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## ABOUT THE REPORT

We are pleased to present the 10<sup>th</sup> edition of our annual Sustainability Report in which we share our sustainability management approach and activities. The report, which covers the period from January 1, 2014 to December 31, 2015, describes Aygaz's main business, the LPG operations, under the headings Corporate Governance, Sustainable Operations, Product Responsibility, Employee Satisfaction, Climate Change and Emission Management, Water and Waste Management, and Social Development. Here in this report, our subsidiaries have also been included within the scope of financial indicators. Further information on our subsidiaries is available at our website [www.aygaz.com.tr](http://www.aygaz.com.tr).

The report, prepared in accordance with the 'Core' option of Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines, also covers our performance with regard to the Communication on Progress of United Nations Global Compact. In order to reflect how our stakeholders perceive our sustainability performance, we have included their opinions in our report.

We disclose our sustainability performance in our annual reports as well as our biannual Sustainability Reports. We as Aygaz also contribute with our figures to Koç Holding's Corporate Social Responsibility Reports published annually and disclosed at [www.koc.com.tr](http://www.koc.com.tr).

In order to minimize its environmental impact, we print our report on recycled paper in limited number, and make it available for our stakeholders on our website. We believe that our stakeholders' feedback and suggestions play an important role in improving our sustainability performance. We welcome your feedback, suggestions, questions and comments, which you may communicate to us at [skrf@aygaz.com.tr](mailto:skrf@aygaz.com.tr) and **00 90 212 354 15 15**.

**AYGAZ**



The ten principles set forth in the United Nations Global Compact under the headings of working conditions, human rights, environment and anti-corruption also constitute the basis for the sustainability management understanding of Aygaz. At Aygaz, our sustainability management understanding is based on our intimate communication with our stakeholders, corporate governance, business ethics and social responsibility culture.

## 2

## Esteemed stakeholders,

We left behind a successful period, maintaining our leadership in the sector despite the uncertainty and volatility in financial markets. We continued to actively implement our sustainability understanding in the reporting period, which we have formed by abiding to the corporate values and principles of Koç Group, of which we are a subsidiary, and developed with our 55-year of experience, to create value for all our stakeholders. While advancing in light of our values, we never forgot that our customers are our priority. Since the day we were founded, our most important asset has been our qualified human resource and we have adopted compliance with superior business ethics and fair working principles as a norm. We aimed to generate resources for continuous development. We have always worked and we continue to work with the objective of becoming “the best” and “indispensable”.

We were established during the years when the industrialization efforts in our country had recently started and spirit stoves were still being used in kitchens. We filled LPG, a product that respects nature and the human, in cylinders for the first time. We have spread all across Turkey with our wide dealer network. We provided an opportunity for environmentally friendly and economic transportation with the high performance Aygaz Otogaz. We gained the trust of thousands of homes and hundreds of thousands of vehicle owners and we realized many firsts that make life easier. We made a point of improving our service quality with each passing day in order to preserve this trust that has carried Aygaz to leadership since the day it was founded. We have improved our service quality even further by involving developing technologies in our business processes. We have shared and continue to share with our people the power we

gained from these lands through social responsibility projects we carry out in every area concerning the society, such as environment, health, culture, family, women and children. With the most experienced staff of Turkey and our consideration of societal benefits, we have proved our success in all the services we provided with successive satisfaction awards we received nationally and internationally. Today, we export LPG and gas devices to nearly 40 countries as the first and only publicly traded LPG company of Turkey. We are the 13<sup>th</sup> largest industrial organization of Turkey with our filling facilities, marine terminals, LPG vessel fleet, and distribution centers.

The importance we attach to corporate governance is the assurance of the trust put in Aygaz. Since the year 2009, when we started being ranked, we have increased our score every year. In 2015, we succeeded in increasing our Corporate Governance Ranking score from 9.29 to 9.36.

In the reporting period, we increased our share and consolidated our position in the sector by creating competitive advantage in our markets of operation. We delivered our products and services to millions of people daily with our 3,908 cylinder gas and autogas dealers in 81 provinces. As a brand that directly touches the consumer, we are one of the most rooted and valuable energy companies not only in Koç Group, but also in Turkey. We succeeded in reflecting our consistent growth on our financial results in the period covering the year 2014 and 2015. We maintained our market leadership with our innovative approach.

As a Koç Group company, we have been fulfilling the requirements of the United Nations Global Compact since the year 2006. The ten principles set forth in the compact under the headings of working conditions, human rights, environment and anti-corruption also constitute the basis for the sustainability management understanding of Aygaz. At Aygaz, our sustainability management understanding is based on our intimate communication with our stakeholders, corporate governance, business ethics and social responsibility culture.

One of the most significant global problems of our age, climate change, is among our material issues in the area of sustainability. Even though our main field of activity is LPG, an energy source with low environmental impacts, we are investigating the risks of climate change on our company such as operational, legal, commercial and reputation, and we are working on appropriate measures. We believe that measures taken before risks turn into problems will make a more effective contribution to the solution and that it will be less

costly to eliminate the problems. As Aygaz, we are developing projects for the efficient use of energy and mitigation of carbon emissions in every stage of our operations. The amount of savings we achieved through our works devoted to reducing energy consumption and increasing energy efficiency was 1,889 GJ in the reporting period. In the same period, we have achieved a reduction of 318.95 ton CO<sub>2</sub> equivalent as a consequence of greenhouse gas emission mitigation projects.

We place utmost importance on water and waste management in order to create solutions for the depletion of water resources and the problem of pollution. We undertook various projects in order to achieve savings in use of natural resources. Thanks to these projects, we recycled 88.8% of the water we used in 2015.

As necessitated by our half century-old corporate culture, we focus on accurately perceiving the expectations of our stakeholders alongside of developing our products and services. We also place importance on measuring and managing our environmental and social impacts. We calculate our environmental and social impacts and we take into account the expectations of our stakeholders while achieving our financial targets. As Aygaz, we pioneer in social responsibility projects that protect the past and invest in the future; we believe that sharing the power we take from the people with the people is our duty as a corporate citizen. In this context, we lead many enduring projects in various areas, such as environment, culture, health, women and children. In the reporting period, we maintained our support for numerous social projects including the HeForShe movement started by the United Nations,

For My Country I Support Social Gender Equality project conducted all across Koç Group, and the 14<sup>th</sup> Istanbul Biennial.

As a consequence of our endeavors in the area of consumer satisfaction without concession, we were deemed worthy of the first place in the list of most preferred brands by consumers in the LPG sector published by Turkish Quality Association (KalDer) for three consecutive years and we were entitled to receive the Golden Statue. We have registered 5 patents with the investments we made in research and development.

I am glad to share with you our 10<sup>th</sup> Sustainability Report including the practices we undertook in line with our understanding of being a transparent and accountable institution and our performance results in the area of sustainability. I commit to improving our sustainability performance in the forthcoming reporting period; I extend my thanks to our employees, nongovernmental organizations, our customers, our suppliers, our business partners, and our stakeholders who have contributed to our success.

Sincerely,

**Gökhan Tezel**  
General Manager

# AYGAZ IN FIGURES

**4.1 million tons**

Annual consumption of the Turkish LPG market

**815,780 tons**

Turkish cylinder gas market volume

**3,093 tons**

Turkish autogas market

**343 thousand tons**

2015 Aygaz cylinder gas sales

**458 million TL**

International sales total

**777 thousand tons**

2015 Aygaz autogas sales

**930 million m<sup>3</sup>**

Aygaz total Natural Gas sales volume

**46%**

share in Turkish LPG imports

**1,394**

employees

**4.2 million**

Number of vehicles running on autogas in Turkey

**2 million tons**

Total LPG sales of Aygaz

**865 thousand tons**

2015 wholesale and international sales

**178 thousand m<sup>3</sup>**

Largest LPG storage capacity in Turkey

**2,129**

Cylinder gas dealers

**1,750**

Autogas stations

**156 million TL**

Investment expenditures cost

**33,800 m<sup>3</sup>**

Total LPG transportation capacity including Beykoz, Beylerbeyi, Kuleli, Kuzguncuk vessels

**35**

patents

**42.1**

Average training hours per employer in 2015

**9.36**

2015 Corporate Governance Rating Score

**16%**

Return on equity

**8.1 million pieces**

Pürsu annual carboy water sales

**3 billion TL**

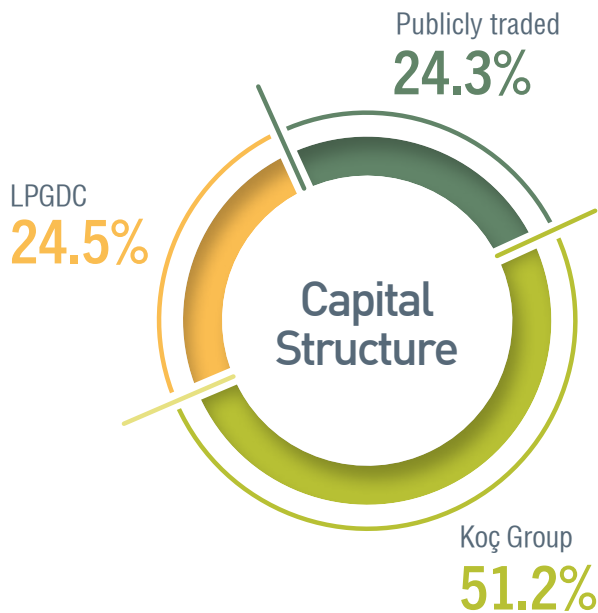
2015 yearend market value



6

As Turkey’s only integrated LPG company, Aygaz facilitates all processes including supply, storage, filling of LPG and production and sales of LPG devices.

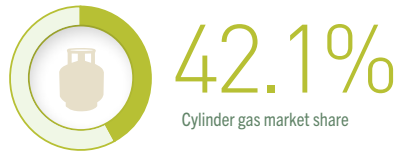
Koç Group started its activities in the energy sector with Aygaz in 1961. The generic brand of the LPG market, Aygaz has sustained its leadership in the sector for 55 years. The 13th largest industrial company of Turkey according to the 2015 ranking of Istanbul Chamber of Industry, Aygaz is the first and only publicly traded LPG company. It is ranked 25<sup>th</sup> in the Turkey Fortune 500 list.



Aygaz, whose main fields of activity include LPG distribution in the cylinder gas, autogas and bulk gas segments, as well as production and sales of LPG cylinders, tanks, valves and hoods, also carries out the production and sales of LPG devices and LPG transportation by sea and land. The objective of Aygaz is to increase its market share in all its segments of operation to maintain its leadership and to increase profitability. The strategic target of the company is to develop alternative projects that offer innovative solutions for energy need through primarily LPG and natural gas both in Turkey and in potential markets abroad.



## Market Shares 2015



Aygaz aims to develop alternative projects and innovative, eco-friendly energy solutions for customers in Turkey and abroad.

As Turkey's only integrated LPG company, Aygaz facilitates all processes including supply, storage, filling of LPG and production and sales of LPG devices. Having the most preferred brands of Turkey in cylinder gas and autogas, Aygaz by far is the leader in its sector.

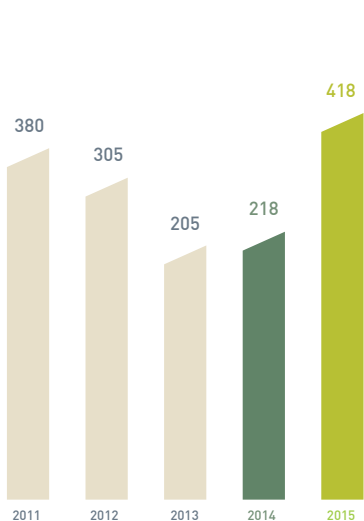
As of 2015, Aygaz maintains its leadership with its share of 29.2% in the market consisting of 83 companies licensed to distribute according to data from Energy Market Regulatory Authority (EPDK). Aygaz, which is leading in all three segments besides the total market,

has a market share of 42.1% in cylinder gas, 25.1% in autogas, and 40.9% in bulk gas.

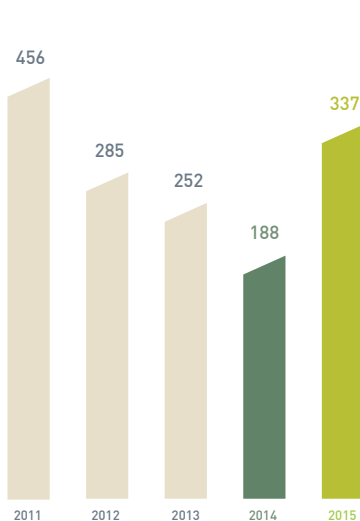
In 2015, the total domestic cylinder gas, bulk gas and autogas sales of Aygaz was 1,192 thousand tons. Together with wholesale, export and transit sales, this figure reached the highest level in its history with 2 million tons. Aygaz, which obtained a consolidated turnover of 6.4 billion TL as of 2015 yearend, realized 458 million TL worth of export and transit sales.



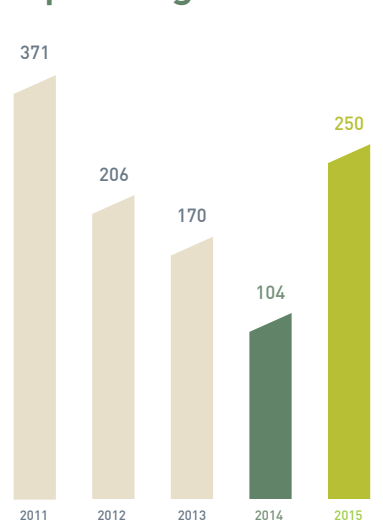
### Net Profit (TL M)



### EBITDA (TL M)



### Operating Profit (TL M)



## AFFILIATES



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Through its extensive distribution and service network, Aygaz supplies its products to 80,000 homes and over 1 million vehicles every day.

Aygaz realizes 46% of LPG imports in Turkey by itself. Closely following innovations in the world, Aygaz became the first company to bring shale gas sourced LPG from the US to Turkey.

According to the results of independent researches, Aygaz preserves its position as the brand with the highest customer satisfaction in the sector both in the cylinder gas and autogas segments.

The extended distribution network of Aygaz plays an important role in its service quality. As of 2015, the company delivers its products and services to every corner of Turkey through its 2,129 cylinder gas dealers and 1,750 autogas stations in 81 provinces, and meets the demands of its customers quickly and safely. Through its extensive distribution and service network, Aygaz cylinders are delivered to 80 thousand homes every day, while more than 1 million vehicles travel on Aygaz Otagaz.

## Turkish LPG market



CYLINDER GAS USERS

7.5 million



VEHICLES WITH AUTOGAS

4.2 million



BULK GAS CUSTOMERS

8,000



## Our Vision

Being the pioneering company providing energy solutions for Turkey and potential markets, primarily in LPG and natural gas.

## Our Mission

Offering the best product and service in every field of operation, primarily LPG, by respecting the society and environment and prioritizing high quality and safety standards with working principles in line with Koç Group values.

