

AYGAZ



Sustainability Report 2008-2009

AYGAZ



ABOUT AYGAZ



SUSTAINABLE OPERATIONS



HUMAN RIGHTS and WORKING CONDITIONS



ENVIRONMENTAL MANAGEMENT



INVESTING IN THE FUTURE

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Message from the general manager

Within our perception of “being the closest company to the consumer” and taking the employee willingness as a base along with the contributions of our dealers and suppliers, we are running long-term corporate social responsibility projects in areas such as health, education, arts and sports activities.



Dear Stakeholders,

Since our establishment, we are vigorously trying to add value to our partners, shareholders, employees and the community that we are part of. Thanks to our understanding of corporate governance, we have consistent and durable communication with our stakeholders, that depends on mutually beneficial relationships where we use resources sustainably throughout the process of conveying our products and services to the consumers.

We regularly publish our annual reports and financial indicators which are independently audited on quarterly basis. As an organization that adopts transparent management, we ensure that we comply with all the requirements of corporate governance. In 2009, as a result of an assessment by an independent organization assigned by Capital Markets Board of Turkey, we secured the 7th highest corporate governance rating nationwide with a score of 8,46. Our commitment to transparency and accountability is also recognized by independent organizations such as Sabancı University, and Standard & Poors. Yet another award is, surely, our consumers' constant preference and trust in our brand. For almost half a century, as the most preferred and used brand by the consumers in our sector, we had the pleasure of being the market leader during the reporting period, as well.

Obviously, the only indicator of success is not numbers... As much as what we are doing, how we are doing is also very important... We are aware of the fact that we have to respect to the human beings, the nature, the law and to ourselves in every step of our processes, while setting example to each other as well as our competitors. That is because we believe in the importance of value added we create in social domain as well as in business terms.

While creating continuous employment through our plants and wide network of dealers across the nation, and contributing to the economy through our supply chain, we strive for an efficient environmental management by taking care of our environmental footprints through efficient use of resources, through creating less waste and through our increased recycle and retrieval rates. In this respect, we keep working on better energy efficiency and waste management systems, reducing our consumption in order to protect our natural resources and developing LPG further, which is already an environment-friendly fuel, so that we can improve our urban air quality.

Within our perception of "being the closest company to the consumer" and taking the employee willingness as a base along with the contributions of our dealers and suppliers, we are running long-term corporate social responsibility projects in areas such as health, education, arts and sports activities.

We play an active role in the networks where public sector, civil society, trade organizations, science communities and private sector get together to look for solutions for common problems.

