

Corporate Governance Principles Compliance Report

Corporate Governance Principles Compliance Statement

Aygaz is aware of the benefits and importance of Corporate Governance Principles in terms of companies and capital markets. Compliance with international standards, creating sustainable shareholder value, securing funding from foreign markets, and achieving consistent growth are very important in today's increasingly globalized world. In this respect, corporate governance also contributes significantly toward improving management quality, mitigating and better managing risks, and enhancing the company's reliability and reputation in financial and capital markets.

Aygaz has adopted the "Corporate Governance Principles" that the Capital Markets Board (CMB) first introduced to the public in July 2003 and complied with these principles to a great extent. In addition to achieving full compliance with the mandatory principles of the Corporate Governance Communiqué No: II-17.1, in effect in 2021, Aygaz has complied with a majority of the non-mandatory principles. Even though the company aims to fully comply with the non-mandatory Corporate Governance Principles, full compliance has yet to be achieved due to the difficulties regarding implementation of some principles, the current debate on both domestic and international platforms toward their adoption and some principles failing to align with the existing structure of the market and the company. With the work ongoing regarding the principles that have yet to be implemented, adoption of these principles will be duly considered upon completion of the administrative, legal and technical infrastructure work that would contribute to the company's effective management.

The Corporate Governance practices in 2021 have been carried out in compliance with the Capital Markets Law that includes Capital Markets Board regulations on corporate governance principles and the communiqués pursuant to this law. Prior to the general assembly meeting, independent board members were nominated and publicly announced, and general assembly meeting was organized with due process for the election. At the Ordinary General Assembly Meeting in 2021, members of the Board of Directors were elected, and in the ensuing process the Board committees, which currently function effectively, were formed in accordance with regulations. Remuneration policy was determined for Board members and senior executives and presented to the shareholders at the general assembly meeting. Through the information document prepared for the General Assembly, information mandated by the principles, such as privileged shares, voting rights, organizational changes, résumés of the nominees for Board membership, remuneration policy for the Board of Directors and senior executives as well as all reports and information that must be drafted and disclosed about related parties were made available for investors three weeks prior to the General Assembly meeting. The corporate website and annual report were also reviewed and necessary changes were made toward full compliance with the principles.

Necessary work will be carried out for full compliance with the principles by considering legislative developments and implementations in the upcoming period.

The non-mandatory Corporate Governance Principles, which have yet to be complied with, are listed below. Detailed information is provided in the relevant sections of the annual report. Aygaz has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

- Regarding principle 1.3.10, donations made by the company are described in a separate item on the general assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of various donations, each lower than TL 100,000, made to a number of institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors while the company has plans to continue disclosing within this materiality limit in the coming years.

- Regarding principle 1.3.11, the general assembly meetings are open to the public under normal conditions; however, considering the ongoing pandemic situation, the restrictions imposed by relevant authorities for gatherings in groups, and to protect public health, the shareholders were prioritized in admittance to the venues of the general assembly meetings in 2021.

- Regarding principle 1.5.2, minority rights are not granted for shareholders holding less than one twentieth of the share capital according to the articles of association, and rights are granted to minority shareholders within the framework of general regulatory provisions in line with general practices. The investors have not expressed any interest in this matter and the company does not foresee any changes regarding this matter in the near future.

- Regarding principle 4.4.1, the Board of Directors only convened twice in a physical setting in 2021 due to the ongoing COVID-19 pandemic. However, the Board members were regularly advised about the company's performance and developments. All the resolutions, except for the ones in the aforementioned physical meetings, were reached by passing them around.

- Regarding principle 4.4.2, a minimum period has not been defined to communicate the information and documentation about the agenda topics to the Board members while the timing of when to provide information to the Board members is determined based on the topics and processes on the Board agenda and the members are informed reasonably in advance. Even though an urgent need to define such a period is not present, given the effective functioning of the Board, this topic will be assessed in the times to come.

- Regarding principle 4.4.5, Board meetings take place based on customary practices of many years; however, a written internal procedure has not yet been implemented within the organization. Considering the effective functioning of the Board, an urgent need to address this issue is not present while the company has plans to address this topic in the times to come.

- Regarding principle 4.4.7, considering that the Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming other duties outside the company. The résumé of each Board member and their other duties outside the company are provided in the annual report. Given the effective functioning of

the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.