## Our Strategic Priorities

### **Preserving our leading position in the LPG market**

- By maintaining product diversity and innovative approach in autogas,
- Increasing market penetration through new autogas stations,
- Evaluating growth potentials in cylinder gas, particularly in rural settlements.

### **Developing and consolidating our current shareholding portfolio**

- By watching for new purchase, merger and investment opportunities domestically and abroad,
- Seizing highly profitable opportunities.

# SUSTAINABILITY MANAGEMENT



The image features a large blue sign with the word "AYGAZ" in white, bold, sans-serif capital letters. The sign is mounted on a tall, thin metal pole. In the foreground and middle ground, there are several tall palm trees with green fronds. The background shows a clear blue sky and some blurred structures, possibly a gas station or industrial site. A large, semi-transparent green diagonal shape covers the right side of the image, containing a list of items.

**AYGAZ**

- Corporate governance
- Ethical principles
- Internal audit and fight against corruption
- Risk management
- Material sustainability issues
- Communication with stakeholders
- Corporate memberships



Sustainability management is a process conducted under management's supervision, and is the responsibility of all Aygaz departments.

At Aygaz, corporate sustainability is a cornerstone of the integrated governance understanding encompassing all social, economic and environmental impacts. Practices in this area are conducted with policies integrated to this governance understanding. The framework of sustainability management is determined through strategies and objectives identified at the level of the Board of Directors. Aygaz conducts its activities with the principle of being a symbol of reliability, tenacity and prestige for its country, customers, dealers and industry, it determines the main framework of sustainability management in accordance with these principles.

Aygaz has built its management approach in the area of corporate sustainability on the principles of Koç Group, of which it is a subsidiary. The main reference of the sustainability management of Koç Group is the United Nations Global Compact, which was signed in 2006, alongside the corporate governance, business

ethics and social responsibility culture developed to this day. The 10 principles stated in this compact under the main headings of working conditions, human rights, environment and fight against corruption are also the main reference of Aygaz sustainability management understanding. Aygaz monitors and reports the performance it exhibits in the areas focused on by this compact, it concentrates on its constant improvement through the obtained feedbacks.

Sustainability management is a process conducted under management's supervision, and is the responsibility of all Aygaz departments. Compliance with ethical principles is the responsibility of all Aygaz value chain. Key sustainability performance indicators are among the performance evaluation criteria of all departments. Aygaz is part of the "Koç Group Sustainability Performance Evaluation and Reporting System" whereby the performances of Koç Group companies in social and environmental

issues are tracked. Through this structure, Group companies can share best practice examples in the field of sustainability. Aygaz is one of the few Turkish companies relating manager remuneration to the operational and financial performance of the company.

At Aygaz, sustainability management is a widely participated process shaped in light of ethical principles and reinforced by effective corporate governance and risk management practices.

### Corporate governance

Aygaz is aware of the benefits and importance of Corporate Governance Principles for companies, stakeholders and the entire capital market. In the globalizing world, compliance with international standards and creating sustainable stakeholder value are of great importance for providing funds from overseas markets and steady growth. In this context, corporate governance also contributes significantly to increasing the management quality of companies, reducing and better managing risks, enhancing reliability and prestige in financial and capital markets.

Aygaz shows the importance it attributes to corporate governance principles by receiving a corporate governance rating from an independent institution and continuing to be included in the Corporate Governance Index. The rating of Aygaz, which was 9.29 on July 1, 2014, was updated as 9.36 on July 1, 2015. Aygaz became one of the companies with the highest corporate governance rating in Turkey with its new corporate governance rating.

At Aygaz, the governance structure consists of a single level system involving a Board of Directors elected by the General Assembly. The Board of Directors, which consists of 9 members, includes a chairman, a vice chairman and three independent members. All members of the Board of Directors are responsible for the economic performance of the company. The

position of General Manager, which is at the head of executive organs, and that of the Chairman of Board of Directors are occupied by different individuals. The Board of Directors relies on several specialty committees to fulfill its tasks and responsibilities.

You can find detailed information regarding the corporate governance structure on the corporate website [www.aygaz.com.tr](http://www.aygaz.com.tr) and in Annual Reports.

### Ethical principles

As a subsidiary of Koç Group, the principles that Aygaz employees are responsible to comply with are Koç Group Common Values.

Aygaz does not employ child labor in accordance with the UN Convention on the Rights of the Child. Within the framework of the United Nations Human Rights Declaration, employees

are offered equal rights without discriminating on the basis of gender, race and religion. At Aygaz, forced labor is not tolerated under any conditions.

Aygaz does not provide material support to any political party, it manages its relations with government organs transparently.

In order to ensure the effective dissemination of the ethical values of Aygaz among all employees and their transfer to future generations, the "The Code of Ethics and the Principles of its Practice" was made into a booklet in 2011 and shared with all employees. Newly recruited employees are also informed regarding these principles.

An Ethical Conduct Board was structured to evaluate and prevent inappropriate situations regarding ethical principles and to ensure parallelism in practices.





The Ethical Board consists of the General Manager, relevant Assistant General Manager, Human Resources Director, and Legal Advisor.

### Internal audit and fight against corruption

The mission of the Internal Audit Department, which monitors corporate processes and analyzes issues deemed to be risky with a systematic, independent and objective approach, is to constitute an effective and permanent internal control structure within the company. The healthy functioning of internal control and internal audit at Aygaz is the responsibility of the Board of Directors. Works are conducted under the coordination of the General Manager, revised by committees formed by the Board of Directors and presented to the Board of Directors. Since it reports to the General Manager, the Internal Audit Department is not hierarchically related to the units being audited. Audit planning and audit execution is performed by the Internal Audit Department; in this way, the independence of the unit is ensured. The scope of work of the Internal Audit Department involves all financial,

operational, environmental, ethical and social business processes.

Furthermore, periodic audits are performed at Aygaz by Koç Holding Internal Audit Units and Independent Audit Institutions, reports prepared in result of these audits are presented to the Board of Directors.

In the reporting period, all the main business processes of Aygaz were audited at least once. Within the scope of Integrated Management Systems, the business processes of units are audited within the context of related management systems by internal auditors. For this purpose, employees who want to become internal auditor are provided with internal audit trainings within the scope of management systems standards.

Our stakeholders can place a complaint through Aygaz Call Center and The Dealer Portal from outside the company, and through the Internal Audit Department and Koç Holding Audit Group Notification Lines from inside the company without meeting any pressure or being disclosed, if they feel ethical principles have been violated.

### Risk management

Aygaz manages the financial and operational risks brought about by the sector it operates with an integrated, systematic and proactive approach within the scope of corporate risk management. The Board of Directors is informed through reports periodically presented to the Risk Management Committee. Operational, legal and strategic risks are evaluated by relevant units and the decisions taken by the Senior Management in this area are monitored by the Board of Directors through this committee. The Board of Directors is also informed regarding corporate risk management activities conducted within the context of strategic planning and management processes through the Senior Management and Risk Management Committee. Corporate Risk Management works are carried out by a team of several units, under the supervision of the Risk Management Committee formed by the Board of Directors.

You can access more detailed information regarding risk management in the relevant section of annual reports.



## Sustainability management work distribution at Aygaz

### Board of Directors

Responsible for determining the sustainability strategies of Aygaz and reviewing its performance.

### Audit Committee

Supervises the operation and effectivity of the accounting system, financial disclosures, independent audit and the internal control system of the partnership.

### Risk Management Committee

Responsible for the identification, evaluation, management, reporting of strategic, operational, financial, or other risks that might affect the company and to take them into consideration in decision mechanisms.

### Executive Committee

Responsible for closely following the company and its sector and for informing the Board of Directors when necessary, ensuring the coordination of the corporate administrative structure and the Board of Directors, developing strategies befitting the Company, and providing suggestions for the efficiency of operations.

### Corporate Governance Committee

Responsible for ensuring corporate governance principles are practiced, the justification in case they are not implemented, and conflicts of interest arising due to noncompliance with these principles; providing suggestions to the Board of Directors to improve corporate governance practices, as well as fulfilling the duties of the Nomination Committee and Remuneration Committee upon notice.

### General Manager

Responsible for auditing all sustainability performance and delegation of responsibility.

### Assistant General Manager, Finance

Manager of the units responsible for transparency in accounting and finance conditions, risk analyses, investor relations, corporate management, budget plan and control.

### Assistant General Manager, Technical Affairs and Investments

Manager of the units responsible for LPG filling and water facilities management processes, investment decisions, R&D activities, quality, environment, occupational health and safety, intellectual rights and NGO relations.

### Assistant General Manager, Sales

Manager of the units responsible for relations with sales regions where Aygaz sales take place, central units, dealers and customers, and for technical support provided to dealers and customers.

### Marketing Director

Director of the units in charge of responsible and sustainable marketing operations and communication, customer relations, affordability and accessibility of products and social investments.

### Supply Chain Director

Director of LPG supply chain units consisting of land and seaway logistics, LPG supply security, optimum stock and supply management, and international LPG sales.

### Production Director

Director of the units responsible for the production of pressure vessels and accessories according to relevant standards for domestic and international markets, as well as sales-transport and export operations.

### Information Technologies Manager

Director of the units responsible for business continuity and disaster recovery, Green IT, information security.

### Human Resources Manager

Director of the units responsible for human rights, career management, union relations, equality of opportunity, remuneration, vested benefits provided to employees, internal communication, work-life balance.

### Internal Audit Manager

Director of the units responsible for preventing the violation of human rights and ethical principles.

### Corporate Communication Manager

Director of the units responsible for sharing accurate, timely, and first-hand information about Aygaz with stakeholders and for social responsibility projects.

### Purchasing Manager

Director of the unit responsible for purchasing practices besides LPG supply operations.

### Legal Advisor

Director of the unit ensuring the legal compliance of operations.

**Material sustainability issues**

A workshop attended by the representatives of all departments was organized by the sustainability reporting team in 2011 to determine material issues within the context of sustainability management and evaluate their impacts on our stakeholders. Stakeholder feedbacks about the issues were evaluated by consulting with department representatives. The material sustainability issues of Aygaz were determined as the result of this study.

The reporting team has revised and evaluated the material issues with a survey study participated by Aygaz Managers for 2010-2011 and 2012-2013 sustainability reporting periods. In 2015, Aygaz has revised its sustainability priorities with the survey study conducted by Koç Holding to determine the sustainability priorities of companies within the Group.

The identified material issues constitute the content of the sustainability report of Aygaz. In the report, our managerial approach towards the issues, our policies, what we have accomplished, and our objectives are shared with our stakeholders.

**Communication with stakeholders**

As required by its understanding of constant, open and bidirectional communication with its stakeholders, Aygaz makes transparent disclosures regarding the company performance in line with the demands and suggestions conveyed. The sustainability report and corporate reputation surveys conducted through the agency of independent institutions with periodic intervals are the most effective communication tools serving this understanding.

Aygaz Corporate Reputation Survey aims at understanding the perception of Aygaz by stakeholders. Within the scope of the latest survey conducted in 2015, 1,815 people in 12 provinces were surveyed face-to-face, 265 dealers in 17 provinces were met face-to-face, 300 hourly wage employees were

**MATERIAL ISSUES IDENTIFIED BY DETERMINING AND EVALUATING SUSTAINABILITY PRIORITIES**

Product and service quality, environment/facility security, customer relations management, occupational health and safety, sustainability practices at dealers, developing innovative products

Developing environment friendly products, product safety briefings, offering equal opportunities to employees, career management, energy efficiency in production, social investments, work-life balance, sustainability practices in the supply chain, reducing water use

Combating against climate change, mitigation of greenhouse gas emissions, reducing impacts on biodiversity, waste reduction

surveyed, 483 monthly wage employees and 8 senior managers were surveyed online. A total of 72 face-to-face in-depth interviews were realized with journalists, nongovernmental organizations active in the areas of environment, culture and arts and in professional fields, students, finance experts, employees, public institutions, conversion specialists and dealers.

Survey results indicate that Aygaz has a strong positive perception before all its stakeholders. Aygaz is perceived as established, rooted, leading, high quality and reliable by the society. The trust placed in Aygaz also reveals itself in customer loyalty and satisfaction. While 9 out of every 10 Aygaz customers say they always buy Aygaz brand, 72% remarked that they were very satisfied with Aygaz. Research results indicate that the

corporate reputation of Aygaz is far above the sector average. Aygaz is a significant determinant of the sector reputation.

Aygaz provides support for nongovernmental organizations (NGOs) with objectives that correspond to its sustainability priorities and corporate targets. It contributes both to the constitution of regulations and to the development of the sector for ensuring the prevalent use of LPG by actively participating in various nongovernmental organizations. Aygaz employees also take active part in NGOs conducting social projects.

Aygaz carries out works on the LPG regulations in force together with Turkish Union of Chambers and Exchange Commodities (TOBB) Turkey LPG Council and Turkish LPG Association, contributing to the constitution and establishment of the ethical rules in the

sector. It conducts works relating to the Energy and Environment Regulations and the protection of intellectual and industrial property rights with its memberships to Istanbul Chamber of Industry (ISO) Environmental Management and Policies Board, Turkish Industry and Business Association (TUSIAD) Energy, Environment and Intellectual Rights Working Group.

Aygaz is also an active member of the World LPG Association and European LPG Association, comprised of international organizations and institutions in the LPG sector. With its activities in these organizations and its active participation in international organizations, Aygaz comes together with LPG organizations from around the world, closely follows developments in the sector, and works for

the popularization of LPG worldwide. Aygaz also carries out efficiency and quality works aimed at production together with the Union of Metal Industrialists of Turkey (MESS) in the metal business, of which it is a member.

You can find a list of our key stakeholders and stakeholder communication methods on the Stakeholder Communication Table on page 63.