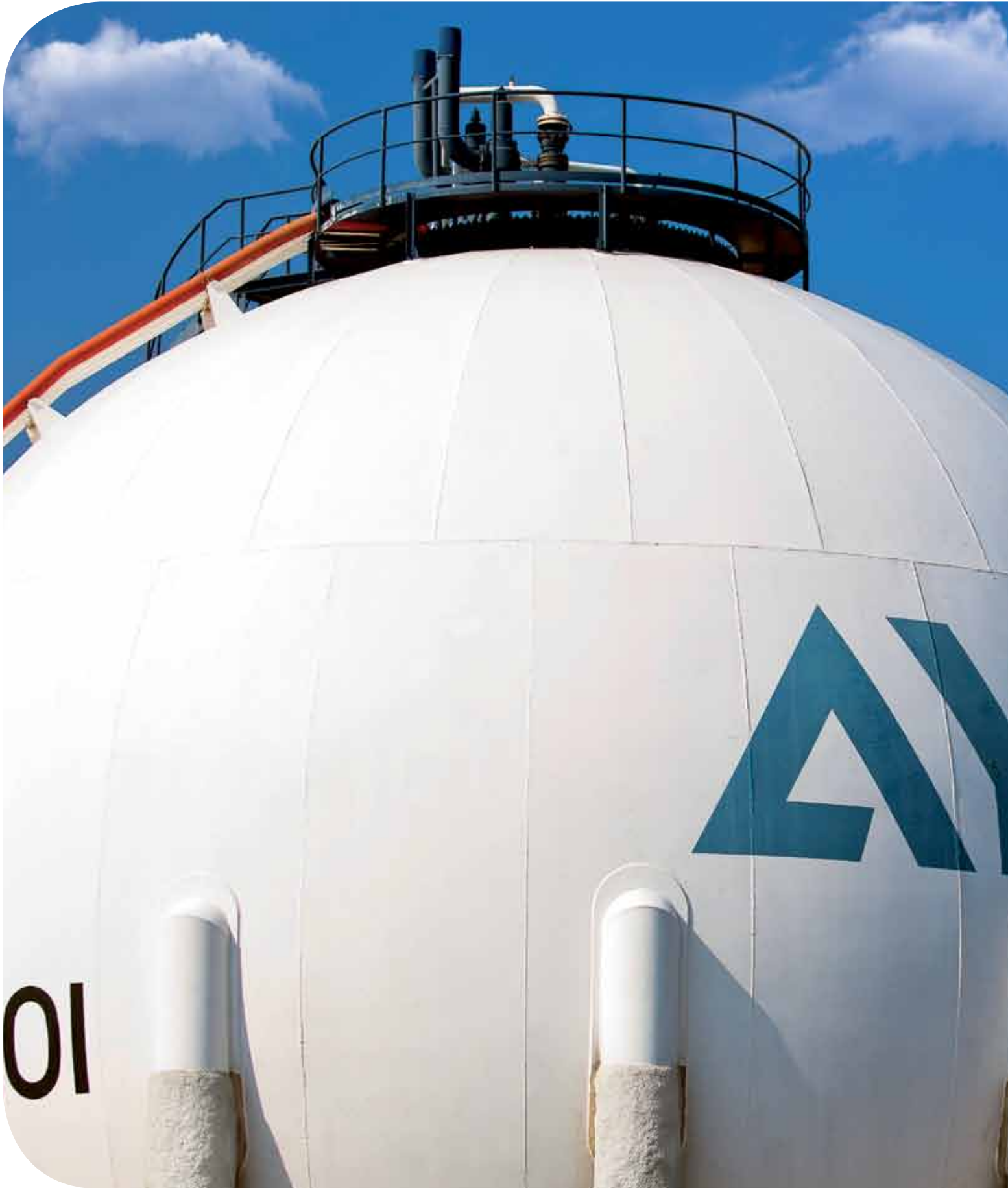
2008-2009 Sustainability Report is our 6th report in this matter. As an indicator of our sustainability performance, this report was prepared in accordance with the GRI (Global Reporting Initiative) principles and complies with application level C requirements for the first time. As a Koç Group company and signatory of UN Global Compact, we also included our performance related to our commitment to the Compact's principles in this report.

By the means of this report, we would like to underline our commitment to sustainability principles under all circumstances and thank our employees for sharing their knowledge and expertise for the success of our brand, our dealers for their contributions, suppliers, our shareholders for their continued trust, investors and to the public who made Aygaz a part of their life for the last 50 years.