- Regarding principle 4.5.5., committee appointments are decided by taking into consideration the relevant Board members' expertise and experience in accordance with applicable regulations while some Board members serve on more than one committee. However, the said members facilitate communication and increase the opportunities for cooperation between committees handling related subjects and given the effective functioning of the current committee structure, an imminent change is not anticipated.

- Regarding principle 4.6.5., remunerations provided to the Board members and executives with administrative responsibilities are provided in the notes to the financial statements and in the General Assembly and disclosed to the public as a total figure. Given that this matter is important due to the privacy of personal data, common practices are followed with plans to act in line with widely adopted practices.

Aygaz A.Ş. demonstrates its emphasis on the importance of complying with corporate governance principles and its commitment to implementing them as a continuous and dynamic process by receiving Corporate Governance Rating scores and remaining in the Corporate Governance Index. Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., operating under license from the Capital Markets Board (CMB) to conduct corporate governance rating activities in Turkey, upgraded the company's score from 9.42 to 9.50 on June 21, 2021. Corporate Governance Rating Score is determined under four main categories weighted by different degrees within the framework of the CMB resolution on the matter. Improvements in all the topics, including "Public Disclosure and Transparency" and "Shareholders" have contributed to the increase in the rating score. Preparation of Aygaz Donations and Sponsorship Policy, its presentation to and approval by the general assembly, and its publication on the corporate website, as well as the fact that the loss, which the Board members may cause to the company for failings during their performance of duties, is covered by insurance was included in the annual report and disclosed to the public on the Public Disclosure Platform (PDP) were evaluated as positive developments. Aygaz, with its current corporate governance rating, has been one of the companies to hold the highest corporate governance scores in Turkey as of the rating date. In the period following the Corporate Governance Rating upgrade, the company's "Board of Directors' Diversity Policy" in which Aygaz declares its commitment to increase the female Board membership ratio to 25% within five years, "Human Rights Policy," "Anti-bribery and Corruption Policy," "Gift Acceptance and Honor Policy," and "Supply Chain Compliance Policy" have been approved by the Board of Directors and published on the Public Disclosure Platform and the corporate website.

Necessary work will be carried out for further compliance with the principles in the upcoming period by considering regulatory developments and implementations. The established corporate identity of Aygaz has brought momentum to the steps taken for this purpose and its management structure and processes have been shaped in compliance with these regulatory guidelines.

Since the General Assembly meeting of 2005, “Corporate Governance Compliance Reports” are prepared and published on the company’s corporate web site (www.aygaz.com.tr) and within annual reports. The 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared in accordance with CMB’s resolution no. 2/49 dated January 10, 2019 and approved by Aygaz A.Ş. Board of Directors, are presented in the “Corporate Governance” section (pages 88-99) of the annual report, and the related documents can also be found in the corporate governance page of Aygaz A.Ş. on the Public Disclosure Platform (www.kap.org.tr).

Corporate Governance Principles Compliance

2.1. Investor Relations Department

At Aygaz, Investor Relations Department’s duties set out by article 11 of the Corporate Governance Communiqué have been assigned to the Finance and Risk Department under the leadership of Chief Financial Officer. The department consisting of Şebnem Yücel and Selin Sanver, with Capital Market Activities Advance Level and Corporate Governance Rating Specialist Licenses, can be reached by email at yatirimciiliskileri@aygaz.com.tr or investorrelations@aygaz.com.tr or by phone at +90 212 354 15 15 / extensions 1510-1659 for information requests.

The Investor Relations Department Report including all of the activities carried out throughout the year was submitted to Corporate Governance Committee and Board of Directors.

2.2. Exercise of Shareholders’ Right to Obtain Information

The “Investor Relations” section on the corporate website is continuously updated to offer shareholders easier usability and access to more information.

All information except those qualifying as commercial secrets are shared with shareholders and no discrimination is made among shareholders regarding the exercise of the right to obtain and review information.

Even though the Articles of Association do not contain any provision for an individual to have the right to request a special auditor, pursuant to Article 438 of the Turkish Commercial Code every shareholder may request the General Assembly to clarify certain events – even if they are not included in the agenda – by way of a special audit, if doing so is necessary for exercising shareholders’ rights, provided that the right to obtain information or review has been previously exercised. To date, shareholders have not put in such a request. Furthermore, the company’s operations are periodically audited by an Independent Auditor appointed by the General Assembly.