## Corporate memberships

- Adana Chamber of Commerce
- Advertisers Association
- Aegean Region Chamber of Industry
- Aliağa Chamber of Commerce
- Ankara Chamber of Commerce
- Antalya Chamber of Commerce and Industry
- Association of Aerosol Industrialists
- Association of Investor Relations
- Bursa Chamber of Commerce and Industry
- Business World and Sustainable Development Association (SKD)
- Chamber of Maritime Trade
- Confederation of Employer Unions of Turkey
- Corporate Communicators Association
- Corporate Governance Association of Turkey
- Denizli Chamber of Commerce
- Diyarbakır Chamber of Commerce and Industry
- Dört Yol Chamber of Commerce and Industry
- Erzurum Chamber of Commerce and Industry
- Eskişehir Chamber of Commerce
- Eskişehir Chamber of Industry
- European LPG Association (AEGPL)
- Foreign Economic Relations Board
- Foreign Trade Association of Turkey
- Gaziantep Chamber of Commerce
- Gaziantep Chamber of Industry
- Gebze Organized Industrial Zone
- Gebze Organized Industrial Zone Industrialists' Association
- International Chamber of Commerce (ICC)
- Isparta Chamber of Commerce and Industry
- İskenderun Chamber of Commerce and Industry
- İstanbul Chamber of Commerce (İTO)
- İstanbul Chamber of Industry (İSO)
- İstanbul Foundation for Culture and Arts
- İstanbul Mineral and Metals Exporters' Association
- İzmir Chamber of Commerce
- Kayseri Chamber of Commerce
- Kırıkkale Board of Provincial Employment and Professional Training
- Kırıkkale Chamber of Commerce and Industry
- Kocaeli Chamber of Industry
- Körfez Chamber of Commerce
- Körfez Petroleum Products and Organized Industrial Region Association
- Liquid Petroleum Gas Industrialists Association of Turkey
- Lüleburgaz Chamber of Commerce and Industry
- Mersin Chamber of Commerce and Industry
- Nazilli Chamber of Commerce
- Personnel Management Association of Turkey
- Safranbolu Chamber of Commerce and Industry
- Samsun Chamber of Commerce and Industry
- Technology and License Managers Association
- Trabzon Chamber of Commerce and Industry
- Turkish Industry and Business Association
- Turkish Marine Environment Protection Association (Turmepa)
- Turkish Quality Association (KALDER)
- Turkish Standards Institute Mirror Committees
- Turkish Trade Association (TÜRKTRADE)
- Union of Chambers and Commodity Exchanges of Turkey
- Union of Chemical, Petroleum, Rubber and Plastic Industry Employers
- Union of Metal Industrialists of Turkey (MESS)
- World LPG Association (WLPGA)

# SUSTAINABLE OPERATIONS





- LPG supply security
- Aygaz facilities
- Storage and logistics
- Aygaz vessels
- Responsible purchasing
- Information technologies



Aygaz operations include LPG distribution in the cylinder gas, autogas, and bulk gas segments; the production of LPG cylinders, tanks, and valves; the production and sale of LPG devices.

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## Why is it important for Aygaz?

The primary responsibility of Aygaz is to maintain its operations at an optimum level without interruption. All the processes, from the supply of LPG to its safe delivery to consumer, to the briefings of consumers to providing technical support during product use, are conducted with a view to minimize environmental and safety impacts. For this purpose, Aygaz is responsible for carrying out its operations in collaboration with all its stakeholders and business partners, using the latest technology.

## How is it managed?

Aygaz takes responsibility in the process of carrying out sustainable operations in cooperation with all its units from its suppliers to dealers, to facility and vessel employees to freight operators and informatics teams ensuring data security and business continuity.

## LPG supply security

As the first company among distributors to engage in regular importation, Aygaz is leading in the international market in this area. Supply security in case of a crisis is increased by making long term purchases directly from producers. Aygaz has furthermore adopted a strategy of differentiating between cargo dimensions, thereby increasing source diversity and limiting the effects of any changes that may occur in any segment of the shipping market.

Being the only integrated LPG company of Turkey, Aygaz plays a strategic role in the energy sector with regard to LPG supply security. The only Turkish LPG company that makes purchases abroad with its own fleet for many years, Aygaz makes purchases from the highest volume suppliers of the world at quality standards exceeding European Standards.

Due to its geographical position, Turkey is located near many of the significant LPG and natural gas resources in the world. Aygaz is not 100% dependent on any region or country for supply. Benefiting from this advantage, Aygaz purchased

products from 15 suppliers in 10 different countries in 2014 and 14 suppliers in 8 different countries in 2015. Developments in all the countries where LPG resources are located, primarily those purchased from, are closely followed and contingency crisis plans are developed to ensure supply security in any situation that might negatively affect product flow. All plans are evaluated within the framework of safety, economy and strategy; the optimum plan for Aygaz is chosen and kept up-to-date. LPG is not supplied from countries that are subject to restrictions and/or under embargo by Turkey or international organizations. This process is managed by Aygaz Supply Chain Directorate.

### Aygaz facilities

Aygaz operations include LPG distribution in the cylinder gas, autogas, and bulk gas segments; the production of LPG cylinders, tanks, and valves; the production and sale of LPG devices. In this context, it has 5 import terminals, 5 filling facilities and 12 distribution centers, as well as a facility where pressure vessels and accessories are produced, operated with the most modern technology and in compliance with international standards. Having the largest LPG storage capacity of Turkey with a total of 178.4 thousand m<sup>3</sup>, Aygaz also has the largest LPG fleet of Turkey on land with over 200 autogas tankers and 1,750 autogas stations.

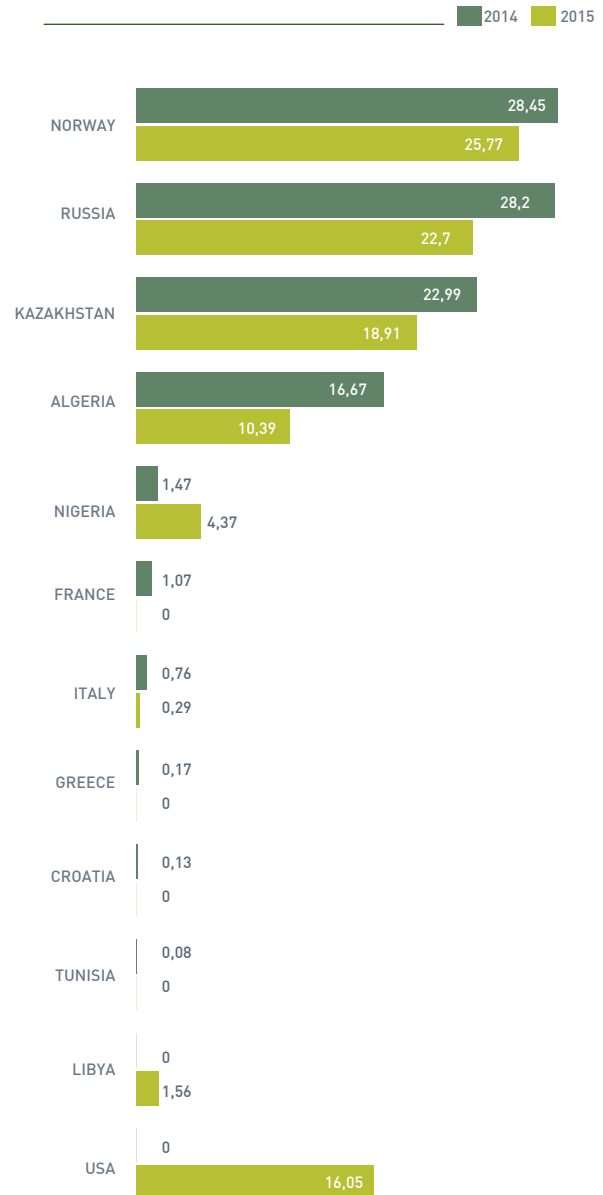
LPG stored at Aygaz facilities is automatically filled in cylinders and becomes ready for distribution following safety tests. Every Aygaz cylinder is subjected to "Valve Imperviousness" and "Overfilling and Gas Leak" inspections and delivered to consumers sealed with the "Cylinder Information Card" and "Hologram Lid" indicating that the product is fully filled and has passed all quality tests.

At Aygaz, quality, environment, occupational health and safety, energy, and customer satisfaction management systems are managed in integration. Aygaz locations have ISO 9001 Quality, ISO 140001 Environmental, OHSAS 18001 Occupational Health and Safety, ISO 50001 Energy, ISO 10002 Customer Satisfaction certifications, as well as CE and PI branding certificates, denoting free circulation in EU countries. The facilities have also been certified by relevant external audit institutions with the Customer Friendly Company and Customer Friendly Brand certificate of TSE, and their compliance with management systems standards is periodically evaluated and approved.

Aygaz manufactures products used in the domestic market, such as cylinders, valves, autogas tanks, bulk LPG tanks and hoods, at its Gebze Facility located in Gebze Organized Industrial Zone. Established on a total of 52 thousand m<sup>2</sup> of open space and 25 thousand m<sup>2</sup> of indoor area and equipped with advanced technology, Gebze Facility holds quality, environment, occupational health and safety and energy management systems certifications. The total number of cylinders manufactured for domestic and international use at

## LPG PROCUREMENT OF AYGAZ

IN THE REPORTING PERIOD (thousand tons)





For Aygaz, transportation safety is an essential component of logistics management.

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Gebze Facility since its establishment is over 65 million, while the number of valves manufactured nears 100 million.

### Storage and logistics

Accounting for 46% of LPG imports in Turkey as of 2015 yearend, Aygaz carries out the largest logistics operation of Turkey in the field of LPG. Aygaz, which has the largest capacity road tanker fleet of Turkey, has 133 tanker semitrailers, 155 truck tankers, 193 cylinder gas semitrailers and trucks of different sizes and 30 water transportation vehicles, as of 2015.

Reports are tracked on the basis of facilities and improvement works are conducted through the Last Point Impact practice, a system that depends on dealers giving larger orders and supplying the orders through regional grouping.

For Aygaz, transportation safety is one of the most important components of logistics management. The land transport fleet is monitored through the

24/7 Vehicle Tracking System and speed checks are implemented on the fleet in order to enhance fleet safety. All the necessary safety measures are taken within the context of Turkish Standards, European Norms and the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) to limit the damages that may be caused by LPG, a flammable and explosive material.

Aygaz undertakes the transportation of LPG, cylinder gas, tank and water products with 83 transportation companies, 511 vehicles and 659 drivers. The competences required for drivers are monitored; the awareness of drivers regarding occupational safety and economic driving is constantly raised through trainings.

Trainings provided to drivers aim at improving driving skills and involve briefings on relevant regulations, technical and safety rules, and corporate information. Drivers are provided

with trainings on non-skid stopping, preventing rollover, combating against insomnia and fatigue, night driving, economical driving, coping with stress in traffic and balanced nutrition. During the year, banners are put up about safety belt use, ensuring supply safety, insomnia and observing speed limits, night driving, and safe drive under winter conditions. In regions where road conditions are severe, road risk analyses and road inspections are carried out. Transportation personnel are provided around 5,000 man\*hour of training annually.

### Aygaz vessels

Having its own marine fleet creates a logistical competitive advantage for Aygaz. The fleet allows for independent movement in marine logistics, ensures superiority in procurement-supply chain and generates customer satisfaction by providing uninterrupted supply.

Aygaz undertakes its marine operations with its vessels administered by its subsidiary Anadoluhisarı Tankercilik



## LOCAL SUPPLIER RATE (%)



In 2015, Aygaz optimized its navigation security by switching to an electronic chart display system (ECDIS) for all fleet vessels.

since 1967. Aygaz, which has a fleet of four specially equipped and fully pressurized vessels, carried out 76% of its total marine transportation operations in 2015 with its own fleet.

The oldest and smallest vessel of the fleet, Kandilli, was sold in October 2014. Aygaz, which continues to focus its efforts on renewing its fleet, added the vessel Beykoz, bought in 2015, to its fleet increasing its total transportation capacity from 26,000 m<sup>3</sup> to 33,800 m<sup>3</sup>. With the addition of the new vessel, the average age of the fleet was reduced from 16 to 11.5.

In order to ensure security of navigation on Aygaz vessels, electronic navigation assistants are used in shifts. In 2015, Aygaz optimized its navigation security by switching to an electronic chart display system (ECDIS) for all fleet vessels.

Aygaz complies with the rules put into effect and constantly updated by the International Maritime Organization (IMO). Aygaz has also been fulfilling the requirements of "International Ship and Port Facility Security Code (ISPS Code)" against probable dangers in international waters in its fleet vessels and port facilities since 2004. All shipping processes are conducted in integration with the Quality Safety Management System (ISM Code), ISO 9001.

Anadoluhisari Tankercilik A.Ş., which holds safety (ISM Code), security (ISPS

Code) and environmental (ISO 14001) management system certificates, has obtained OHSAS 18001:2007 Certificate in 2015 and signed a collective labor agreement with the Seafarer's Union of Turkey involving all shipmen.

Fleet vessels are subject to Ship Inspection Report Programme (SIRE) inspections conducted within the scope of Oil Companies International Marine Forum (OCIMF). All the rules of the International Convention for the Prevention of Pollution from Ships (MARPOL) are followed on the vessels to ensure environmental safety. All the requirements of the "International Convention for the Safety of Life at Sea (SOLAS)" are successfully fulfilled on all fleet vessels to ensure the occupational safety and security of shipmen.

The fact that no accidents or injuries have happened on fleet vessels to this day is a consequence of the importance attributed to this issue by employees and shipmen and the trainings organized by Aygaz.

### Responsible purchasing

At Aygaz, all purchasing operations are conducted through a system called Electronic Purchasing System (ESAS). Hence, transparent, fast and accurate purchasing strategies was enabled, the core supply chain for Aygaz Group was made traceable in the most detailed manner.

## Stakeholder Opinion



### Mustafa Metin

Betek-Filli Boya  
Industrial Paints Sales Director

#### How long have you been working with Aygaz?

We have been working with Aygaz as paint supplier since 2014. We provide paint supply services at Aygaz production facilities.

#### What are the business standards that Aygaz expects from you?

Aygaz expects tender specifications and adherence to quality standards. The compliance of products with standards is inspected through product analyses, certificates and material safety information forms included with product shipments.

#### How does Aygaz contribute to your business manner?

The contribution of Aygaz to our improvement in terms of sustainable product quality and defect-free production is undeniable. We have also carried out a research & development activity by implementing a joint project with Aygaz aimed at fulfilling demands for brighter and more resistant paint at overseas tenders.

#### How frequently do you get together with Aygaz officials? Are you satisfied with your communication frequency and methods?

We get together with Aygaz Purchasing Group in two-month periods and with the technical team in weekly periods. We also keep our communication channels open by way of phone calls.

#### How do you see the position of Aygaz in the industry?

In terms of cylinder production business for which we supply products, Aygaz is one of the numbered large companies producing in Turkey. It is the leader of its sector.

All purchasing agreements between Aygaz and its suppliers include language regarding occupational safety, employee health, and environmental matters.



As of 2015 yearend, Aygaz is directly working with 458 suppliers. For purchases besides LPG, local supply is prioritized. The local manufacturing and supply of products and services procured from abroad are also encouraged, works are conducted for this purpose together with suppliers. In this way, the product range and accumulation of suppliers are increased in many fields, regional development is supported.

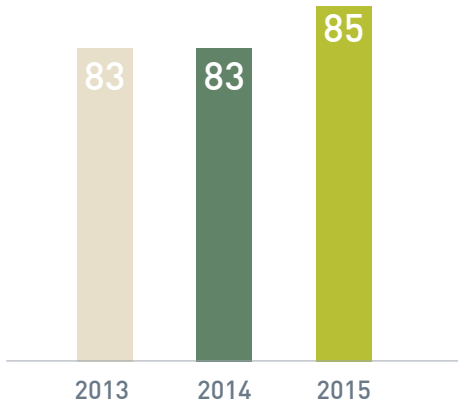
Aygaz adheres meticulously to the UN Global Compact, of which the Koç Group is a signatory. As a requirement of this joint liability, suppliers are expected to comply with laws and regulations and with the principles of business ethics related to matters of child labor, working conditions, and anti-corruption. The Purchasing Department continues to work on the Commitment of Compliance with Global Principles and the Rules of Business Ethics to ensure that these principles are adopted and implemented by suppliers as well.

