees. In the second quarter, we focused on reducing paper consumption, and communicated announcements to encourage the reduction and prevention of consumption.

- As a result of the efforts to reduce paper consumption at the Head Office, paper cups are no longer available in the

EMPLOYEE OPINION

In addition to the ecofriendly fuel LPG being its main business, Aygaz also stands apart with its environmental and nature projects. The zero waste project that we promoted with the slogan “Earth in Our Hands” to raise environmental awareness was very effective across the company. With this project, Aygaz continues to reduce its impact on natural resources and decrease the amount of waste that may result from its operations, and once again proves itself as a company that respects the environment and nature by also involving its employees and their families in the process .

Zeynep Uyan

Aygaz / Quality System & HSES Specialist



- Aygaz Cafe, and porcelain plates and glass cups in use.
- In order to reduce the use of paper cups in the water dispensers, we distributed nearly 2,000 reusable glass bottles with the “Earth in Our Hands” logo to all Aygaz Group employees.
- “Earth in Our Hands” stickers were affixed to the printers, which are also encrypted now, to discourage unnecessary printouts.
- The number of printouts in Aygaz Group decreased by 32.4% year-on-year while the amount of paper purchased was down by 0.3% compared to the previous year.
- Waste bins on the floors of Aygaz Head Office were replaced. The paper-glass-plastic-metal waste boxes were replaced with waste boxes compliant with the Zero Waste Regulation to support waste management. The revised waste bins are designed to collect paper-glass-plastic-metal-organic waste separately.

In the third quarter, we aimed to reduce plastic consumption, and shared information on the global “Plastic-Free July” movement.

- In order to prevent the use of plastic bags, we distributed nearly 2,000 cloth bags with the “Earth in Our Hands” logo to all employees.
 - The plastic cutlery and Pürsu PET cups supplied in 2018, were not purchased in 2019.
- In the fourth quarter, we organized emailing campaigns to raise awareness about reducing water consumption and informative notes about not wasting water were placed in the lavatories.
- It was noted that water consumption at all Aygaz facilities and the Head Office decreased by 13.28% year-on-year while this decrease was 13.58% at the Head Office alone.

CLIMATE CHANGE AND ENERGY MANAGEMENT

Climate change is among the most important challenges of our time. Climate change causes extreme weather conditions, and changing climate conditions impact many sectors directly and indirectly.

We are aware of the impact that fossil fuels have on climate change, so we assess the risks and opportunities to our business and plan the necessary actions. We manage our operations based on our strategy and work towards

minimizing energy consumption and greenhouse gas emissions across our value chain while raising awareness with our stakeholders. We manage 12 locations in total, including the Head Office, Gebze Plant and filling facilities in an integrated manner with the ISO 14001 Environmental Management System and two facilities with the ISO 50001 Energy Management System.

You can find Climate Change Strategy on the Sustainability page which is under Social Responsibility section in our website.

We implemented energy monitoring software at the Gebze Plant to monitor our energy consumption more efficiently. This system will help us to monitor energy consumption points more accurately and reduce energy consumption. We reduce our emissions and energy consumption through projects which increase efficiency in our operations.

With ongoing efforts to reduce energy consumption and improve energy efficiency, we saved 990 GJ in electricity use and reduced CO₂ emissions by 215 tons in 2019. These efforts resulted in TL 275 thousand in monetary savings.



Efficiency Projects at Aygaz Facilities

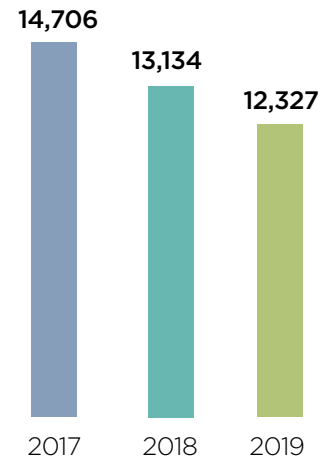
- 175,000 kWh per year saved by automating the air compressors at our Yarımca, Aliağa, Ambarlı Terminals and Işıkkent Filling Facility;
- 75,000 kWh per year saved with the revisions of the LPG transfer systems and additions of LPG pump drivers at Yarımca Terminal and Diyarbakır Filling Facility;
- 65,000 kWh per year saved with the LED conversions in the office and line lighting systems at Gebze Plant, Yarımca Terminal, Işıkkent and Safranbolu Facilities;
- 60,000 kWh of electricity and 13,000 tons of water saved by launching energy optimization in the cooling tower, and the automation of the cooling water lines (press, injection, welding machines) at Gebze Plant;

- 25,000 kWh saved with efficient pump deployment in the washing tunnel and compressor room at Gebze Plant; and
- 35,000 kWh saved as part of the other projects carried out at the Gebze Plant, including optimization of the compressed air installation in the valve plant, improvements in ventilation and cleaning of natural lighting.