Kind regards,



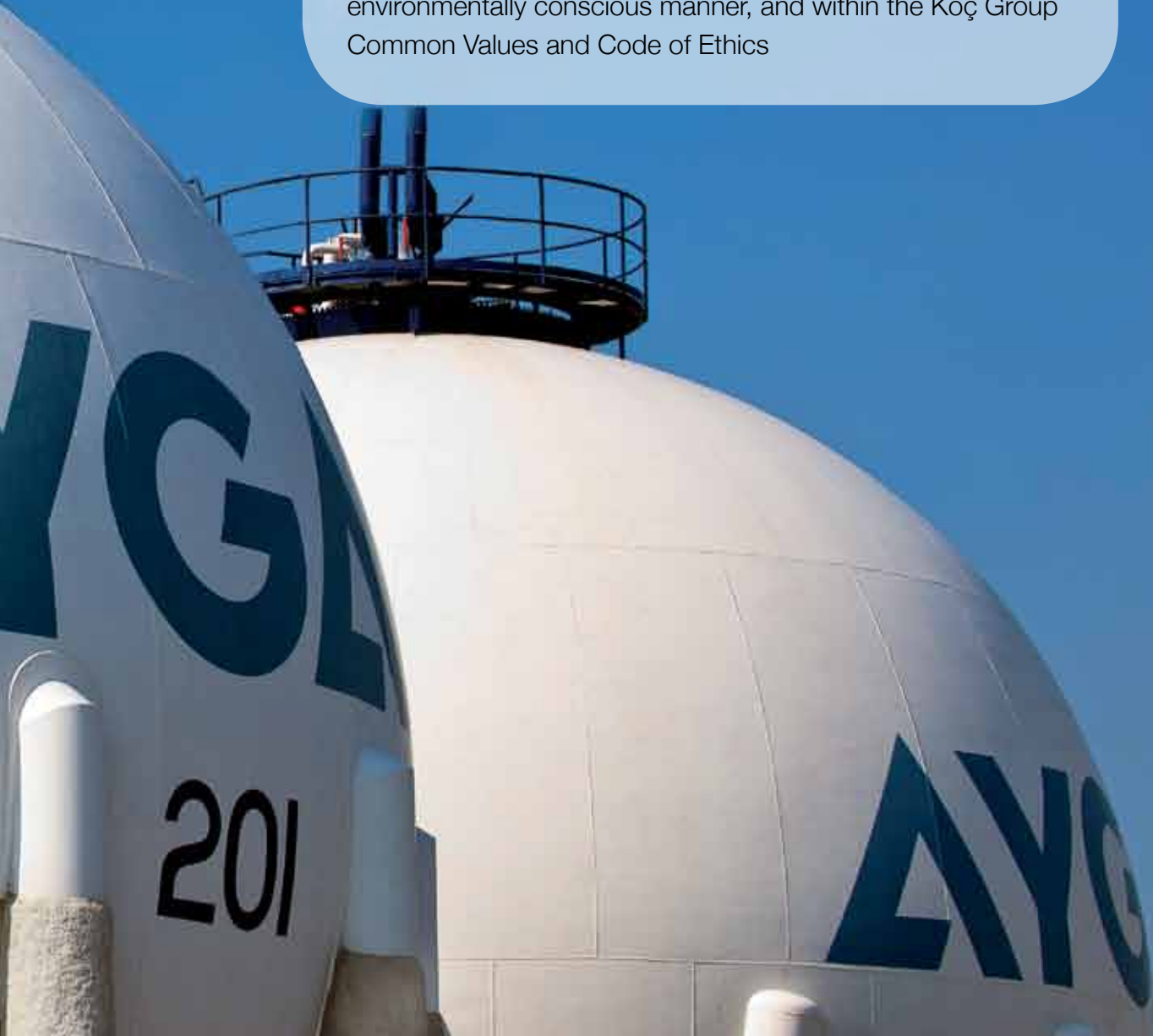
Yağız Eyüboğlu



Aygaz' vision and mission

Vision: To become the pioneer in generating energy solutions especially in LPG and natural gas operations both in Turkey and all potential markets

Mission: To provide the best products and services in all businesses that Aygaz operates, in the highest quality and environmentally conscious manner, and within the Koç Group Common Values and Code of Ethics



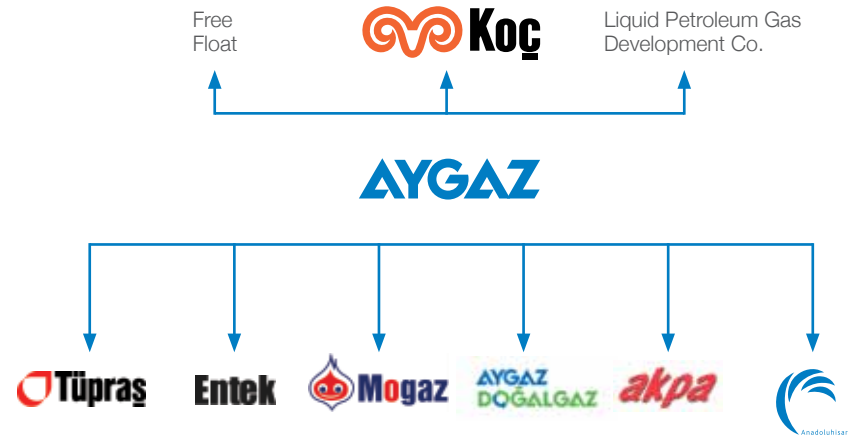
About Aygaz

Being the LPG industry leader, since founded in 1961, as Turkey's 8th largest private sector industrial company, Aygaz is also the only company in the LPG sector which is publicly listed since it was founded.

Being Koç Group's first company to operate in energy sector, Aygaz is the only LPG company which engages with all the processes of LPG procurement, storing, filling as well as production of gas appliances and distribution. Aygaz sells 3 different products which are auto gas, cylinder gas and bulk gas. Aygaz sells bulk gas directly to the consumer, while cylinder gas and auto gas are sold through dealers. Thanks to its wide network of distribution, Aygaz cylinder gas reaches 100,000 households every day and about 1 million vehicles opt for Aygaz Euro LPG+. Besides, having close to 2,000 cylinder gas dealers and auto gas stations in total, in 81 cities of Turkey, Aygaz also exports gas equipments to 24 countries, thus operates in the markets of Europe, Middle East, Africa, South America and Far East.