In 2013, suppliers were invited to a self-evaluation in terms of compliance with Global Compact principles, to which 22 suppliers have responded. In 2015, declarations of commitment to "Global Compact and the Business Ethics" were received from these suppliers. In 2016, this practice will be disseminated to all suppliers.

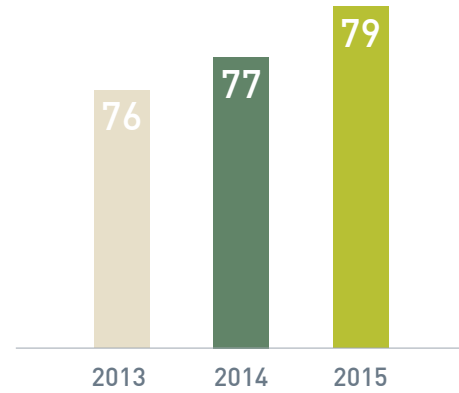
All purchasing agreements between Aygaz and its suppliers include language regarding occupational safety, employee health, and environmental matters. A Non-Disclosure Agreement is appended to the agreements in compliance with Occupational Safety Specification and ISO:27001 Information Security Standard. In 2015, Non-Disclosure Agreements were signed with the most cooperated 67 suppliers.

In the reporting period, the pilot for supplier portal was initiated. Supplier selection criteria were formed in parallel with Koç Holding Joint Purchasing Supplier selection criteria. The criteria

**AUTOGAS DEALER SATISFACTION (%)**



**CYLINDER GAS DEALER SATISFACTION (%)**



involve issues such as principles of the Global Compact, providing a healthy and safe working environment for employees, and dedication to tax liabilities. These criteria were determined as the precondition of working with suppliers. Safety forms are provided for materials requested from suppliers delivering chemical materials.

As part of the scrap works managed by the Purchasing Department, environmental, occupational health and safety criteria are prioritized. The minimal consumption of global resources is declared as the primary criterion for material selection to suppliers. Internal customer trainings also serve to raise awareness on this issue.

**Aygaz dealers**

The effective and prevalent dealer structure of Aygaz, peculiar to Turkey, plays an important role in its sectoral success. Aygaz perceives its dealers as its primary and long-term business partners and manages its relations in this framework. As of 2015 yearend, Aygaz has nearly 4,000 dealers, of which 2,129 cylinder gas and 1,750 autogas dealers, serving with Aygaz, Mogaz and Lipetgaz brands across Turkey.

Aygaz identifies the development of the dealers it cooperates with as a business

objective. In this regard, communication with dealers is ensured through mini regional or large national dealer meetings organized at specific periods, dealer visits, dealer portal, Aygaz Dealer Call Center, and circulars regarding campaigns and practices.

Dealers can share their complaints and suggestions during visits and through the dealer portal. Dealer opinions and feedbacks regarding new products, new services, advertisements and other works are gathered through the portal, steps are then taken to improve dealer satisfaction. Aygaz strives to develop new products in line with the suggestions and demands of its dealers and rewards its dealers with various practices in order to improve dealer motivation.

Child labor or forced labor are not tolerated at Aygaz dealers. Dealers are required to comply with corporate code of conduct, safety and service standards set by Aygaz. Field managers regularly visit Aygaz dealers to audit them within the context of all safety and quality related standards.

Aygaz aims to disseminate its corporate culture and vision among dealer employees and to further enhance its service quality through trained and

informed personnel. The trainings provided to Aygaz, Mogaz and Lipetgaz dealer employees by Aygaz Training Truck, a practice adopted only by Aygaz in the sector, that travel around Turkey every year were effectively maintained in the reporting period. Aygaz Training Truck provided training to a total of nearly 3,000 pump attendants in all the provinces of Turkey in 2014, and to 380 conversion specialists, members of Aygaz Conversion Specialists Club, in 2015.

The service excellence and safety training received by cylinder gas dealer employees and service attendants involves the issues of quality of service, products, technical information and safety. Whereas for dealer employees, trainings under the headings of Aygaz and its practices, what is LPG and LPG accidents, customer satisfaction, behavior, and eloquence are organized as Superior Service training.

In 2015, in a total of 116 trainings organized for cylinder gas dealers, service quality and safety trainings were provided to 1,395 people. As part of 168 customer trainings conducted in parallel with these trainings, 2,555 people were informed about safe cylinder gas use.



Aygaz maintains a high level of dealer satisfaction and loyalty by supporting product development and diversification efforts, offering value-added services, and emphasizing continuous, sustainable communication activities.

### Dealer satisfaction and engagement surveys

Dealer satisfaction and engagement surveys are being conducted since 2003 through the agency of independent survey companies determined by Koç Holding.

In 2015, satisfaction and engagement surveys were conducted for cylinder gas and autogas dealers, the two main product segments. In result of the survey conducted in the cylinder gas segment by interviewing dealers of Aygaz, Mogaz and Lipetgaz brands selected from every province of Turkey, dealer satisfaction score was realized as 78.8 points with a 1.5-point increase as against the previous year. With this score, dealer satisfaction and engagement have peaked since the beginning of the survey.

In result of the survey conducted in the autogas segment by interviewing dealers of Aygaz, Mogaz and Lipetgaz brands selected from every province of Turkey, dealer satisfaction score was realized as 85 points with a 2-point increase as

against the previous year. This score, together with the previous year, is the highest since the beginning of the dealer satisfaction and engagement survey.

Aygaz maintains a high level of dealer satisfaction and loyalty by supporting product development and diversification efforts, offering value-added services, and emphasizing continuous, sustainable communication activities. Aygaz continues its constant support for its dealers to offer the best service to customers with the technological infrastructure, service and training opportunities it provides.

### Information technologies

At Aygaz, effective information systems ensure data security and business continuity. Koç Group Information Technologies Standards are implemented in information technologies process management; Information Technologies audits are conducted by Koç Holding and external audit companies regularly every year. The content of these inspections were formed



on the basis of Koç Group Information Technologies Standards, Control Objectives for Information and Related Technology (COBIT) and ISO Standards.

Data security is very crucial for Aygaz. In this regard, a directorate responsible for internal audit and quality was formed under the Information Technologies Department. Server and data resources on location are centrally backed up in Istanbul. 75% of the servers are virtual. Safety policies are implemented on mobile devices. Tools, such as safety wall, attack prevention system, network access control and antivirus, are used to ensure the security of information communication systems. All customer data sharing with solution partners is carried out with a "Non-Disclosure Agreement and Commitment", thereby legally securing the information security of customers.

Risk management and business continuity plans are always kept up to date. Business continuity plans are sent to locations in different regions, authorized personnel have been trained

about the course of action to be taken in case of a disaster. These scenarios are tried every two years and their feasibility is checked. At Aygaz, all current new systems are constituted on the virtual server architecture or cloud computing. All data that can impact business continuity is regularly recorded at the Disaster Recovery Center in Ankara.

Aygaz Express System database, where customer information and transaction data are collected and processed, is protected by security protocols. To access the system, OTP device and SSL VPN use is required and this requirement is also signed on by dealers with the protocol that is an integral part of Aygaz Dealership Contract. Dealers that use the system are only allowed access to the information of their own registered customers.

Within the context of green information systems practices, switches have a stand-by feature aimed at energy efficiency. Screen dimming and system stand-by features are activated on user computers to ensure energy savings.

## Stakeholder Opinion



### Osman Koç

Antalya Kepez Sütçüler  
Koçlar Petrol

#### How did you decide to work with Aygaz?

I have been an Aygaz dealer for 16 years. Being the industry leader and a reliable brand, Aygaz has always been our first and only choice.

#### What are the business standards that Aygaz expects from you? Which issues do these standards involve?

First of all, occupational health and safety, customer satisfaction and appropriating Aygaz brand values and reflecting this on sales.

#### How frequently do you meet with Aygaz teams? How do you convey your demands and suggestions to Aygaz? Are you satisfied with your communication with Aygaz?

We can reach Aygaz anytime we want 24/7. We are very satisfied with our Regional Directorate and Customer Services.

#### How does Aygaz contribute to your business manner?

Very crucially. They support us both in terms of sales assistance and regional and national advertisements, as well as various campaigns. We are very satisfied with this support.

#### How do you evaluate the position of Aygaz in the sector?

We have always been proud of Aygaz being a pioneering brand at all times. We are proud to be a part of Aygaz family.

**PRODUCT**

**RESPONSIBILITY**





- Product quality
- Product safety
- Customer satisfaction
- Research & development activities



Aygaz increases consumer confidence in LPG by bringing exceptionally safe products to the market.

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### Why is it important for Aygaz?

As the leading company of its sector, Aygaz has a product responsibility understanding that extends to all LPG users, not only its own consumers. For Aygaz, it is extremely important that products and services are delivered to customers in high quality and safe manner.

### How is it managed?

At Aygaz, product responsibility is managed in cooperation with Logistics, Product Quality, Marketing and Purchasing Departments. The pricing of Aygaz products is a transparent process realized under the supervision of the Energy Market Regulatory Authority.

### Product quality

Product quality process at Aygaz involves all business units and is coordinated by the Product Quality Management with quality standards well beyond the legal minimum. Thanks to the LPG Quality Assurance System, Aygaz monitors and controls the quality of its products through procurement, storage, and shipment stages. Aygaz has been serving customers in accordance with the European Autogas Quality Standard EN 589 since it came into effect in Turkey.

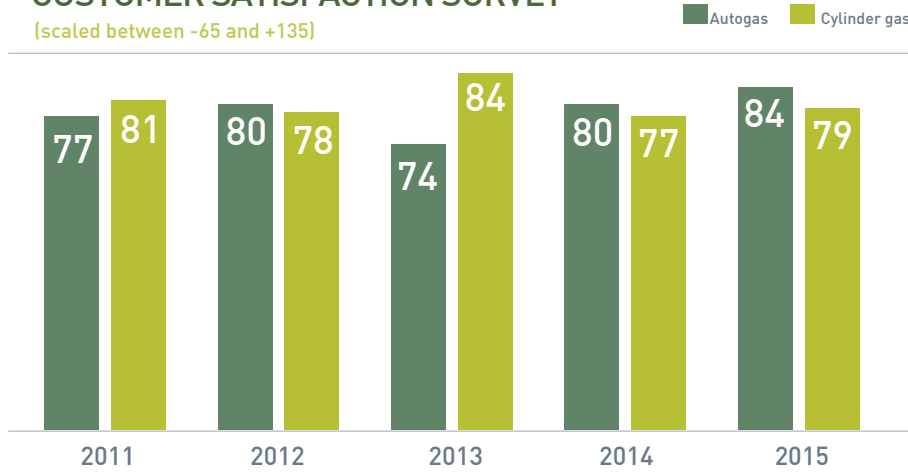
Aygaz performs sample analysis in supply and distribution processes to ensure product quality. Samples taken from LPG distribution are measured at Aygaz Ambarlı, Yarımca, Samsun, Dört Yol and Aliağa LPG analysis laboratories and at Middle Eastern Technical University (METU) Petrol Research Laboratory (PRL).

In 2015, 8,516 samples were analyzed at Aygaz LPG Analysis Laboratories, all of which were determined to conform with Turkish Standards Institute (TSE) standards. The LPG quality control



## CUSTOMER SATISFACTION SURVEY

(scaled between -65 and +135)



truck used for the LPG sampling has covered a distance of 126,000 km in 2015, ensuring the countrywide practice of the sampling.

Aygaz participated in Turkey Fuel Laboratories Benchmarking Program (LABKAR), a project to perform the benchmarking of LPG analysis laboratories in Turkey coordinated by METU PRL. At Aygaz LPG analysis laboratories, 371 autogas station samples were collected in total during 2015; all of them found to comply with TS EN 589+A1 standard.

Besides regular sample analyses, samples are also taken from stations in response to customer complaints in order to determine if the complaints are related to product quality. During the reporting period,

no customer complaint was found to be related to product quality.

### Product safety

LPG is perceived as a hazardous product by stakeholders. Leading in its sector for many years, Aygaz increases consumer confidence in LPG by bringing exceptionally safe products to the market.

Cylinders are subjected to safety tests at Aygaz facilities before being delivered to consumers' homes, they are installed by experienced and expert Aygaz Service Personnel after safety checks and consumer briefings. Each Aygaz cylinder is delivered to the consumer after going through valve imperviousness, overfilling and gas leak inspections, and being sealed with the cylinder information card

and hologram lid indicating that the product is fully filled and being opened for the first time. Aygaz products are manufactured at facilities holding ISO 9001 Quality, ISO 14001 Environment, OHSAS 18001 Occupational Health and Safety certifications; they are also CE and PI certified, denoting free circulation in EU countries. The Blue Information Card available with all Aygaz household type cylinders conveys important information regarding the safe and correct use of cylinders to customers.

As part of customer briefing activities, "Fuel of the Future: LPG" content was moved under the heading "Geleceğe Yol Al" (Travel to the Future) and the website [www.gelecegeyolal.com](http://www.gelecegeyolal.com) including informative content was published,





Customers can easily access Aygaz whenever they wish. Whether it's via the Aygaz Call Center, the corporate website, SMS, email, or in-person communication, they get answers to their questions.

in 2014. In 2015, [www.otogazla.com](http://www.otogazla.com) was published, including all the information about LPG that may be needed by both autogas users and potential users and bringing together conversion specialists who convert vehicles to LPG and consumers who want to convert their vehicles. All Aygaz Conversion Specialists Club activities were gathered at this hub.

Established to raise the safety standards of autogas conversion, Aygaz Conversion Specialists Club provides information to customers on all issues related to safe and high quality autogas conversion, it encourages conversion and maintenance operations to be carried out adhering to TSE standards. In 2015, 380 conversion specialists, members of Aygaz Conversion Specialists Club, were provided with training.

At Aygaz, the technical support offered to autogas stations, bulk gas customers and industrial cylinder

**Aygaz Call Center in numbers**

	2014	2015
Number of people calling Aygaz Call Center	185,558	159,856
Monthly average of the number of people calling Aygaz Call Center	15,463	13,210
<b>By subject</b>		
Suggestion / Demand	6,520	6,212
Product	32,510	21,758
Service	67,052	68,867
Campaign / Loyalty Card	43,966	24,402
Other	35,510	38,617

system customers is provided by a 150-people team within the body of Aftersales Services Department. Expert Aygaz teams determine whether the customer's site is suitable for system installation in terms of safety, by providing exploration service prior to system installation. The installation of autogas stations, bulk gas and industrial cylinder gas systems is carried out by Aygaz Troubleshooting Center and installation teams in compliance with legal standards and Aygaz norms. Following the system installations, necessary checks are performed by Aygaz Technical Services and the systems are commissioned. After commissioning, Aygaz teams provide services including troubleshooting, periodical control and maintenance operations 24/7 to guarantee the safe use of LPG by autogas stations and customers. Tanker safety valves, which are critical for the safe operation of autogas and bulk gas tankers, are also replaced by Aygaz Technical Services every five years.