Arinna Solar Energy Systems

Renewable energy is a key component in the fight against climate change. We aim to reduce our carbon emissions by using renewable energy. We have implemented the Arinna Project, which generates electricity through rooftop solar panels, and we installed the first solar energy system on the roof of the Gebze Plant Administration Building. With

Total Greenhouse Emissions (ton CO₂)





this power generation equipment that boasts of a total capacity of 75 kW and includes three different solar panel technologies (polycrystalline, monocrystalline and thin-film) each with a capacity of 25 kW, we aim to find the most ideal solution by comparing different panel technologies while generating electricity. This year, we generated 284 GJ of solar energy at the Gebze Plant.

CLIMATE PERFORMANCE OF OUR PRODUCTS

Another significant factor in climate change is generated not during production but when the products are used. Therefore, the product performance and reducing their impact on climate change are important issues. LPG contains less hydrocarbons than other fossil fuels, so it causes less carbon emissions and generates less solid particle (PM) and nitrogen oxide (NOx) emissions. According to the World LPG Association, the carbon footprint of LPG used for heating purposes

is 20% less than oil fuel and 50% less than coal. Similarly, autogas usage may create a 10-12% reduction in carbon emissions compared to petroleum.

GreenOdor

LPG is a colorless and odorless gas that is normally odorized with sulfur components so that it can be easily identified in the case of a leak. We launched a project for a sulfur-free odorant, which is a first in the world with the support of TÜBİTAK TEYDEB and Istanbul University's Technocity. We have completed the R&D, pilot, field and commercial usage phases of the project and obtained the patent for the product. Our goal is to enhance Aygaz's reputation and prevent 40 tons of sulfur emissions per year by launching the GreenOdor product, for which we have obtained international registration.

You can find detailed information in the New and Innovative Products and Applications section of this report.

WASTE AND WATER MANAGEMENT

Another environmental impact is water consumption and waste. We monitor our impact across the value chain as part of waste management. We reduce our waste at the source, recycle it and dispose of it in a safe manner when recycling is not possible. Our goal is to achieve zero waste to landfills with our Zero Waste Project launched in 2018, and we began with a campaign to raise awareness. We reduced waste by removing paper cups and plates while also showing employees to decrease their consumption of paper, plastic and water.

In water consumption, we aim to reuse as much water as possible and use it in the most efficient way. We have reduced our total water consumption by 17% through the projects we implemented over the last three years. We achieved this level of reduction first at the Gebze Plant thanks to our waste heat recovery project, which made

We have reduced our total water consumption by 17% through the projects we implemented over the last three years.

it possible for us to decommission the cooling tower, thus saving 13,000 tons of water in 2019.

Also in 2019, we reused the water consumed in bottle washing and hydrostatic test units, and we achieved a total savings of 186,834 m³ of water.

BIODIVERSITY

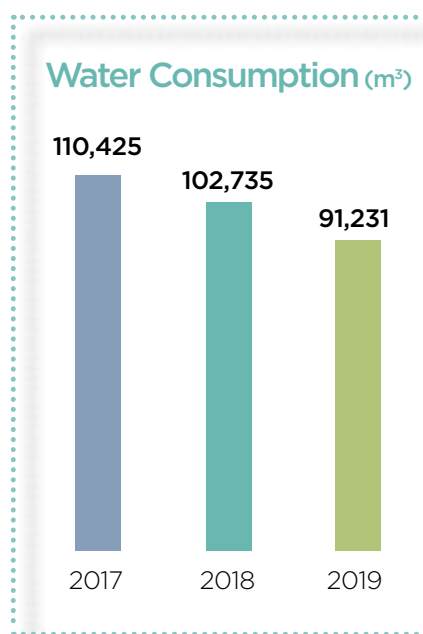
Biodiversity plays a critical role in the continuity of the ecosystem provided by nature. We assess the impacts and risks created by our operations with regard to biodiversity, and we manage these in line with the Biodiversity Policy, developed in cooperation with Koç Holding and the Nature Conservation Center. We have adopted a protective approach to ecosystems and all their different components, habitats, ecosystem services and all species.