2.3. General Assembly Meetings

The Ordinary General Assembly meeting was held on March 31, 2021 at the head office of the company at Büyükdere Caddesi, No: 145/1 Zincirlikuyu, Şişli, İstanbul with a shareholder

attendance rate of 80%. The General Assembly meetings are open to the public, including the stakeholders and members of the media without voting rights, and Article 14 of the company's articles of association includes a provision on this matter. Specific to the year 2021, considering the ongoing pandemic situation, the restrictions imposed by relevant authorities for gatherings in groups, and the protect public health, no external attendees, except for the shareholders, were admitted to the general assembly venue. Some Board members, senior executives, and the independent auditor have attended the General Assembly meeting. The venue of the General Assembly Meeting, its agenda and a sample power of attorney were announced to the public 21 days prior to the meeting via Turkish Trade Registry Gazette (TTRG) and material disclosures made via the Public Disclosure Platform (PDP). These details can be accessed by searching for Disclosures on PDP or selecting the year in the relevant section on the corporate website at: <https://www.aygaz.com.tr/en/investor-relations/material-disclosures>

The annual report, auditor's report, independent audit report, financial statements and notes, profit distribution proposal of the Board of Directors, General Assembly Information Document and annexes were made available for the shareholders to review at the company head office, on the corporate website, and via the PDP 21 days prior to the General Assembly meeting.

Minutes of the General Assembly meeting are registered and published in TTRG and also made available to the shareholders at the company's head office and corporate website. Information regarding the General Assembly process is disclosed via PDP and added to the corporate website. The result of the General Assembly meeting has also been publicly disclosed.

2.4. Voting Rights and Minority Rights

Privileged voting rights are not granted to shareholders of the company. There is no other company with reciprocal shareholding with Aygaz. Minority rights are represented at the General Assembly directly or by proxy. The Company's Articles of Association contain no provision on the cumulative voting method. Minority rights are not granted for shareholders holding less than one-twentieth of the share capital according to the Articles of Association and rights are granted pursuant to general legislative provisions.

2.5. Dividend Rights

There are no privileges regarding the sharing of company profits. Profit distribution is made in accordance with and at the intervals stipulated by applicable legislation. The profit distribution policy currently in effect was revised at the company's Board of Directors meeting on March 5, 2014 and took its present form:

Profit Distribution Policy was presented to the shareholders at the General Assembly meeting on March 31, 2021. The company paid in cash a gross total dividend of TL 150 million in 2021.

2.6. Transfer of Shares

Article 8 of the Articles of Association, titled "Transfer of Shares" stipulates that only the individuals registered in the share book conforming with the records of the Central Registry Agency will be considered and treated as holders of shares or holders of rights of usufruct on

shares. Transfer of the company's publicly traded registered shares are governed by and subject to the applicable regulations of the Capital Markets Board.

3.1. Corporate Website and Content

The company's corporate website www.aygaz.com.tr is available in Turkish and English. As explained in detail in the company's Disclosure Policy, the Investor Relations section includes detailed information and documentation as required by the corporate governance principles and other legislation.

3.2. Annual Report

The company's Annual Report is prepared in a manner to include all information stipulated by the Corporate Governance Principle 2.2 and its subparagraphs in sufficient detail.

4.1. Informing Stakeholders

Company stakeholders are informed regularly on matters that concern them. Company employees are informed at internal communication meetings. Field employees at the Aygaz Gebze Plant and seamen working on vessels are members of trade unions organized in related lines of work. These workers are informed through union representatives. Regional or general dealer meetings are held every year.

On the other hand, comprehensive communication activities are also carried out through the company's corporate website, newsletters, technical publications and the company magazine, "Aygaz Dünyası". Designed to strengthen communication with dealers, the Dealer Portal also continues to be used effectively.

Stakeholders can use the links and call the phone line provided on the corporate website and intranet to report any infringements of legislations and ethically inappropriate activities to the Company Management or Internal Audit Department to be duly submitted to the Audit Committee.

4.2. Stakeholder Participation in Management

In the stakeholder meetings, attendees find the opportunity to express their requests and suggestions, which are then taken into consideration by the management. Furthermore, the Individual Suggestion System and email pools established within the company provide an opportunity to submit new ideas, and owners of the implemented ideas are rewarded. Suggestions can be submitted through the company's corporate website and intranet.

4.3. Human Resources Policy

The human resources (HR) policy of Aygaz, carried out in line with the Koç Group employer brand approach, is also based on the "Our most valuable asset is our human resources" philosophy of our founder Vehbi Koç. Aygaz believes that the quality of its products and services begins with its employees, and the company's human resources management includes participation, transparency and all other business processes that consider the benefit of all stakeholders.