For issues that require specialization necessary controls and inspections are undertaken in cooperation with expert institutions such as nondestructive inspection methods and acoustic emission. The cathodic protection and grounding measurements of LPG tankers are performed by Turkish Standards Institute experts. The efficiency of autogas and bulk gas tankers are

reevaluated by institutions holding acoustic emission certification from Turkish Accreditation Institution. The safety of tankers where LPG is stored is confirmed by performing acoustic emission tests of LPG tankers every 10 years.

### Customer satisfaction

Recognizing customer satisfaction as its primary objective, Aygaz is the first company in the LPG sector to receive ISO 10002 certification and to be certified as "Customer Friendly Company" and "Customer Friendly Brand" by the Turkish Standards Institute.

Customer satisfaction and engagement surveys are conducted through the agency of independent research companies determined by Koç Holding. Consumers are interviewed face-to-face as part of the survey conducted for all Koç Group companies every year since 2003.

In 2015, customer satisfaction surveys were conducted in our two main product segments, namely cylinder gas and autogas, by an independent company. In result of the survey that was realized by interviewing 4,970 consumers in 30 provinces in the cylinder gas segment, the customer satisfaction score of Aygaz was 79 with a 2-point increase as against the previous year. This score is 7 points higher than the segment average.

Whereas in result of the survey in the autogas segment, involving interviews with 3,232 consumers in 25 provinces, the customer

## Stakeholder Opinion

### Prof. Dr. Hüsnü Atakül

#### Istanbul Technical University (ITU) Chemical Engineering

##### How long have you been working with Aygaz?

The proposal for the SANTEZ project we are conducting together with Aygaz was presented to the Ministry of Science, Technology and Industry and it was settled that it would be supported by the Ministry. The project was started in May 2015 and continues to this day.

The idea for a joint project was introduced by Aygaz and we deemed it appropriate. The aim of the project is to develop a production method for a product produced by Aygaz, to achieve flexibility in the raw material to be used and to conduct R&D studies in relation.

##### How do you evaluate the performance of Aygaz in the field of sustainability?

One of the most important criteria for a production company to render its operations sustainable is to closely follow current advancements and technological innovations, to emphasize research and to continuously renew itself. I see with satisfaction that Aygaz is aware of this and makes efforts in this field. It is distinguished from other companies in the sector with this aspect. It should sustain its efforts and resolve in this area.

##### How did the support provided by Aygaz contribute to your academic work?

With the support provided by Aygaz, we had the opportunity to conduct a SANTEZ project and to consolidate the laboratory infrastructure of our institution (ITU Department of Chemical Engineering) and for our new students to pursue master's and doctoral studies, in other words to raise qualified man power. Thanks to this cooperation, a modern and functional experimental infrastructure is being established to conduct adsorption studies and one MS and one PhD student are provided with scholarship. This infrastructure will continue to be used in R&D studies after the project is completed. Thanks to this infrastructure, we will also have the opportunity to carry out new joint projects with Aygaz.

##### What are your expectations from Aygaz in the forthcoming period?

Besides maintaining its production in the energy sector, it is very important for Aygaz to also carry out R&D studies and increase its product range. I expect Aygaz to maintain the collaborations it has started with universities in the field of R&D.



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Since 2003, Aygaz is the undisputed LPG market leader in the areas of customer loyalty and satisfaction.

satisfaction rating of Aygaz became 84, with a 4-point increase as against the previous year. Aygaz, which has performed 4 points above the segment average with this rating, has continued its uninterrupted leadership in the area of customer satisfaction and engagement since 2003.

Aygaz was ranked as the leader in both cylinder gas and autogas segments at the Turkey Customer's Voice survey organized in collaboration by Turkish Quality Association (KALDER) and Ipsos in 2015. In contrast to the Turkey Customer Satisfaction Index (TMME) survey conducted by KALDER since

2005, this survey measures customer engagement rather than customer satisfaction. With this result, Aygaz sustained the success it achieved within the context of the TMME survey, where it was ranked in the first place a total of 5 times, three of them in a row in the years 2012, 2013, 2014, and received the "Sustained Success" award in the cylinder gas segment.

Customers can easily access Aygaz whenever they wish. Whether it's via the Aygaz Call Center, the corporate website, SMS, email, or in-person communication, they get answers to their questions.

### Patents obtained in 2014-2015

**Stacker (Turkish Patent):** A machine that stacks LPG camp cylinders over each other to transport them, thereby reducing workforce loss and increasing work safety.

**A Cylinder Detection Mechanism (Turkish and European Patent):** A mechanism that detects the type of camp cylinders prior to filling with a camera, using machine vision technology, and only allows a single type on the filling line.

**A Transfusion System (Turkish Patent):** A portable system that can be carried on a handcart, allowing for delicately transferring liquid in a container to a fluid in a different container.

**A Film Fastening System (Utility Model):** A system that aligns the films passed on the cylinders on the conveyor with the cylinders and ensures that the aligned film is tightened and fastened on the cylinder through the vapor heat applied on the cylinder by a heating unit.

## Research & development activities

With a mind to offer inventive, safe, high-quality products to its consumers, Aygaz improves its existing technologies while simultaneously investing in R&D activities that lead to new technologies. At Aygaz, R&D processes are managed by the R&D Department, projects are monitored through a single interface thanks to the R&D portal. R&D activities are focused on three main topics, namely new product development, machine/process development and alternative fuels.

In the 2014-2015 period, three different projects were carried out aimed at reducing the environmental impacts of products. As part of the Sulfur-Free Odorant project, a chemical odorant free of sulfur, which can replace the sulfur-containing chemical mercaptan that is currently used to odorize LPG, was developed and patented. Thanks to the sulfur-free odorant, the sulfur added to LPG as odorant will be eliminated thereby reducing sulfur emissions caused by LPG use.

A process to reduce the amount of olefin that LPG contains is developed with the Olefin Project conducted in

collaboration with Turkish Petroleum Corporation (TÜPRAŞ). By reducing the amount of olefin in LPG, vehicle emissions of CO<sub>2</sub>, CO, NO<sub>x</sub>, and HC will be reduced.

With the Diesel-LPG Dual Fuel Project, a conversion kit was developed that allows for the use of diesel and LPG fuels together as an alternative to diesel use in the engines of heavy vehicles such as buses and trucks. Thanks to this LPG kit, the amount of diesel consumed by the engine is reduced and replaced with LPG use. In this way, CO<sub>2</sub> and other emissions, most notably particle emissions, are mitigated and fuel economy is ensured. Aygaz undertook the diesel-LPG conversion of 11 truck tankers in its own LPG tanker fleet and one training truck, ensuring the reduction of emissions generated by its own fleet. Works aimed at commercializing the conversion kit are continued.

Pioneering in its sector in the field of R&D with the number of patents it holds, Aygaz had 5 patents registered and certified in the years 2014 and 2015.

With a mind to offer inventive, safe, high-quality products to its consumers, Aygaz improves its existing technologies while simultaneously investing in R&D activities that lead to new technologies.



# EMPLOYEE SATISFACTION





- Social diversity and equal opportunities
- Employee development
- Human rights
- Occupational health and safety practices

Besides providing training and development opportunities for every employee, Aygaz offers a fair, inclusive working environment.

## Why is it important for Aygaz?

The human resources policies of Aygaz are based on the understanding of employee orientation expressed in the words of our founder Vehbi Koç as “Our most valuable asset is our human resource.” Based on this understanding, Aygaz strives for its employees to work in a happy and healthy environment. Innovative, highly motivated employees who are loyal to the corporation lie at the heart of the corporate success of Aygaz. Besides providing training and development opportunities for all its employees, Aygaz offers a fair and inclusive working environment.

## Social diversity and equal opportunities

Aygaz believes that the path to success lies in the gathering of employees with different views and qualifications. At Aygaz, no employee is discriminated based on religion, language, race, nationality, gender, physical disability, age, or ethnic origin. Performance management, promotions and rotations, remuneration, professional and personal development practices are carried out in line with the principle of equality of opportunity.

One of the issues that is sensitively approached in the recent period in our country to achieve sustainable development objectives is reducing gender inequality. The most comprehensive initiative carried out to achieve this objective, Equality at Work Platform, was established under the leadership of the Ministry of Family and Social Policies and with the cooperation of World Economic Forum. The purpose of the platform is to reduce the economic participation and opportunity gap, demonstrated by the Global Gender Gap Report prepared by the World Economic Forum in 2012, by up to 10% within the forthcoming three years. Koç Holding became a signatory of the “Equality at Work Declaration” prepared for this purpose, in 2013. As a Koç Group company, Aygaz has committed to voluntarily abide by the principles aimed at eliminating gender discrimination and to pioneer in the dissemination of these principles throughout our country.

The theme of For My Country project for the period of 2015-2017, was determined as “Social Gender Equality”. Our objective as Koç Group is to raise public awareness regarding the causes and consequences of social gender inequality and to be a role model by developing a more egalitarian approach in

## How is it managed?

In order to ensure employee satisfaction, Aygaz conducts activities in the fields of human rights and social diversity at work, employee development, positive relations with unions, work-life balance, occupational health and safety.

At Aygaz, all issues affecting working conditions are under the authority and responsibility of the Human Resources Department. The Human Resources Department reports to the General Manager. Relations with unions are managed by the Industrial Relations Directorate under the Human Resources Department.

Koç Group principles constitute the basis for the human resources management model of Aygaz. The human resources management model complies with laws regarding the social rights of employees, working conditions, occupational health and safety, and “Personnel Regulations”.

The Principles of Ethical Conduct and Practice introduced in 2010, constitute the framework that governs the relations of Aygaz employees with all stakeholders. In this regard, the Ethical Conduct Committee conducts audits of compliance with codes and principles and implementation works. The ethical principles, consisting of these codes and principles, guide Aygaz in the prevention of human rights violations.





business culture and social life, through an integrated approach. Aygaz supports the project with its volunteer trainers and managers. The Equality Principles Implementation Committee that was established for this purpose started its works with this project. 22 volunteering employees participated in the project.

There are no prosecutions against Aygaz in relation to discrimination, which is the joint responsibility of the Human Resources Department, Legal Advisor, and Aygaz Executive Team, nor any complaints were received by Aygaz in this issue.

### Employee development

Aygaz considers the continuous training and development of its employees to be among its business priorities. Training opportunities were moved to the electronic environment and the opportunity of personal

training was extended through the Koç Academy system, a development platform integrated with Koç Group. The average hour of training per person at Aygaz, which was 37.1 in 2014, was increased to 42.1 in 2015.

As in previous years, Aygaz continued to provide its employees with Koç University Executive MBA and English education support, in 2015.

In order to reach out not only to parents, but also to future mothers and fathers, "communication with children" seminars were organized. The seminars were attended by a total of 417 employees, consisting mostly of hourly wage employees.

The result of the Employee Engagement Survey was realized as 68 points in 2014, and 60 points in 2015.

## Stakeholder Opinion



### Tunç Demir

#### Aygaz Cylinder Gas Marketing

##### How long have you been working at Aygaz?

I have been working at Aygaz for over 5 years.

##### How did you decide to work at Aygaz?

The energy industry is a continuously developing sector whose significance is increasing in both the economic sphere and social life. When I completed my education, I wanted to pursue a career in the energy sector acting on this insight. Considering Aygaz is the best choice for me in terms of its leading position and weight in the energy sector and its place within Koç Group, of which it is a subsidiary, I started working here.

##### Can you share your view on career and self-improvement opportunities at Aygaz?

Aygaz has extensive opportunities for all its employees with its corporate governance understanding and its leading position in the sector. In this regard, Aygaz offers an environment where many professional skills can be developed, including professional ethics, business vision, sustainable planning, result orientation. The company offers a competence based career plan through effective performance management practices, while employees also have the opportunity to rotate in other companies and sectors within Koç Group.

##### Can you tell us your opinion about working at Aygaz?

During the five years I spent at Aygaz, I have been part of many works that touch our customers, dealers and business partners in various fields both in daily operations and strategic activities.

During this period, I have witnessed that professional ethics, social responsibility and the benefit of all stakeholders is evaluated as an inseparable part of business results at every level of our company. This situation is the most significant indicator of how homogeneously and deeply rooted the productive business culture adhering to ethical values is in our company.



For Aygaz, respecting human rights is a pillar of corporate tradition and a mandatory management quality.

### Human rights

For Aygaz, respecting human rights is a pillar of corporate tradition and a mandatory management quality. Its human resources policy is based on the United Nations Declaration of Human Rights and on international agreements regarding the prevention of child labor, forced and involuntary labor. In this direction, no Aygaz employee can be employed at a different position without her/his consent, or forced to change jobs. In case of significant operational changes directly affecting employees, Aygaz informs its employees within the minimum notice period determined by laws and regulations.

In case of termination of employment, all the legal rights gained by employee in line with her/his reasons for leaving are awarded. In employee leaves due to reasons such as changes in working conditions, employees are directed to suitable positions at Aygaz and Koc Group.

For Aygaz, union rights are among basic human rights. Relations with the union

are conducted by the Human Resources Department within the framework of rules determined by the collective labor agreement. Within the spirit of the positive dialog developed with unions, problems are solved in cooperation with the principal representative of the union or the representatives group. In 2014, 26.1% of monthly wage Aygaz employees and 50.6% of hourly wage employees were unionized, while in 2015, 27.5% of monthly wage employees and 50.6% of hourly wage employees were unionized.

Aygaz employs a licensed private security company, therefore all security personnel have received human rights training. In the reporting period, Aygaz has not received any complaints regarding human rights violations.

### Occupational health and safety practices

Aygaz believes providing a healthy and safe environment for all its employees and stakeholders in all its operations as a business priority. Acting with the objective of "zero accident and zero

occupational disease” in occupational health and safety (OHS) issues since its establishment, Aygaz has continued its OHS investments in the reporting period.

According to legal regulations, workplaces with 50 or more employees are required to establish an active OHS committee. At Aygaz, there are active OHS committees at all facilities even if the number of employees is below 50. These committees, also participated by union representatives in business units where the union is present, are also attended by Aygaz employees. The issues raised at the committees, where the opinions, suggestions and complaints of employees and union representatives about occupational health and safety issues are evaluated, are carefully approached and improvement plans are prepared.

Aygaz organizes training activities aimed at enhancing the knowledge and competences of its employees regarding OHS issues. In 2014, 1,863 people were provided with 10,545 hours of OHS training; in 2015, 2,127 people were provided with 12,283 hours of OHS training. Aygaz shares its OHS understanding with all its value chain and expects all subcontractors to comply with the Occupational Health and Safety Specification. Aygaz provided a total of 12 hours of OHS training to 3 subcontractor personnel, in the reporting period.

As the consequence of the importance Aygaz attaches to occupational health and safety, there were no cases of occupational disease or fatal accident in the reporting period.



## Stakeholder Opinion



### Melike Öztürk

#### Aygaz Human Resources Management

##### How long have you been working at Aygaz?

I have been working at Aygaz for about a month.