In investment processes, we assess the 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 regulations and international agreements or in the Ramsar Convention's protection areas. No land or water resources are affected by our operations in terms of biodiversity.

In addition to the assessment of negative impacts on biodiversity, we also cooperate with different organizations to

protect biodiversity and support related projects. We have been supporting a number of projects conducted by the Mediterranean Conservation Society since 2015. We contributed 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 expanded over time, and the areas that were protected by banning fishing were transformed into the Marine Rangers Project. Significant progress was made by identifying these areas as international protection areas.

During the first half of 2019, we supported the Mediterranean Conservation Society project providing rapid assistance to stranded cetaceans (dolphins and whales). As part of this project, a systematic Stranding Communication Network has begun to be established with contributions from locals, fishermen, public institutions and NGOs on Aegean shores. The communication network is extremely important to ensure immediate notification of stranding incidents, timely assistance to the animal if it is still alive, and if not, research into why the stranded cetacean is dead. Our aim with this project is to contribute to the protection of existing populations of species.



SOCIAL RESPONSIBILITY



- **FOR MY COUNTRY**

- **CULTURE AND ARTS**

- **ENVIRONMENT**

- **HEALTHCARE**

- **SPORTS**

- **EDUCATION**



We invest in the future through projects in the fields of gender equality, history, culture and arts, environment, healthcare, sports and education.

We promote social development and invest in the future through a number of projects focused on gender equality, history, culture and arts, environment, healthcare, sports and education. We value the importance of supporting the regions and the communities in which we operate, and contribute to their environmental, social and cultural development through social responsibility projects.

FOR MY COUNTRY

We are actively participating in the For My Country project, which was launched in 2006 by the Koç Group in order to raise awareness of social responsibility among Koç Group companies, employees, dealers and suppliers. With a theme that changes every two years, we have conducted a number of projects since 2016 that fell under the theme "I Support Gender Equality for My Country."

First of all, we signed the Women's Empowerment Principles in 2016, which were created in partnership with the United Nations (UN) Global Compact and the UN Gender Equality and Women's Empowerment Department. Thus, we made an international declaration of our commitment to support women's empowerment in society, business and economic life. We published the Workplace Domestic Violence Policy for the purpose of raising awareness in the workplace to prevent violence against women.



According to relevant surveys, 75% of female employees are subjected to some kind of violence. With this policy, we aim to raise awareness about domestic violence among all our employees, to provide an egalitarian and safe work environment and to support all employees who are subjected to violence by advising them of the necessary steps to be taken. We cooperate with the Federation of Turkish Women Associations (TKDF) and the Mor Çatı Foundation. We continued to support the TKDF Domestic Violence hotline in 2019 as well.

You can find the Aygaz Workplace Domestic Violence Policy on the website.

CULTURE AND ARTS

Archaeological Excavations

We have contributed to the momentum driving archaeological excavations in Turkey. Since 2005, we have been supporting excavation work at the Sagalassos Ancient City, which is located in the foothills of the Taurus Mountains and dates back to 4200 BC.

Papers were written about the results of the excavations and combined everything learned since the 1990s. The restoration work carried out in the Upper Agora, which Aygaz has supported since 2017, was finalized. As of 2019, the work will focus on three main topics: holistic architectural documentation and conservation in line with the overarching goal, registration and analysis of architectural fragments, and digital data management. Another project that has been receiving our support since 2010



is the Excavation of the ancient City, Citadel and Tumulus of Van, which is being conducted in cooperation with the Ministry of Culture and Tourism, Directorate General of Cultural Assets and Museums and Istanbul University.

As part of the ongoing work on 95 hectares, a right footprint belonging to a human was found on a mudbrick in 2018 which dates back approximately 2,500 years. This footprint is thought to belong to the Late Iron Age/Post Urartu period. Another important discovery from this period was a group of graves where people

were buried in the hocker position. In addition, twelve glass bracelets were found on the arm of a skeleton that is thought to belong to an adult woman who lived in the Middle Ages and indicates how advanced the craft of glass working was at this time.