5.1. Composition and Election of the Board of Directors

The Aygaz Board of Directors is composed of nine members in total with one Chairman, one Vice Chairman and seven members, three of which are independent. As of 2021, the Board has one female member. All Members of the Board of Directors were elected in the General Assembly meeting on March 31, 2021 to serve until the Ordinary General Assembly Meeting to be held to review the financial results for 2021. Résumés of the Board Members and the General Manager are included in the annual report.

The table below provides brief information about the non-executive members of the Board in accordance with CMB's Corporate Governance Principles.

Board Member Name Surname	Independence Status	Duties on the Board and Committees	Duties Outside the Company
Rahmi M. Koç	Non-independent	Chairman of the Board and Executive Committee	Koç Holding A.fi. Honorary President and Board Member in Koç Group Companies
Ömer M. Koç	Non-independent	Vice Chairman of the Board and Member of Executive Committee	Chairman of the Board of Directors in Koç Holding A.fi. and Board Member in Koç Group Companies
Alexandre F. J. Picciotto	Non-independent	Board Member and Executive Committee Member	Orfim General Manager and Board Member in various companies
Dr. Bülent Bulgurlu	Non-independent	Board Member and Member of Risk Management Committee	Board Member in Koç Group Companies
Levent Çakıroğlu	Non-independent	Board Member	Koç Holding A.fi. CEO, Board Member in Koç Holding A.fi. and Koç Group Companies
Yaşar Eyüboğlu	Non-independent	Board Member and Member of Corporate Governance Committee	Koç Holding A.fi. Energy Group President and Board Member in Koç Group Companies
Dr. İadân Kaptanoğlu Dikici	Independent	Board Member, Chairwoman of Risk Management Committee and Member of Audit Committee	Kaptanoğlu Denizcilik Tic. A.fi. Board Member
Kutsan Çelebican	Independent	Board Member, Chairman of Audit Committee and Chairman of Corporate Governance Committee	
Kemal Ege Cansen	Independent	Board Member	

The duties of the Chairman and the General Manager are performed by different individuals. While Board Members are expected to dedicate the time required for the affairs of the company, there are no limitations imposed on them about assuming other duties outside the company. The résumés of the members and the duties they assume outside the company are presented to the shareholders prior to General Assembly.

At Aygaz, the Corporate Governance Committee carries out the duties of the Nomination Committee. In 2021, three independent candidates were nominated and they all submitted their statements of independence to the Corporate Governance Committee. The Corporate Governance Committee and the Board of Directors evaluated the declarations and résumés of Independent Board Members during their respective meetings on January 13, 2021 and

determined that all met the criteria specified in Corporate Governance Principles. The candidates were approved and selected by the General Assembly on March 31, 2021. As of 2021 operating period, no situations that would eliminate independence arose.

5.2. Operating Principles of the Board of Directors

The agenda of the Board of Directors meetings is determined according to the company's needs upon evaluation of activities. The General Manager and the Chief Financial Officer inform and maintain communication with the Board of Directors. The Board of Directors, which convenes to address strategic issues, convened only twice in a physical setting in 2021 due to the ongoing Covid-19 pandemic and passed 29 resolutions in total, including those that fall under the scope of paragraph 4 of Article 390 of the Turkish Commercial Code.

Board Members have no weighted voting privileges and/or veto power. Other than the powers vested in the General Assembly by the Turkish Commercial Code, the Board of Directors is authorized to make decisions related to the affairs of the company. Powers and responsibilities of Board Members and executives are regulated by the circular of signature drafted according to the relevant provisions of the company's Articles of Association.

Board Members do not carry out transactions with the company or take part in any competitor entities. As stated in section 2.3, some shareholders with management control, Members of the Board of Directors, executives with administrative responsibilities, their spouses and blood relatives to the second degree and in-laws serve as Members of Board of Directors in some other Koç Group companies, including the ones that operate in a similar field. Board Members and Senior Executives of the company are covered by an "executive liability insurance".

5.3. Number, Composition and Independence of Committees within the Board

In 2021, all the Board Committees have fulfilled the responsibilities and duties that were expected of them pursuant to Corporate Governance Principles and operating principles of their own and convened in accordance with their work plans. The results of the meetings held throughout the year and information about the works of the committees were presented to the Board of Directors. The opinion of the Board of Directors in this respect is that the benefits expected of Board Committees' efforts have been obtained.