##### How did you decide to work at Aygaz?

I have worked at Human Resources positions in 3 companies of Koç Group during eight years. Aygaz is my fourth company in the Group. Aygaz has a very important place among Koç Group companies both due to its position in its sector and its deeply rooted organization. Getting to know the energy sector and pursuing my career path at such a strong company was a great opportunity for me.

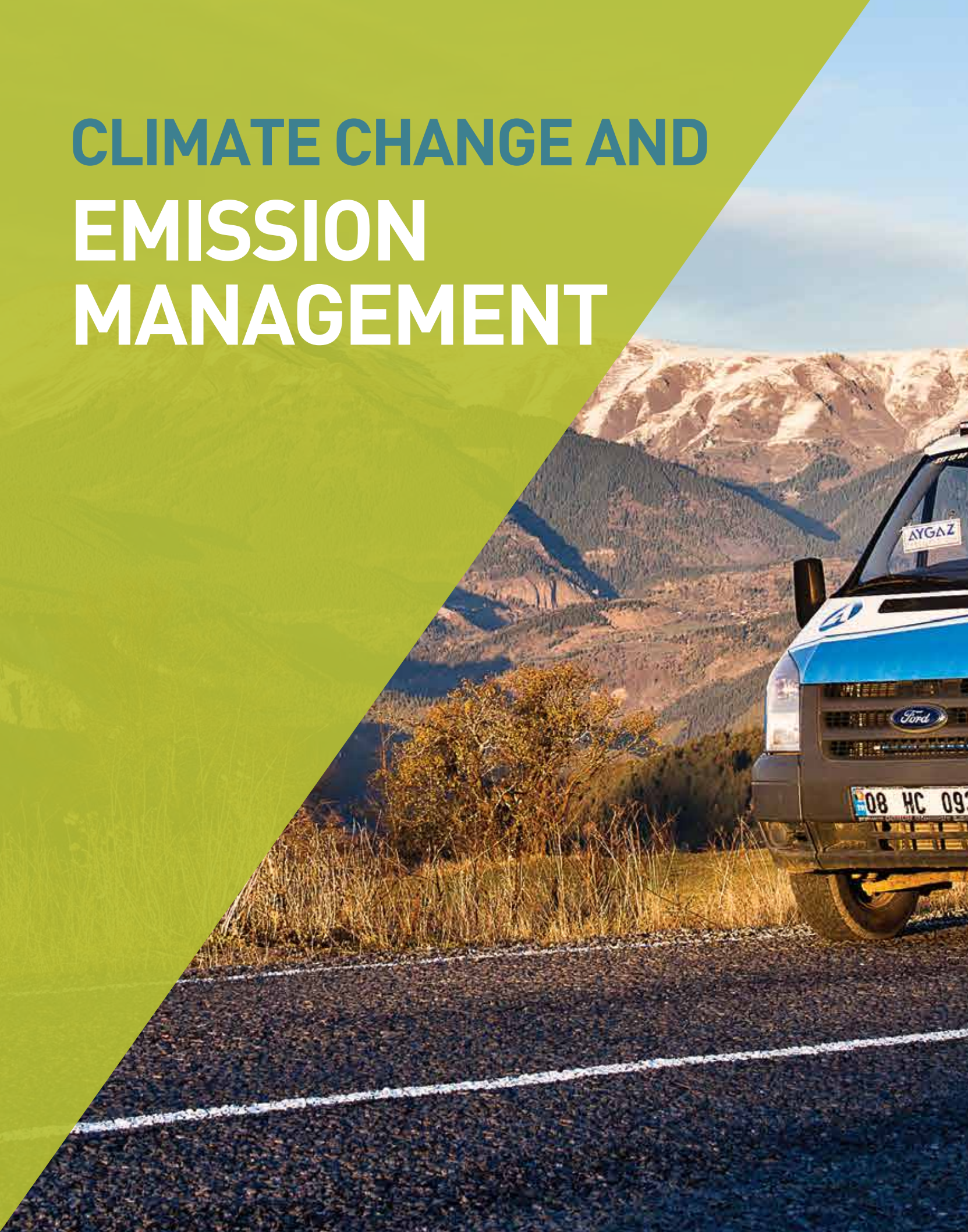
##### Can you tell your view on career and self-improvement opportunities at Aygaz?

As Aygaz, we are an institution where employee engagement is higher than the sector and Turkey averages. According to the results of engagement surveys where we hand the microphone to employees, the value attributed to employees and the areas of training and development are among the main areas of strength of Aygaz. This shows that as Human Resources, our strategy of “investing in the employee” is fruitful. As for career opportunities, our employees can evaluate opportunities within Koç Group as well as Aygaz Group companies. Seeing that you are included within Koç Group by entering through the door of Aygaz, improving oneself and one’s career at such an institution is a privilege per se.

##### Can you share an unforgettable working life memory at Aygaz?

About a week after I started work, I had an unfortunate traffic accident. Two days after the accident, I was sent to Advanced Driving Techniques training. It was a very impressive process for me about the value that Aygaz gives to its employees.

# CLIMATE CHANGE AND EMISSION MANAGEMENT





- Energy savings in production
- Energy savings in logistics
- Energy savings from products



## Why is it important for Aygaz?

Turkey is included among countries in the risk group in terms of the potential impacts of the global climate change. The global climate change causes adverse results in social and economic spheres, besides its impacts on natural life. The private sector takes precautions in line with their impacts to reduce this risk. Aygaz conducts energy savings and energy efficiency projects as part of its combat against global climate change.

Aygaz develops projects for the efficient use of energy and mitigation of carbon emissions in every stage of its value chain. The main field of activity of Aygaz, LPG, is a fuel with reduced environmental impacts. Since the carbon-hydrogen rate of LPG is lower compared to most hydrocarbon fuels, much less CO<sub>2</sub> is emitted per unit.

## How is it being managed?

Energy efficiency and emission mitigation works are managed under the coordination of the Quality System, HSE-Q and Sectoral Relations Directorate under the Assistant General Manager of Technical Affairs and Investments, in cooperation with Investments and Operations Directorate and Production and Filling Facilities. Aygaz also participates in the Environmental Board, the highest level executive organ within Koç Group in the field of environment. This board conducts the environmental audit of all companies every two years under the coordination of Koç Holding Audit Group, in order to enhance environmental awareness among Group companies, including Aygaz, and to identify potential risks in advance.

As part of its works to ensure energy efficiency, Aygaz obtained ISO 50001 Energy Management System Certification for its Gebze and Yarımca facilities in 2012, realizing a first in its sector. Aygaz has calculated the amount of greenhouse gas emissions generated by its operations at Yarımca Filling Facility, which was verified by an independent institution, within the scope of ISO 14064, for the first time in the sector in 2011. Aygaz also became a signatory of the Energy Efficiency in Buildings Declaration prepared by the Business World and Sustainable Development Association in 2013. As the first step of the works carried out after signing the declaration, Aygaz Energy Efficiency Working Group was established.

Within the context of environmental management, a total of 664 man\*hour of training was provided in 2014, and 502.5 man\*hour of training in 2015. Aygaz, which adopts environmental protection as a strategic priority, has increased its environmental protection expenditures and investments by 183% in 2015, against the previous year.

Route planning for the Aygaz fleet focuses on minimizing environmental impact and risk, and all vehicles are subject to regular quality inspections.

**Energy savings in production**

The project of obtaining energy identification certificate for Ambarlı Terminal, Yarımca Terminal and Headquarters buildings, aimed at energy efficiency at Aygaz facilities, were started in 2013. Works for all facilities will be completed in 2016. In order to reduce the electricity consumed for lighting Aygaz offices, the switch to LED lighting armatures was initiated starting with the Headquarters building.

The amount energy savings achieved through works devoted to reduce energy consumption and increase energy efficiency was realized as 1125.89 GJ for 2014 and 763 GJ for 2015.

As the consequence of the greenhouse gas mitigation efforts, a total of 154.13 ton CO<sub>2</sub> equivalent of GHG emission reduction was achieved in 2014, and 164.82 ton CO<sub>2</sub> equivalent in 2015. While production increased by 4.8% in 2015, TOE only increased by 1.8%.

**Energy savings in logistics**

Aygaz controls a large transportation fleet. Route planning for the Aygaz fleet focuses on minimizing environmental impact and risk, and all vehicles are subject to regular quality inspections. Significant projects are conducted to improve transport efficiency in order to minimize environmental impacts. With the Autogas Stock Management and Routing Project, the pilot implementation of which was started in 2015, an automated software was prepared whereby the needs of stations are predetermined and optimum transport routes are calculated. It is ensured that dealers take on supplies from the most suitable facility through Supply Network Planning, minimizing the total distance traveled.

**Emission values**

	Diesel consumption (L)	Total greenhouse gas emission (ton CO <sub>2</sub> e)
2015	16,720,037	45.333
2014	15,071,738	40.864

**Amount of energy savings and greenhouse gas mitigation achieved through efficiency enhancing works in the 2014-2015 period**

	2014	2015
Energy savings amount (GJ)	1,125.89	763
GHG emission reduction amount (ton CO <sub>2</sub> e)	154.13	164.82



Developed with a special formula, the autogas product Aygaz Otogaz ensures up to 2.66% fuel savings for its users.

### Amount of GHG emissions from logistics

	Total distance (km)	Total greenhouse gas emission amount (ton CO <sub>2</sub> e)
2015	49,206,000	45,333.89
2014	45,763,000	40,864.75



Carbon emissions per vehicle are reduced by establishing an environmentally sensitive fleet, it is ensured that autogas stations are supplied from the most suitable facility through distribution network optimization works, minimizing the total distance covered. The supply flow rate of tankers is increased, thereby reducing the amount of CO<sub>2</sub> released during supply.

### Energy savings from products

LPG, considered a clean and environmentally friendly energy source around the world, does not emit polluting gases such as exhaust gas, carbon monoxide. Compared with other fuels, the particle matter (pM) and nitro oxide (NO<sub>x</sub>) emission, carbon-hydrogen rate of LPG is lower and it releases less carbon dioxide (CO<sub>2</sub>). Since the energy efficiency per unit of LPG is high, the same amount of energy expected from other fuels can be obtained by consuming a relatively smaller amount.

Developed with a special formula, the autogas product Aygaz Otogaz ensures up to 2.66% fuel savings for its users. Aygaz Otogaz cleans the combustion chamber within the motor of the vehicle thanks to the special additive it contains and reduces fuel consumption by achieving a more efficient combustion. Aygaz has achieved 20,491.50 TOE with the fuel savings generated by 687,950 tons of autogas sold in 2014, and





Thanks to the diesel-LPG conversion kit developed as part of the Aygaz Diesel-LPG Dual Fuel project, CO<sub>2</sub> and other emissions are reduced and fuel efficiency is ensured.

23,136.47 TOE energy savings with the fuel savings generated by 776,748 tons of autogas sold in 2015.

In 2015, a conversion kit allowing for the use of diesel and LPG fuels together as an alternative to diesel use in the motor of heavy vehicles such as buses and trucks was developed with the Diesel-LPG Dual Fuel project. Thanks to this LPG kit, the amount of diesel consumption is reduced and replaced with LPG. This way, CO<sub>2</sub> and other emissions, primarily particle emissions, are reduced and fuel efficiency is ensured. Aygaz realized the diesel-LPG conversions of 11 truck tankers in its LPG tanker fleet and its training truck, and ensured the reduction of emissions generated by its fleet.

**Aygaz Otogaz**

	2014	2015
Fuel consumption savings (%)	2.66	2.66
Savings equivalent energy value (TEP)	20,491.50	23,136.47

**Amount of saving achieved through products with reduced environmental impacts (GJ)**

	Total savings amount (GJ)
2014	857,938
2015	968,678

# WATER AND WASTE MANAGEMENT





- Water consumption and wastewater management
- Material use and waste management
- Scrap and waste management systems
- Biodiversity and environmental protection works



As part of its waste management efforts, Aygaz contributes to sustainable resource use through recycling aimed at preventing refuse from disrupting the environment.

### Why is it important for Aygaz?

As a consequence of the rapid increase in water consumption, the world is facing a problem of water scarcity. Aware of its responsibility regarding the use of natural resources, Aygaz approaches the issue of the management of water, a limited resource, from the perspectives of the efficient use of existing reserves and recovery. Efforts are undertaken to reduce the amount of water consumption and increase discharge quality and the amount of recovered water in production and working sites.

As a result of rapid population increase, urbanization and the increasing production and consumption, there is a significant diversification and increase in waste types. As part of its waste management efforts, Aygaz contributes to sustainable resource use through recycling aimed at preventing refuse from disrupting the environment.

### How is it managed?

At Aygaz, waste and water management are conducted primarily with the participation of the Quality System, HSE-Q and Sectoral Relations Directorate under the Assistant General Manager of Technical Affairs and Investments, the Investments and Operations Directorate, as well as all facilities. The waste and scrap works carried out by the Purchasing Department are conducted jointly with HSE-Q and Sectoral Relations Directorate; Aygaz Quality, Environment and Occupational Health and Safety policies are implemented in these projects. Wastes that cannot be recycled are eliminated in compliance with environmental regulations and management standards, using methods suitable for the waste type.

The main purpose of wastewater management is the recovery of the wastewater for production through recycling practices. In order to reduce water consumption in production and product use, ultrafiltration system is used at Aygaz facilities. To this end, used water is treated, recovered and reused.

Amount of recycled water by years

	2014	2015
Amount of recycled water m <sup>3</sup>	90,240	115,019

### Water consumption and wastewater management

Aygaz pays utmost importance to wastewater management in order to prevent losses in biodiversity and environmental pollution. As result of Aygaz operations, a total of 90,240 m<sup>3</sup> of wastewater was generated in 2014, and 129,493 m<sup>3</sup> in 2015. The industrial wastewater generated at Aygaz facilities are treated at treatment facilities and discharged to receiving environments or municipal sewers within discharge limits. The industrial wastewater generated by facilities are discharged after being chemically and biologically treated depending on their pollution characteristics. All facilities hold permits in relation to discharge environments.

In 2014, a total of 136,627 m<sup>3</sup> of water was consumed within the body of Aygaz. 90,240 m<sup>3</sup> of this amount was recycled and reused. In 2015, a total of 129,493 m<sup>3</sup> of water was drawn and 115,019 m<sup>3</sup> was recycled and reused. The rate of recycled water was realized as 66% in 2014, and 88.8% in 2015. The amount of discharged water was realized as 47,243 m<sup>3</sup> in 2014, and 40,850 m<sup>3</sup> in 2015.

### Material use and waste management

Aware of the significant role waste management plays in ensuring environmental sustainability, Aygaz conducts projects to reduce the amount of material used in its products and product packages. Aygaz monitors global resource consumptions in order to track environmental impact and performance in its facilities. In 2014, a total of 27,469 tons of material was used in production; while in 2015, 28,639 tons of material was used. Wastes are either eliminated through the agency of licensed companies or sent for recycling.