In 2019, the excavation work at the Van Castle Tumulus concentrated especially on the Middle Age, Post Urartu, Urartu, Early Iron Age and Bronze Age levels. During the excavations in the Ancient City and Castle of Van and Tumulus, The early and late Urartian structural levels were



documented, revealing a private building, with the front and back purposefully kept covered. Artifacts such as bulla, pot sherds with inscriptions, tablets, seals, jewelry pieces and pottery recovered from the various rooms and surroundings of the building indicate the quality of the structure. This example shows that there were public buildings and units connected to the citadel in the lower settlement of Tushpa.

Aygaz Library

We launched the Aygaz Library Project in 1996 to protect the history and cultural heritage of our country and to pass these on to future generations. We published 15 books including various studies in fields, such as culture, arts, history and archaeology. In 2018, we published the book entitled “Your Excellency’s Obedient Servant”, which consisted of hand-written letters from people who left their mark on history. Among the letters that were selected from Koç Holding’s Chairman of the

Board of Directors Ömer M. Koç’s collection, there are letters from important people in history, such as Grand Vizier Mustafa Reşid Pasha, the young Abdülhamid Efendi, Queen Victoria, Lord Kitchener, the author Pierre Loti, and the Caliph Abdülmecit Efendi. Other publications included “Dersaadet’s Photographers”, “Nemrut: The Mountain of Gods” and “The First Year of the 2nd Constitutional Era”.

In 2019, “The God-Kings by the Euphrates” (Fırat Kıyısında Tanrı Krallar), a book featuring several articles based on the new excavations and findings that reveal valuable insights into the Anatolian Civilizations and the Kingdom of Commagene that ruled the region to the west of the Euphrates, was added to the Aygaz Library.

History Of Ottoman Era Diplomacy

As part of The History of Ottoman Era Diplomacy project, we compiled information and



documents collected from Ottoman archives. With 12 books we published in 2019, the number of books in the collection reached 78.

Istanbul Theatre Festival Sponsorship

Aygaz has been a co-sponsor of the Istanbul Theater Festival, which presents various international plays to the Turkish audience, since 2004 to support the art of theater in Turkey. Our support continued in 2019 with the 23rd edition of the festival. In keeping with the tradition since the 21st edition of the Istanbul Theater Festival, Aygaz also sponsored a student project and introduced young people to the theater, leading young generations to see examples of modern theater.

ENVIRONMENT

Road to the Future

Road to the Future (Geleceğe Yol A1) is a platform established to bring up climate change and fuel preferences and raise people’s awareness on the issue. Consisting

of an interesting content written with a clear and coherent language, the platform has the goal to present the adverse impacts of today's habits on the environment, our health and sustainable economic growth.

You can reach the website of the project at <http://gelecegeyol.com>.

What Will the Weather Be Like Tomorrow?

We launched "What Will the Weather Be Like Tomorrow?" project in 2010 in cooperation with the Ministry of Environment and the Regional Environment Center (REC) in order to raise awareness about climate change. We are organizing the Climate Change Awareness Workshop in the Discovery Globe located in the Rahmi M. Koç Museum. 11,624 students from 285 schools participated in the training in 2019. In total, 96,955 students of 2,233 schools have participated in the workshop to date.

HEALTHCARE

Diabetic Children's Camp

We care about the health of society, which is why we have supported the Diabetic Children's Camp organized by the Association of Children and Adolescent Diabetics since 2004. The 27th camp took place at the DSI Iznik Social Facilities in August 2019, attended by 102 diabetic children. As one of Turkey's first health camps dedicated solely to children, the camp aims to teach diabetic children to become self-sufficient while having fun and making new friends. Having hosted 2,300 children and adolescents in 27 years, the Diabetic Children's Camp sets a great example for other health camps.

SPORTS

Since 2013, Aygaz with its Mogaz brand has sponsored the Beşiktaş Handball Team with the aim of contributing to the development of sports in Turkey. Starting in the

2019 season, the title sponsorship continues with the Aygaz brand. The Beşiktaş Mogaz Handball Team successfully represents Turkey in the European Handball Federation's (EHF) Championship League. In addition, we also sponsor the Fenerbahçe Sports Club's Professional Football A Team.