Being the LPG industry leader, since founded in 1961, as Turkey's 8th largest private sector industrial company, Aygaz is also the only

Subsidiaries and affiliates



company in the LPG sector¹ which is publicly listed since it was founded. Aygaz shares trade on the Istanbul Stock Exchange National Market (ISE) with the symbol "AYGAZ" and also listed in ISE Chemicals, Petrol, Plastic (XKMYA), ISE 50 Index (XU50), ISE100 Index (XU100), ISE All Index (XUTUM), ISE100 -30 Index (XYUZO), ISE Industrials Index (XUSIN), ISE Istanbul Index (XSIST) and ISE Corporate Governance Index (XKURY). Aygaz' 51.21% of shares

are owned by the Koç Group, its second largest shareholder is Liquid Petroleum Gas Development with 24.52% and remaining 24.27% is free floating.

Aygaz is the market leader since it was founded. It is the largest LPG company in Turkey and 5th largest in Europe. Aygaz' subsidiaries include Mogaz, Aygaz Doğalgaz, Entek and Akpa. Also Aygaz holds 10% share in Turkey's only refinery company, Tüpraş.

¹Source: ISO 2009 List

Aygaz' strategy



Sustain LPG market leadership through

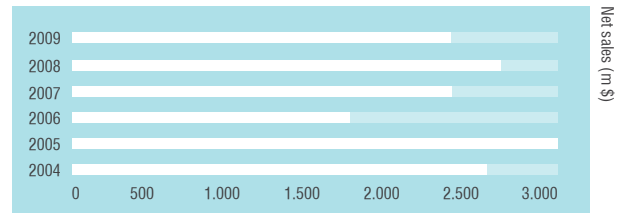
- product differentiation and innovation for auto gas
- further penetration through new auto gas stations
- growth prospects for cylinder in rural Turkey
- geographical diversification in neighbouring countries

Utilize and expand existing holding structure through close monitoring of profit generating opportunities such as privatization in natural gas and electricity and new investments

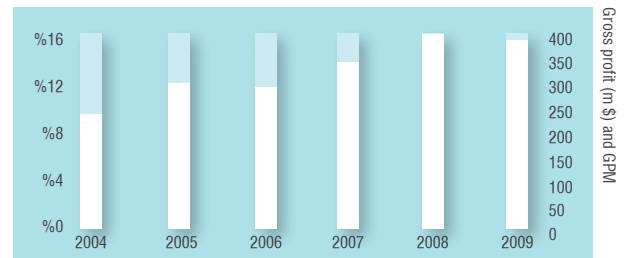
Key performance indicators	2007	2008	2009
Operational Indicators			
Auto gas sales (thousand tonnes)	459.7	496.5	549.9
Cylinder gas sales (thousand tonnes)	513.4	469.2	437.2
Bulk gas sales (thousand tonnes)	73.1	61.1	48.2
LPG storage capacity m ³	154,716	154,716	164,716
Financial Indicators			
Net operating capital (TL)	158,808,624	33,970,269	258,108,875
Operating profit (TL)	166,604,124	244,085,127	293,030,580
Profit before taxation (TL)	412,177,409	63,331,725	374,222,560
Net profit (TL)	441,848,197	25,765,471	314,604,096
Return on equity (%)	31	2	18
Net debt (TL)	230,254,689	42,330,759	27,559,673
Total tax paid (TL)	1,111,988,272	1,235,073,018	1,440,015,571
Social Indicators			
Total number of employees	1,105	1,038	1,024
Total training (hours)	18,205.30	30,309	17,063
Total training (person/hour)	16.48	29.31	16.70
Accident frequency rate	20.7	6.12	7.53
Accident severity rate	0.145	0.037	0.04
Turnover (%)	White Collar: 3.4 Blue Collar: 11.3	White Collar: 2.8 Blue Collar: 10.7	White Collar: 0.9 Blue Collar: 7.7
Local supplier rate	93%	94%	95%
Local supplier budget	1,134,275,000	1,073,673,000	967,777,000
Employee satisfaction	3.75/5	3.98/5	3.99/5
Dealer satisfaction	Auto gas dealers: 84%	Auto gas dealers: 84%	Auto gas dealers: 83%
	Cylinder gas dealers: 76%	Cylinder gas dealers: 78%	Cylinder gas dealers: 75%
Average satisfaction of the dealers getting service from the facility	Dealer: 4.6 Tank: 4.1	Dealer: 4.0 Tank: 4.1	Dealer: 4.0 Tank: 4.0
Consumer satisfaction (%)	Auto gas: 68%	Auto gas: 72%	Auto gas: 73%
Cylinder gas consumer loyalty index	79	79	81
Environmental Indicators			
Total water consumption (ton)	102,173	114,955	112,557
Electric energy consumption (kw/h)	21,653,570	20,547,626	18,734,875
LPG consumption (kg)	596,151	602,844	609,103
Natural gas consumption(m ³)	2,172,309	1,548,208	1,387,596
Patents received	-- 5 national, 2 international		3 international