### Scrap and waste management systems

The environmental impact management adopted by Aygaz continues all through the value chain, including purchasing, production, logistics, sales. As a result of this management approach, projects are conducted for the recycling and elimination of scraps and wastes generated by production processes. The wastes and scraps generated at Aygaz facilities and operations are sent to licensed companies to either be eliminated or recycled.

9,011 tons of nonhazardous waste was recovered in 2014, and 4,958 tons in 2015. Recyclable wastes from among hazardous wastes were recycled through the agency of licensed companies. Whereas non-recoverable wastes are eliminated by licensed companies with the method of interim storage and regular storage. 183 tons of hazardous waste was delivered to licensed companies in 2014, and 201 tons in 2015.

### Biodiversity and environmental protection works

Aygaz interacts with the natural assets within the ecosystems where it operates. With this awareness, environmental risk identification at the operational geography are conducted. Environmental impacts are measured in multiple dimensions. Prior to all investment decisions, environmental impact evaluation is conducted and probable impacts on biodiversity are investigated. Precautions are taken on issues identified to constitute a potential risk for biodiversity.

As required by its Quality, Environment, Occupational Health and Safety Policy, Aygaz does not operate on natural protection areas or Ramsar areas determined by laws or international agreements. There are no water or land bodies that are significantly impacted as a result of the operations of Aygaz in terms of biodiversity.



# SOCIAL DEVELOPMENT





- Health
- Education
- Sports
- Culture & arts
- Environment



Aygaz emphasizes sociocultural development in its regions of operation and quality-of-life enhancement for all its stakeholders.

### Why is it important for Aygaz?

Aygaz aims to create value for all its stakeholders while executing its operations. It considers contributing to sociocultural development and increasing the quality of life in its operational geography among its priorities. In this scope, it conducts social investment programs in the fields of health, education, culture, arts, environment, and sports.

Aygaz determines the focus of its social investments programs according to demands received from stakeholders. It takes into consideration the results of the Reputation Survey both conducted by Koç Holding every two years and regularly performed within Aygaz to measure these demands, the suggestions received from our dealers and employees, and the needs and expectations of the operational geography.

### How is it managed?

Our aim in social responsibility engagements is to be involved in sustainable projects that create enduring value by pursuing the benefit of the society and environment. Aygaz has been conducting social responsibility projects in areas awaiting a solution, such as education, health, culture & arts, sports and problems of women, since its establishment.

These projects are carried out under the management of the Corporate Communication Department, with the cooperation of relevant departments. Volunteering employees constitute the greatest driving force for all projects. Aygaz strives for social responsibility awareness for larger populations by encouraging the participation of its dealers and suppliers in its projects. 150 employees voluntarily contributed to social responsibility projects in 2014, and 141 employees in 2015. Aygaz transferred 1,103,336.34 TL worth of resources to social responsibility projects in 2014, and 764,435.46 TL in 2015.



2015 marked the 23<sup>rd</sup> annual Diabetic Children's Camp, organized by the Children and Adolescent Diabetics Association with support from Aygaz.

### Cooking for Life

It is known that every year 4.3 million people in the world die from diseases due to air pollution caused by solid fuel use in cooking. This number exceeds the total number of people dying from HIV/AIDS, tuberculosis and malaria. Diseases such as respiratory distress resulting from indoor air pollution, lung cancer, malnourishment and low birth weight are ranked 10<sup>th</sup> in the list of preventable deaths in the world. Solid fuel use in cooking causes irreversible health problems, air pollution and deforestation.

World LPG Association (WLPGA), where Aygaz is a board member, started the "Cooking for Life" project in 2012. Through this campaign, WLPGA will support one billion people to switch to LPG instead of solid fuels for cooking by the year 2030. As part of the project, joint action is taken together with government institutions and nongovernmental organizations for the purpose of raising awareness about LPG. Large conversions already took place in countries such as India, Brazil and Indonesia.

With this campaign;

- It is aimed to prevent 500,000 premature births caused by indoor air pollution,
- To protect 2.6 million hectares of forest.

### Health

Aygaz believes health to be both the necessary condition for and the desired outcome of public welfare. For this purpose, it considers projects that will improve public health to be among its prioritized areas of responsibility.

### Diabetic Children's Camp

2015 marked the 23<sup>rd</sup> annual Diabetic Children's Camp, organized by the Children and Adolescent Diabetics Association in Kocaeli with support from Aygaz. 100 diabetic children participated in the organization. The camp, supported by Aygaz since 2004 and characterized as one of the first health camps of Turkey devoted to children, teaches diabetic children to live self-sufficiently while ensuring they have fun and form new friendships. Diabetic Children's Camp, which constitutes an example for many health camps, has hosted a total of 1,800 children in 22 years.

### Women's Health Training Program

Aygaz has long been carrying out projects aimed at raising awareness among pregnant women and mothers regarding issues related to their own and their babies' health together with the Family Planning Association of Turkey (TAPV). In this way, it aims to enhance the quality of life of mothers and babies and to contribute to reducing mother and infant mortality rates. The scope of the Safe Motherhood Project carried out together with the Family Planning Association of Turkey in past years was extended, to support the Women's Health Training Program (WHTP) devoted to enhance the quality of life and health awareness of families with limited income and education level, who migrated or forced to migrate to the city.

71 groups were started by WHTP trainers in 20 provinces between September 2014 and June 2015; 1,076 women received participation certificates. Approximately



7,000 women were reached since the beginning of the project.

Besides these projects, Aygaz advances its social investments in the field of health through donations and sponsorships. In the reporting period, it has contributed to the works of Family Planning Association of Turkey, Children and Adolescent Diabetics Association, Istanbul Association for the Mentally Handicapped, and Association for the Education and Protection of Mentally Challenged Children through donations and sponsorships.

### Education

A young and dynamic population is one of the primary elements of social development and the global economy based on information and technology. At this point, investments made in education with the support of the private sector play an important role in the transformation of our country into a knowledge-based





League in second place. KUSC American Football Team has achieved a first and qualified to represent our country and Koç University at the American Football European Champions League in 2016.

### Koç Sports Festival

Aygaz Group participated in Koç Sports Festival within the body of Koç Group with 240 employees, in 2015. Aygaz Group employees in Istanbul, Ankara, Izmir, Bursa and Adana represented Aygaz Group in the branches of sailing, bowling, football, swimming, table tennis, veteran football, tennis, athletics and basketball.

### Culture & arts

Aygaz, invests in the future of Turkey with social responsibility projects in line with its philosophy of "I exist as long as my country exists". Another important field of social investment for Aygaz is culture and arts.

### Sagalassos ancient city excavation and restoration

Aygaz has been supporting the efforts to uncover the ancient city of Sagalassos lying at the skirts of Toros Mountains, where the first traces of habitation go back to 4200 BC.

Following the completion of the Antonine Nymphaeum restoration project, the restoration of Upper Agora structures

located around the monumental fountain was started. The aim of the project is the revival of Upper Agora, which was the political center of the ancient city, and its exhibition to visitors as an open air museum. When the restoration works are completed as planned in 2016, Upper Agora will achieve urban integrity and will become one of the most comprehensible ancient city centers.

Besides providing the most effective protection for Upper Agora monuments, which are of universal value, the restoration will endow Upper Agora along with Sagalassos ancient city with a stronger and more comprehensible presentation, constituting an important step on the path of the inclusion of the Sagalassos to UNESCO World Cultural Heritage List.

### Van Castle excavations

Aygaz has been providing support for Van Castle excavations, conducted in cooperation with the Ministry of Culture and Tourism and Istanbul University, since 2010. The studies show that Urartu capital Tushpa was among the most magnificent cities of the first millennia BC. The most extensive works in 2015 were carried out at Van Castle Tumulus and Van Citadel. Findings about the civil habitation were discovered. The multi-chambered courtyard houses alongside

## Stakeholder Opinion



### Nilüfer Gözütok

#### Capital Magazine Coeditor

#### How do you evaluate the position of Aygaz in the sector?

Aygaz is the leading company in its sector in terms of both brand recognition and market share.

#### How do you evaluate the performance of Aygaz in the field of sustainability?

Its institutionalized structure and the strong perception of the brand on the consumer in terms of product and service provide an advantage for Aygaz with regard to sustainability. The projects engaged in the recent period, particularly focusing on the issue of innovation and digital transformation, indicate that the adaptation speed of the company to new economy and competition is disposed to increase.

#### What are your expectations from Aygaz in the forthcoming period?

Aygaz should increase the role it assumes in social responsibility. It should become a brand that everyone wants to include in their lives in the future through more visible and more comprehensive social initiatives, social projects... At this point, it can keep in close contact with startup entrepreneurs, it can become the new solution partner for the new generation...



Founded in 1996, the Aygaz Library, contains thousands of valuable reference books in diverse fields ranging from history to archaeology.

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of workshops or public residences in a specific order and standard is architecturally remarkable. The clay tablet, bulla and many seals that were discovered indicate that this area was inhabited by people related to the citadel.

### Maydos Kilisetepe excavations

Aygaz is supporting Maydos Kilisetepe Tumulus Excavation conducted by the Ministry of Culture and Tourism and Çanakkale Onsekiz Mart University since the year 2012. Within the context of the excavations made in 2015 at the tumulus, which is a port habitation on the European side of Çanakkale Strait, many findings indicating trade between the Aegean and Black Sea regions, as well as oval structures belonging to the earliest Greek colonization migrating to the Northern Aegean were discovered.

### Aygaz Library

Aygaz started the "Aygaz Library" project devoted to booklovers, art-lovers, researchers and university students in

1996, for reminding the historical and cultural richness of our geography and preserving them for future generations. Since the year 1996, the project has presented 14 works to our cultural and artistic life. The works of Aygaz Library, in subjects ranging from history to archeology, are as follows:

- Turkey a Country From End to End (Türkiye Baştan Başa Bir Ülke) - 1996
- Cappadocia: The Lyricism in the Stones (Kapakodkya: Kayalardaki Şiirsellik) - 1998
- Mountain of Gods Nimrod (Tanrılar Dağı Nemrut) - 1999
- Royal Pavilion (Otağ-ı Hümayun) - 2000
- Private Garden: Garden and Flower in the Ottoman Era (Hasbahçe: Osmanlı'da Bahçe ve Çiçek) - 2002
- Photographers of the Abode of Felicity (Dersaadet'in Fotoğrafçıları) - 2003
- Brotherhood Souvenir - The Attraction of Portrait Photographs (Hatıra-i Uhuvet - Portre Fotoğrafların Cazibesi) - 2005
- Children of the Ottoman Palace (Osmanlı Sarayının Çocukları) - 2006
- Treasures of Troy (Troya Hazineleri) - 2006

- The First Year of the Second Constitutionalist Period (II. Meşrutiyet'in İlk Yılı) - 2008
- Dynasty and Camera: Portraits from the Ottoman Palace (Hanedan ve Kamera: Osmanlı Sarayından Portreler) - 2010
- Human Figures in Antiquity (Eski Çağlarda İnsan Figürleri) - 2012
- Traces from Ancient Ages (Kadim Çağlardan İzler) - 2013
- Kat'ı: The Art and Artisans of Paper Carving in the Ottoman World (Kat'ı: Osmanlı Dünyasında Kâğıt Oyma Sanatı ve Sanatçıları) - 2014

Setting an example with its permanence and the rich content of the works it encompasses, Aygaz Library is appreciated at home and abroad, being discussed and referred to by the press and media.

### Diplomatic History of the Ottoman Empire

Aygaz is publishing the information and documents compiled from Ottoman



Besides developing technological and innovative projects ensuring energy efficiency and resource savings in its operations, Aygaz supports efforts to disseminate sustainable consumption habits.

archives into books with its Diplomatic History of the Ottoman Empire project. The diaries and notes of diplomats who served in Istanbul are also among the published books. In 2015, eight books were published as part of the project; increasing the number of books published together with Sadberk Hanım Museum to 40.

### Sevgi Gönül Theater Days

Aygaz, who has been supporting Koç University Sevgi Gönül Theater Days since 2006, continued its support in 2015. The festivals organized throughout the year involved interviews with actors, authors, and directors and various workshops, besides the performances of university groups and the plays of professional theater companies.

### Rahmi M. Koç Museum ticket sponsorship

Aygaz has undertaken the ticket sponsorship of Istanbul Rahmi M. Koç

(RMK) Museum and Ankara Çengelhan RMK Museum since 2005.

### Istanbul Theater Festival and Istanbul Biennial support

Aygaz aims to bring the universal values of art to our country and to introduce Turkey in international art circles with The International Istanbul Theater Festival and Istanbul Biennial. Aygaz supports The International Istanbul Theater Festival as a cosponsor since 2004.

As part of the 14<sup>th</sup> Istanbul Biennial organized between September 5<sup>th</sup> and November 26<sup>th</sup> 2015, over 1,500 works of more than 80 participants from Africa, Asia, Australia, Europe, Middle East, South America, and North America met with art-lovers at 36 different points around the city for two months.

In addition to these projects, sponsorship support was provided for the works of

Rahmi M. Koç Museology and Culture Foundation, Yeşilçam Faces Documentary, Dot Theater, and European Choir.

### Environment

Besides developing technological and innovative projects ensuring energy efficiency and resource savings in its operations, Aygaz supports efforts conducted to enhance the awareness of its employees and stakeholders in environmental issues, to disseminate sustainable consumption habits and to raise environmental awareness among the public. To this end, the works of Turkish Marine Environment Protection Association (TURMEPA) and Mediterranean Protection Association were supported.