EDUCATION

We have been supporting the education of children and youth since 2001 through our cooperation with the Turkish Education Volunteers Foundation (TEGV). As part 2019 Firefly Learning Department Training Program, nearly 1,000 students were given education in writing code, which is considered the alphabet of the future.



COMMUNICATION WITH STAKEHOLDERS

Effective communication and cooperation with our stakeholders play an important role in our efforts to further our business success, particularly in terms of the material aspects, and conduct trail-blazing activities in our sector. We work to improve communication channels with our stakeholders, which we have already amplified through the stakeholder analysis conducted last year. Our future projects are guided by the concerned stakeholders' opinions, which we regularly collect in connection with our Sustainability Report. In accordance with our Disclosure Policy, we transparently share our performance, future expectations and strategies with our stakeholders in a timely, balanced and fair manner.

For further information on the principles we follow while sharing information with stakeholders, please see Disclosure Policy available in the Corporate Identity and Governance pages of the Investor Relations section on our website.

Stakeholder Groups	Communication Methods	Communication Frequency	Addressing Issues Raised by Stakeholders
Shareholders, Investors, Analysts	Investor conferences, face-to-face meetings at the Head Office, responding to information requests received by phone or email, teleconferences, analyst meetings, senior management meetings, Investor Relations page on the website, annual report, sustainability report, company presentations, profit announcement, disclosure announcements, material disclosure announcements	Simultaneous response to requests at least every quarter	
Business Partners and Dealers	Dealer Communication Hotline, satisfaction surveys, Aygaz Training Truck and Training Bus, joint projects, audits, dealer portals	Daily	<ul style="list-style-type: none"> Product quality and safety to be covered more widely in communications Sharing best practices regarding customer orientation- Making more extensive use of brand power Putting innovation at the center of the customer experience Focusing on competition under market conditions Adding new business channels and taking advantage of opportunities
Employees	Employee satisfaction and loyalty surveys and questionnaires, online idea collection platform, intranet, internal communication events, announcements, committee meetings, trade publications, suggestion systems	Daily	<ul style="list-style-type: none"> Sustaining the contribution to the development of social projects Increasing next generation approaches (flexible working hours, etc.) in human resources practices Boosting internal entrepreneurship activities even more Talent management and career planning Increasing the level of knowledge about R&D and innovation
Affiliates and Subsidiaries	Meetings, joint projects	On demand	
Public Institutions and Regulatory Authorities	One-on-one meetings, official visits, industry meetings	At least once a month	
Customers	Communication campaigns, advertisements, website, social media, Aygaz Mogaz Hotline, market and customer loyalty surveys, visits	Daily	
Media	Press releases and press conferences, interviews, reputation surveys, website, corporate publications	Weekly	<ul style="list-style-type: none"> Developing a corporate responsibility project that will reflect the power of the Aygaz brand and can be conducted for years to come
Non-governmental Organizations (NGOs) and Associations	Following industry agenda, social responsibility issues, joint projects, sponsorship and donations, reputation surveys, working committees and boards	Weekly	<ul style="list-style-type: none"> Continuing with work that is sensitive to environmental policy and the problems of the country and managing environmental issues in an integrated way with quality management Raising awareness among end consumers about energy efficiency
Labor Unions	Face-to-face evaluations, collective bargaining agreement, joint projects, General Assembly, open employer meetings	At least four times a year	
Suppliers	Supplier portal, audits	Daily	<ul style="list-style-type: none"> Conducting work to increase employment areas in operations across the country Strengthening equality, safety, occupational health implementations
International Organizations and Initiatives	Joint projects, conferences, seminars, corporate memberships	At least once a month	
Universities	Conferences, trainings, festivals	At least once a month	

MEMBERSHIPS AND PARTNERSHIPS

We are members of, or we partner with nearly 100 organizations and institutions in our stakeholder ecosystem, and we undertake joint projects and programs.