LPG Pressure Vessels, Accessorizes and Appliances: LPG cylinders, LPG tanks, valves, regulators, mobile LPG heaters, stoves, barbeques, refillable camping appliances, high pressure hoods, low pressure hoods, hood sets and pipes

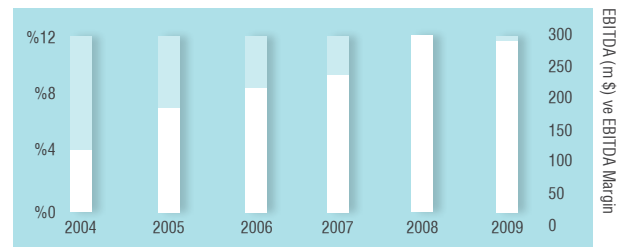
The most preferred brand by the consumers in its sector



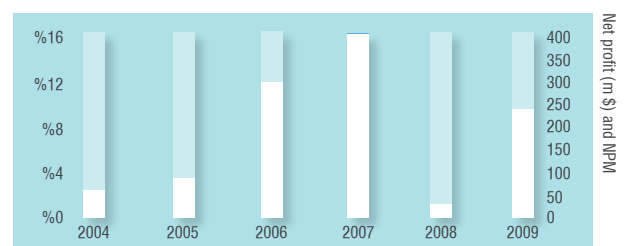
The brand with the most value added in its sector



EBITDA (m\$) and EBITDA Margin*



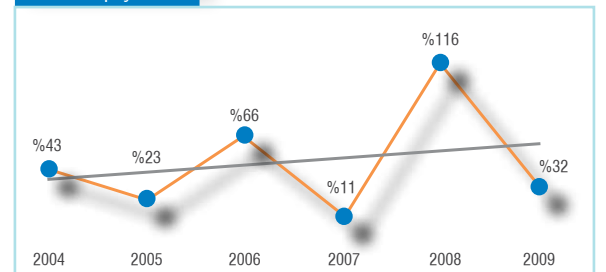
Brings high return to the investors



Total tax paid



Dividend payout



With the increase in the sources of natural gas, there is an expectation of increase in the LPG supply, thus expectation of more savings.



Main business field of Aygaz:

Liquefied Petroleum Gas

LPG is mainly made of natural gas and it is the liquid form of the propane and butane gases under pressure, which are manufactured while cracking and transporting crude oil to the refineries. LPG, obtained from natural gas, covers 55% of LPG production and this ratio is rising. Contrary to common belief, LPG is a natural gas based product, not petroleum based. LPG is considered as a long-term player among all alternative fuels which are globally available. LPG is defined as the ideal fuel,

thanks to the simplicity in the control of manufacturing, distribution and ignition. LPG is a fairly clean burning fuel and does not require complex and expensive equipments. LPG is widely available from variety of supplies which makes it to stand out among other alternative fuels.

LPG is considered to have a long lasting role among all alternative fuels in the world. With the increase in the sources of natural gas, there is an expectation of increase in the LPG supply, thus expectation of more savings.

As a mobile, storable and packable source of energy, LPG is able to cater for the needs of every segment of the public. LPG, especially changes the life standards of the users in the rural areas for the better. LPG cylinders and appliances which work with LPG is produced according to the required standards and designed with high levels of security factors and fitted safety devices. It is known that life contingency due to use of LPG is equivalent of death by plane crash or stroke of lightning².

The LPG markets³

In 2008 world LPG consumption was 238 million tonnes whilst in 2009, the year that impacts of the global financial crisis were the most effective, the same figure was 234.2 million tonnes. The top five countries which consume more than 50% of the global LPG supply are China, USA, India, Japan and Mexico. The top five LPG producers in the world are USA, Saudi Arabia, China, Russia and Canada.

According to the data of the World LPG Association, in 2008, Turkey is the second largest market in the world after Russia, which has 3.6 million tonnes consumption and 4.8 million tonnes consumption volume.