Operational indicators	2011	2012	2013	2014	2015
Autogas sales (thousand tons)	604	621	662	688	777
Cylinder gas sales (thousand tons)	393	382	359	342	343
Bulk gas sales (thousand tons)	60	60	46	37	72
LPG storage capacity (m <sup>3</sup> )	218	170	170	176	178

Economic indicators	2011	2012	2013	2014	2015
Operating profit (million TL)	371	206	170	104	250
Profit before tax (million TL)	419	345	237	237	458
Total tax paid (thousand TL)	50,994	40,870	32,703	22,575	37,197
Investment expenditures (thousand TL)	202,171	97,102	76,484	81,326	155,622
Donations and supports (thousand TL)	5,686	4,767	5,120	4,857	8,787
Dividend payments	125,000	150,000	300,000	175,000	100,000
Employee wages (thousand TL)	133,714	129,092	153,059	147,048	155,204
Sales revenues (thousand TL)	5,455,670	5,586,059	6,004,984	7,061,276	6,419,610
Net assets (thousand TL)	2,712,123	2,956,255	3,188,306	3,412,218	3,916,324

Employee indicators	2011	2012	2013	2014	2015
Total number of employees	1112	1190	1182	1163	1168
Average tenure	8.82	7.68	7.94	7.92	8.19
Average age	37	36	36	36	37
Monthly wage employee turnover (%)	0.9	0.8	3.7	2	2.3
Hourly wage employee turnover (%)	7.7	6.4	7.5	13,7	11.8
Total training (hour)	23,732	34,825	43,615	42,656	50,757
Training per person (hour)	26.9	32.7	36.9	37.1	42.1
Total number of managers	128	122	123	125	129

Managers by gender

Women	13	13	16	18	21
Men	115	109	107	107	108

Employee breakdown by status

Hourly wage	488	599	609	598	600
Monthly wage	624	591	573	565	568

Employee breakdown by gender

Women-number(%)	118(10.6)	110(9)	110(9.4)	104(8.9)	108(9.2)
Men-number(%)	994(89.4)	1.080(90.4)	1.072(90.6)	1059(91.1)	1060(90.8)

Employee breakdown by age

18-29	221	254	235	241	217
30-39	519	544	523	503	515
40-49	339	359	390	382	395
50 and over	33	33	34	37	41

Employee indicators	2011	2012	2013	2014	2015
<b>Employee breakdown by education level</b>					
Primary school	113	105	100	81	74
High school	441	564	611	600	615
Associate	76	68	59	58	62
Undergraduate	402	362	333	356	350
Graduate	80	91	79	68	67
<b>Education level of senior management</b>					
Undergraduate	5	5	5	5	5
Graduate	4	5	5	5	5
Unionization rate (%)	29.3	29.3	26.2	26.1	27.5
Number of women employees on birth leave					12
Number of men employees on parental leave					69
Number of women employees who haven't left work for 12 months since returning from birth leave					12
Number of men employees who haven't left work for 12 months since returning from parental leave					69
Employee Satisfaction (%)	78	65	68	68	60

Social indicators	2011	2012	2013	2014	2015
Local supplier rate (%)	94	93	92	93	94
Local supplier budget (TL)	1,145,000	1,195,000	1,050,000	1,420,000	1,435,000
Autogas dealer satisfaction (%)	84	84	83	83	85
Cylinder gas dealer satisfaction (%)	77	75	76	77.3	78.8
Autogas customer satisfaction (scaled between -65, +135)	77	80	74	80	84
Cylinder gas customer satisfaction (scaled between -65, +135)	81	78	84	77	79

Environmental indicators	2011	2012	2013	2014	2015
<b>MATERIAL</b>					
Amount of consumed material (tons)	25,918	20,682	27,924	27,469	28,639
Rate of recycled materials used in production(%)	25.9	26.1	29.3	22	22
<b>WATER</b>					
Total amount of water consumption (ton)	84,536	116,802	122,711	136,627	129,493
Amount of recycled water (m <sup>3</sup> )	50,465	66,061	80,633	90,240	115,019
Rate of recycled water (%)	45	56.5	65.7	66	88.8
Total water discharge (m <sup>3</sup> )	48,627	37,371	56,923	47,243	40,850

## PERFORMANCE INDICATORS

Environmental Indicators	2011	2012	2013	2014	2015
<b>ENERGY AND EMISSION</b>					
Electricity consumption (kwh)	10,347,149	68,437	75,630	<b>74,507</b>	<b>75,858</b>
LPG consumption (kg)	751,263	95,565	100,380	<b>91,241</b>	<b>94,890</b>
Energy savings amount achieved through efficiency works (TOE)	130,194	46,12	26,46	<b>1,226</b>	<b>763</b>
Amount of emission mitigation achieved through efficiency works (ton CO <sub>2</sub> )	72.517	216.6	150.97	<b>154.13</b>	<b>164.82</b>
Savings achieved through products with reduced environmental impacts (GJ)	509,240	626,585	826,823	<b>857,938</b>	<b>968,678</b>
Direct greenhouse gas emissions (ton CO <sub>2</sub> e)	7203.7	6156.9	6276.4	<b>5713.5</b>	<b>5793.7</b>
Amount greenhouse gas emission mitigation (ton CO <sub>2</sub> e)	75.5	216.6	151.1	<b>154.1</b>	<b>164.8</b>
Logistics generated CO <sub>2</sub> emissions (ton)	36,439	40,047	39,493	<b>40,865</b>	<b>45,334</b>
<b>WASTE</b>					
Disposed hazardous wastes (tons)	NA	56.9	52.2	<b>28.0</b>	<b>32.4</b>
Recovery (tons)	466.79	581.8	609.4	<b>638.8</b>	<b>593.2</b>
Interim storage	19.02	11.0	0.0	<b>0.0</b>	<b>0.0</b>
Incineration	110083	56870	52160	<b>113.02</b>	<b>49</b>
Disposed nonhazardous wastes (tons)	NA	NA	NA	<b>155</b>	<b>169</b>
Recycling	238,539	4002.0	12000.9	<b>8637.9</b>	<b>4364.9</b>
Amount of recovered packaging waste (tons)	56,278	80.140	104,355	<b>199,219</b>	<b>705,727</b>
Environmental protection expenditures And investments (TL)	1,872,180	3,864,066	4,035,043	<b>5,291,777</b>	<b>9,246,744</b>
Environmental training for company personnel (man*hour)				<b>664</b>	<b>502.5</b>
Number of people				<b>694</b>	<b>481</b>
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
Number of active OHS committees				<b>13</b>	<b>12</b>
Number of active OHS committee members				<b>102</b>	<b>105</b>
Number representatives at active OHS committees				<b>26</b>	<b>31</b>
Absence rate (AR)					<b>2509.9</b>
Lost day rate (LDR)					<b>921.5</b>
Number of fatal accidents					<b>0</b>
<b>Accident Frequency Rate</b> (Accident Frequency Rate: Total Number of Working Accidents X 1,000,000 / Total Man-Hour) (light injuries were included)					
Aygaz employees				<b>16.32</b>	<b>14.37</b>
Subcontractor employees				<b>30.29</b>	<b>36.84</b>
<b>Accident Severity Rate</b> (Accident Severity Rate: Total Number of Lost Days Due to Working Accidents X 1,000 / Total Man-Hour) (light injuries were included)					
Aygaz employees				<b>0.13</b>	<b>0.25</b>
Subcontractor employees				<b>0.46</b>	<b>0.26</b>
<b>Injury Rate (IR)</b> (Injury Rate: Total Number of Working Accidents X 200,000 / Total Man-Hour)					
Aygaz employees				<b>3.26</b>	<b>2.87</b>
Subcontractor employees				<b>6.06</b>	<b>7.37</b>



## Stakeholder Communication Methods

STAKEHOLDER GROUPS	COMMUNICATION METHOD	COMMUNICATION OBJECTIVE
Employees	Internal Communication Activities, Trainings, Communication Meetings, Announcements, Committees, Intranet, Satisfaction Surveys, Corporate publications, Awards, Suggestion Systems, Group Studies, Sports Festivals	We aim for a transparent and participative working environment, looking for common sense to improve business processes, being a preferred workplace and retaining talented human resources within our organization.
Business partners / Dealers	Intranet, Fairs and Seminars, Communication Meetings, Dealer Meetings, Facility Outings, Trainings, Audits, Satisfaction Surveys, Reports, Sub-industry Days, Dealer Portals, Reputation Survey	We increase efficiency and quality in business processes, look for innovations for competitive advantage, increase our benefits for customers, build a win-win relationship and aim for improving the business quality and corporate development of all parties.
Customers	Advertisements, website, call center, campaigns, trainings, researches, focus group studies, satisfaction survey, customer portal, visits, projects, press bulletins, PR activities, local and international fairs	We abide by the principles of corporate governance and transparency. We carry out simultaneous dissemination of complete, correct and timely information to all our stakeholders. All Aygaz customers are fairly and equally treated and strict security procedures are followed when dealing with confidential information. In order to understand our customers' needs and expectations we effectively use communication channels and use this information as data in our product and service development activities. We use the required labelling and marking for products and services so that customers can make conscious decisions about their purchases.
Investors / Shareholders	Special case announcements, Investor Meetings, Ordinary General Assemblies, Reports, Website, Bulletins, Open Door Meetings, Face-to-face Meetings, Conference Participation, Facility Outings, Roadshows	One of the most important strategic objectives for Aygaz is to generate value for its shareholders. We disseminate timely, correct, complete, clear and accessible information to all our shareholders.
Suppliers	Meetings, Fairs and Seminars, Supplier Days, Sub-Industry Days, Audits, Invitation to Social Activities	We aim for solution partnerships to enhance quality. We cooperate with our suppliers to run their business operations within the framework of sustainability principles as we do. We encourage our suppliers to offer their products and services through processes that respect the law, the environment and their stakeholders.
Government and Regulatory Bodies	Regulation Commissions, Reports, Audits, Trainings, Official Visits, Seminars	We aim to create an ethical commerce environment. We actively contribute to the process of drafting laws through the NGOs and commerce associations where we are represented. We find international examples for benchmarking exercises, take part in international NGOs and work towards an efficient information and expertise flow into Turkey from countries with more developed legislations.
Unions	Regular Information Meetings, Face-to-face Evaluations, Collective Labor Agreements, Joint Projects, Workshops, Participation in General Assembly Meetings, Open Workplace Meetings, Trainings	The quality of our products and services start with our employees. Our employees are our most valuable assets. The improvement of working conditions, making the voice of our employees heard and sustaining business achievements depend on our partnership with unions.
NGOs	Reports, Announcements, Consultancy Panels, Audits, Press Meetings, Conference, Congress and Focus Group Studies, Joint Projects, Reputation Surveys	We aim to contribute to social and sectoral development, we develop solution partnerships.
Media	Press Bulletin, Press Meetings, Press Gatherings, Trips Private Interviews, Reputation Surveys, Report Shares, Visits, E-bulletins, Conference, Presentation, Social Responsibility Projects	As a company that respects freedom of communication and information, we aim to present ourselves to the public in the best way possible by disseminating corporate news accurately to our stakeholders from the first hand.
Opinion Leaders	Consultancy Panels, Researches, Reports, Invitation to Meetings, Sharing Meetings, Working Groups, Researches	We consult with independent experts in their subject areas in order to constantly improve our operations, we act with the vision of becoming a self-renewing company.
Industry Representatives	Membership to Sectoral Organizations, Fairs, Reports, Conferences, Congresses	We aim to develop a common understanding focused on the development of the sector and on increasing the benefits offered to customers.
Financial Actors	Investor Meetings, Announcements on the Internet, Bulletins, Research Outcomes, Roadshow, General Assembly, Conference, Financial Bulletins, Development Reports	We disseminate information about our corporate operations within the framework of transparency principles. We establish in mutually beneficial relationships.
International Organizations	Fair and Congresses, Conferences, Corporate Memberships	We aim to create value through sharing with the sector, reach new customers along with existing ones, evaluate opportunities for cooperation with organizations and establishments, improve the vision of Aygaz, carry out benchmarking studies and to be informed about the current
Local People	Local Press, Communication Meetings, Common Councils, Booklets, Projects, Education Bus, Trainings, Reputation Surveys, Open Workplace Meetings, Facility Outings, Congresses open to the public, Local Activities, Roadshow, Social Responsibility Projects, Website, Campaigns	We want to be good neighbors.
Society	Facility Outings, Website, Reputation Survey, News Bulletin, Social Responsibility Projects	As a good corporate citizen, we fulfill our share in sustainable development.

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G4-LA12	p. 60, Aygaz Performance Indicators	
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G4-DMA	p. 38, Social Diversity and Equal Opportunities	
G4-LA13	p. 65, GRI Content Index: There is no discrimination in the remuneration policy for female and male employees.	
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G4-DMA	NOT PRIORITIZED	
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G4-DMA	p. 38, Social diversity and equal opportunities	
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G4-DMA	NOT PRIORITIZED	
G4-HR4	p. 46, GRI Content Index: There were no incidents related to a violation of the freedom of organization and collective bargaining rights in the reporting period.	
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G4-HR5	p. 25, Aygaz Dealers; p. 66, GRI Content Index: Child labor is not employed at Aygaz operations.	
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G4-DMA	p.40, Human Rights	
G4-HR6	p. 25, Aygaz Dealers; p. 66, GRI Content Index: There are no forced or compulsory labor cases at Aygaz operations.	
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G4-DMA	NOT PRIORITIZED	
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G4-DMA	p. 14, Internal Audit and Fight Against Corruption	
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G4-S05	p. 14, Internal Audit and Fight Against Corruption	
G4-S06	p. 16-17, Communication with Stakeholders	No support is provided to political parties, politicians and related institutions. Aygaz conducts its relations with government organs transparently.
<b>SUBCATEGORY: COMPLIANCE</b>		
<b>MATERIAL ISSUE: COMPLIANCE</b>		
G4-DMA	p. 13, Corporate Governance	
G4-S08	GRI Content Index	Aygaz has no unpaid fines over 500,000 TL per fine.
<b>SUBCATEGORY: PRODCUT RESPONSIBILITY</b>		
<b>MATERIAL ISSUE: CUSTOMER HEALTH AND SAFETY</b>		
G4-DMA	p. 33, Customer Satisfaction	
G4-PR1	p. 31, Product Safety	
G4-PR2	p. 30, Product quality; p. 31, Product Safety	

DMA and Indicators	Page, Section	Explanation
<b>CATEGORY: SOCIAL (CONTINUED)</b>		
<b>MATERIAL ISSUE: PRODUCT AND SERVICE LABELING</b>		
G4-DMA	p. 33-34, Customer Satisfaction	
G4-PR5	p. 33, Customer Satisfaction	
<b>MATERIAL ISSUE: MARKETING COMMUNICATION</b>		
G4-DMA		
G4-PR6		
G4-PR7	GRI Content Index	No incidents have occurred in terms of compliance with regulations and voluntary rules regarding marketing communication, including advertisements, promotions, and sponsorships.
<b>MATERIAL ISSUE: CUSTOMER INFORMATION SECURITY</b>		
G4-DMA		
G4-PR8	GRI Content Index	There are no confirmed complaints about customer privacy violations or customer data losses.
<b>MATERIAL ISSUE: LEGAL COMPLIANCE</b>		
G4-DMA		
G4-PR9	GRI Content Index	There are no fines in relation to the violation of laws and regulations regarding the supply and use of products and services.
<b>SECTORAL INDICATORS</b>		
OG1	p. 20, LPG Supply Security	
OG2	GRI Content Index	There are no investments made for renewable energy.
OG3	GRI Content Index	No renewable energy is produced.
OG4	GRI Content Index	There are no operation sites being evaluated or audited, that might pose a risk in terms of biodiversity.
OG10	GRI Content Index	There was no conflict with local communities.
OG12	GRI Content Index	There is no residence that was relocated due to operations.
OG13	GRI Content Index	There were no incidents related to process security at Aygaz in the reporting period.
OG14	GRI Content Index	No biofuel was purchased or produced.

## Disclaimer

Sustainability Report (Report) is prepared by Aygaz A.Ş. "Aygaz" within the scope of GRI (Global Reporting Initiative Principles) Principles. All the information and views provided by Aygaz for this report which does not purport to be comprehensive, have not been verified independently for the objectives of this report. This report is prepared with the sole aim of information and cannot be used as a base for any investment decision. The information in this report does not constitute an offer or a part of the offer regarding the sale of Aygaz shares or invite to such sales process.

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Aygaz 2014-2015 Sustainability Report is prepared for the stakeholders. Please contact Aygaz Corporate Relations Directorate for your opinions and suggestions.



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