- Adana Chamber of Commerce
- Advertisers' Association
- Aegean Region Chamber of Industry
- Aerosol Industrialists Association
- Aliğa Chamber of Commerce
- Ankara Chamber of Commerce
- Ankara Chamber of Industry
- Antalya Chamber of Commerce and Industry
- Bay Area Chamber of Commerce
- Bay Area Petroleum Products and Industrialists Association
- British Chamber of Commerce Turkey (BCCT)
- Bursa Chamber of Commerce and Industry
- Business World and Sustainable Development Association (SKD)
- Chamber of Shipping
- Clean Sea Foundation - TURMEPA
- Corporate Communication Specialists Association
- Denizli Chamber of Commerce
- Diyarbakır Chamber of Commerce and Industry
- Dört Yol Chamber of Commerce and Industry
- Electronic Trade Businesses (ETİD)
- Erzurum Chamber of Commerce and Industry
- Eskişehir Chamber of Commerce
- Eskişehir Chamber of Industry
- European LPG Association (AEGPL)
- Foreign Economic Relations Board (DEİK)
- Foreign Trade Association of Turkey
- Gaziantep Chamber of Commerce
- Gaziantep Chamber of Industry
- Gebze Organized Industrial Zone
- International Chamber of Commerce (ICC)
- International DME Association
- Iskenderun Chamber of Commerce and Industry
- Isparta Chamber of Commerce and Industry
- Istanbul Chamber of Commerce (ITO)
- Istanbul Chamber of Industry (ISO)
- Istanbul Culture and Arts Foundation (IKSV)
- Istanbul Mineral and Metals Exporters Association
- İzmir Chamber of Commerce
- Kayseri Chamber of Commerce
- KEIRETSU-Angel Investors Network
- Kırıkkale Chamber of Commerce and Industry
- Kırıkkale Employment and Vocational Education Board
- Kocaeli Chamber of Industry
- Koç Group Executives Association
- Lüleburgaz Chamber of Commerce and Industry (LTSO)
- Mersin Chamber of Commerce and Industry
- Nazilli Chamber of Commerce
- Safranbolu Chamber of Commerce and Industry
- Samsun Chamber of Commerce and Industry
- Technology and License Managers Association
- The Turkish Industry and Business Association (TÜSİAD)
- Trabzon Chamber of Commerce and Industry
- Turkey Corporate Governance Association (TKYD)
- Turkey Liquefied Petroleum Gas Industrialists Association
- Turkey Metal Industrialists Union (MESS)
- Turkey Personnel Management Association (PERYÖN)
- Turkey Quality Association (KalDer)
- Turkish Employers Unions Confederation (TISK)
- Turkish Investor Relations Association
- Turkish Union of Chambers and Exchange Commodities (TOBB)
- Union of Chemical, Petroleum, Rubber and Plastic Industry Employers (KİPLAS)
- World Energy Council Turkish National Committee
- World LPG Association (WLPGA)

ENVIRONMENTAL PERFORMANCE INDICATORS

ENERGY CONSUMPTION (GJ)	2017	2018	2019
Direct energy consumption (fossil fuels, vehicle fuels etc.)	83,621	63,345	88,866
Purchased electricity	73,996	64,387	63,733
Solar power	-	284	260
Total energy consumption	157,618	128,016	152,859
Energy saving	6,541	3,852	990

GREENHOUSE GAS EMISSIONS (TONS OF CO ₂)	2017	2018	2019
Scope 1	4,814	4,429	4,064
Scope 2	9,891	8,705	8,263
Total	14,706	13,134	12,327
Greenhouse gas intensity (kg CO ₂ / tons)	6,5	6,7	6,58

* The production quantity is not the LPG tonnage that Aygaz sells directly to the end user, but the tonnage handled, or that affects the electricity consumption.

AIR EMISSIONS (KG/HOUR)	2017	2018	2019
NOx	1,94	1,72	3,67
SOx	0	0,07	1,25
Volatile Organic Compounds (VOC)	14,35	8,3	25,8

WATER CONSUMPTION (m ³)	2017	2018	2019
Groundwater	42,511	42,395	40,146
Surface water	35,777	35,957	32,304
Rainwater	5,280	3,600	250
Other (received through tankers)	26,857	20,783	18,531
Total water consumption	110,425	102,735	91,231
Recycled water	112,625	208,743	186,834
Waste water	56,956	48,131	37494

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES (TL)	2017	2018	2019
Investments and expenditures	5,224,181	2,828,470	5,633,397