The Audit Committee, which has been formed within the statutory period, performs the duties set out by the Capital Markets Board Communiqué. The committee audits and supervises the company's accounting system, disclosure of financial information to the public, independent audit and the functioning and efficiency of the internal control mechanism of the group. Selection of the independent audit firm, drafting independent audit agreements, starting the independent audit process and works of the independent audit firm at all stages are carried out under the supervision of the Audit Committee. The Audit Committee convenes at least four times a year and more frequently when required as it must report in writing, along with its own assessments, to the Board of Directors on whether the annual and interim financial statements to be disclosed to the public comply with the accounting principles followed by the group and fully reflected the financial position of the company after conferring with the responsible executives of the group and independent auditors. The committee convened nine times in 2021. Independent Board

Member Kutsan Çelebican was appointed Chairman of the Audit Committee and Dr. Şadan Kaptanoğlu Dikici as Committee Member in 2021.

Independent Board Member Kutsan Çelebican heads the Corporate Governance Committee established to monitor compliance of the company with Corporate Governance Principles and inspect the grounds for the principles yet to be implemented. Yağız Eyüboğlu and Gökhan Dizemen were appointed Committee Members. The duties of Remuneration and Nomination Committees are assumed by the Corporate Governance Committee, which convened five times during 2021.

The Risk Management Committee was established to provide the Board of Directors with suggestions and recommendations regarding the identification, assessment and calculation of the impact and likelihood of all strategic, operational, financial and miscellaneous risks that may affect the company. Furthermore, ensuring management of the Company in accordance with the corporate risk-taking profile, reporting and taking into consideration the decision making mechanisms of such risks as well as the creation and integration of effective internal control systems are also among the committee's purposes. In 2021, the independent Board Member Dr. Şadan Kaptanoğlu Dikici was appointed as the Chairwoman and Dr. Bülent Bulgurlu as Member of the Risk Management Committee, which convened eight times during the year.

The Executive Committee, established to support the Board of Directors in all matters, convenes as frequently as required by the activities of the company. In 2021, the Committee passed 12 resolutions, one per month. In 2021, Mustafa Rahmi Koç was the Chairman of the Committee with Mehmet Ömer Koç, Yıldırım Ali Koç, Alexandre F.J. Picciotto and Caroline Nicole Koç serving as Members.

In principle, Board Members do not have duties simultaneously in various committees. However, due to the structure of our Board of Directors, some Board Members have duties in more than one committee. These members help facilitate communication among committees and increase cooperation possibilities.

5.4. Risk Management and Internal Control Mechanism

Ensuring healthy functioning of the internal control system and internal audit is the responsibility of the Board of Directors and the efforts are coordinated by the General Manager, overseen by the committees formed under the Board of Directors, and necessary information is presented to the Board of Directors, thus making it possible for the efficiency of risk management systems to be reviewed.

Furthermore, an independent audit firm conducts periodic audits, and results of these audits are reported to the Board of Directors. Corporate Risk Management (CRM) is carried out by a team formed with participation of various departments under the leadership of Chief Financial Officer and monitored by the Risk Management Committee.

5.5. The Company's Strategic Goals

Along with the company's vision and mission, its strategic goals have also been determined and are presented to all stakeholders through various channels. The annual targets that are determined and set out for the management of the company by the Board of Directors in accordance with these are communicated across all levels. Both the Board of Directors and relevant committees are periodically briefed regarding the realization of the given targets and developments.

5.6. Financial Benefits

The company's "Remuneration Policy for the Members of the Board of Directors and Senior Executives" was approved at the Ordinary General Assembly Meeting on March 31, 2014. Disclosed to the public through the company's annual report and corporate web site and most recently approved by the shareholders at the Ordinary General Assembly on March 31, 2021, this policy is also on the agenda of the Ordinary General Assembly Meeting that will be held on March 30, 2022 to review the 2021 activities to be presented to the shareholders of the company. The total payment made to Members of the Board of Directors and Senior Executives within the framework of the Remuneration Policy is assessed by the Corporate Governance Committee and the Board of Directors every year. The total payments made to the Members of the Board of Directors and Senior Executives are disclosed to the public through financial statement notes in accordance with general practices. There are no transactions that may lead to conflicts of interest such as loans, utilization of credit and provision of guarantees for the benefit of our Board Members or Executives.