WASTES (TONS)	2017	2018	2019
Recycled hazardous waste	586	495	588
Recycled non-hazardous waste	12,317	9,123	7,165
Disposed of hazardous waste	33	48	10
Disposed of non-hazardous waste	-	-	0.02

SOCIAL PERFORMANCE INDICATORS

NUMBER OF EMPLOYEES BY GENDER AND CATEGORY	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of office workers	118	483	123	469	122	467
Number of field workers	16	578	16	507	25	520
Total number of employees	1,195		1,115		1,134	
Total number of employees covered by collective bargaining agreements (unionized)	16	195	16	226	18	223

EMPLOYEES BY TYPE OF WORK	2017		2018		2019	
	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time
Number of employees	118	1,142	86	1,110	79	1,125

EMPLOYEES BY AGE	2017	2018	2019
>50 years old	48	61	64
31-49 years old	922	909	906
<30 years old	225	145	164

MID-LEVEL AND SENIOR MANAGERS BY GENDER	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Senior managers	1	9	1	7	1	7
Mid-level managers	14	48	13	60	11	60

EMPLOYEES TAKING PARENTAL LEAVE BY GENDER	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees on leave	6	0	9	0	7	0
Number of employees on leave	2	0	6	0	5	0

TRAINING	2017	2018	2019
Total training (hour)	45,695	42,920	42,950
Training per employee	38	39	38
Total OHS training (hours)	6,869	8,842	10,877
OHS training per employee	5.75	7.93	9.59

SOCIAL PERFORMANCE INDICATORS

TURNOVER OF EMPLOYEES BY GENDER	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees leaving the job	15	233	16	185	22	82
Number of employees hired	19	242	18	123	25	74

NUMBER OF EMPLOYEES SUBJECT TO PERFORMANCE EVALUATION PER CATEGORY	2017	2018	2019
	Office workers	576	566
Field workers	282	279	279
Total Number of Employees	858	845	839

EMPLOYEES' OHS PERFORMANCE	2017	2018	2019
	Number of incidents with death	0	0
Occupational disease rate (ODR)	0	0	0
Total accident frequency rate (IR) ¹	22,17	12,33	19,38
Lost day rate (LDR) ²	0.29	0.27	0.40

CONTRACTORS' OHS PERFORMANCE	2017	2018	2019
	Number of incidents with death	0	0
Occupational disease rate (ODR)	0	0	0
Total accident frequency rate (IR) ¹	39,97	31	12,48
Lost day rate (LDR) ²	0.62	0.24	0.04

¹ Total accident frequency rate (IR): Number of work injuries x 1,000,000 / Total person*hour

² Lost day rate (LDR): Lost day due to work-related injuries X 1,000 / Total person*hour

GRI CONTENT INDEX

As part of the Materiality Disclosures Service, GRI has observed that the GRI content index has been clearly presented, and that the disclosures with reference to descriptions from 102-40 to 102-49 are in alignment with the respective sections of the report. This service has been performed on the Turkish version of the report.



GRI Standard	Disclosure	References
GRI 101: FOUNDATION 2016		
General Disclosures		
GRI 102: General Indicators 2016	Organizational profile	
	102-1	6
	102-2	6-9
	102-3	https://www.aygaz.com.tr/en/corporate/head-offices-and-regional-directors
	102-4	6-9
	102-5	2019 Annual Report
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	102-10	None
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	102-49	There is no significant change
	102-50	1
	102-51	2019 Annual Report
	102-52	Annual reporting
	102-53	1
	102-54	1
	102-55	71-74
	102-56	No external assurance

GRI Standard	Disclosure	References
GRI 200 ECONOMIC STANDARDS SERIES		
Economic Performance		
GRI 201: Economic Performance 2016	201-1	10-11
Procurement Practices		
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GRI 400: SOCIAL STANDARD SERIES 2016		
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Labor/Management Relations		
GRI 103: Management Approach 2016	103-1	46-51
	103-2	46-51
	103-3	46-51
GRI 402: Labor/Management Relations 2016	402-1	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.
Occupational Health and Safety		
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	103-2	50, 51
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GRI 416: Customer Health and Safety 2016	416-1	Aygaz complies with all international and local legal regulations regarding the health and safety effects of all products manufactured within its operations.
	416-2	34

GRI Standard	Disclosure	References
Customer Privacy		
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