²Source: World LP Gas Association

³Source: Aygaz Annual Report 2009 p.18: LPG Market and Aygaz, Aygaz Annual Report 2008 p. 25: LPG Market and Aygaz

Aygaz

With 2,142 cylinder gas dealers, 1,121 auto gas stations, over 5,000 service vehicles and 215 tanks Aygaz, directly or indirectly, generates employment for 15,000 individuals.



Cities that make up for more than 5% of the total turnover

City	2008 Turnover (TL)	2008 (%)	2009 Turnover (TL)	2009 (%)
Istanbul	438,941,155	%20.1	398,447,661	%19
Izmir	170,834,143	%7.8	191,458,115	%9.1
Ankara	125,215,059	%5.7	134,738,443	%6.4

Turkey is the Europe's 2nd and the world's 11th biggest LPG market with a consumption level of 3.6 million tonnes/year⁴. In Turkey there are 64 LPG distribution companies that cater for 12 million households and 2.4 million vehicles. The largest 6 companies in the sector control 73% of the LPG market.

The contraction in cylinder and bulk gas markets caused by the rapid development in the natural gas market has been offset by the increasing demand for auto gas, which maintained the size of the entire LPG market at the same levels. With 2.3 million tonnes volume, Turkey's auto gas market is the 2nd biggest in the world. Aygaz sustains its market leadership position in the auto gas market, gets the highest productivity rate per station and continues with the R&D practices in the auto gas field.

Growth potential in the rural areas, widespread use of outdoors appliances that work with cylinder gas and increased use of forklifts generated new set of dynamics to the otherwise contracting cylinder gas market of Turkey. Thanks to its unique expertise in cylinder gas, Aygaz retained its market leadership position since it was founded.

Another business field of Aygaz is bulk gas which is mostly preferred for industrial use and in the areas where natural gas could not be utilized. Aygaz is the first and currently the only LPG distribution company that provides bulk gas for Turkey's petrochemicals sector.

Total tonnage of sales	2008	2009
Cylinder gas	469,280	437,213
Bulk gas	61,153	48,231
Auto gas	496,487	549,877
Wholesale	153,589	305,797
LPG export	140,073	190,552
Petrochemicals		42,434

Awards during the reporting period

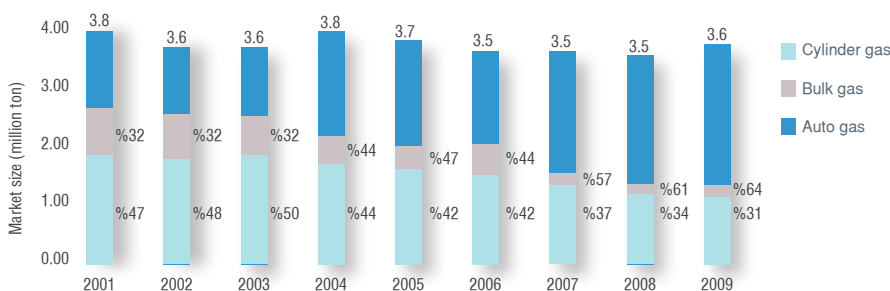
2008

- Aygaz wins the third place in the Management category at the EU Environment Awards organized by Regional Environment Centre of Turkey
- According to a public awareness and financial transparency report by Sabancı University Corporate Governance Forum and Standard&Poors, Aygaz ranks among the top five companies in Turkey for financial transparency
- According to GfK Turkey's "Best Brands" study, Aygaz was rated the fourth best brand in Turkey and the best brand in the LPG sector
- According to Corporate Social Responsibility Institute's Ethical-Accountability 2008 evaluation Aygaz is one of the 5 most accountable companies in Turkey

2009

- Aygaz wins the "Outstanding Achievement" award for its corporate website in the energy sector at the Interactive Media Awards competition

Turkey's LPG market (2001-2009)



⁴ Source: Aygaz Annual Report 2009 p.18: LPG Market and Aygaz

Sustainability journey of Aygaz

Aygaz continues to provide the safest and the best quality of products and services in the LPG sector since it introduced this clean form of alternative fuel in Turkey in 1961.



Aygaz continues to provide the safest and the best quality of products and services in the LPG sector since it introduced this clean form of alternative fuel in Turkey in 1961. Aygaz' raison d'être is to make use of the natural resources in the most efficient way. Currently, Aygaz caters for total of 100,000 households and offices, providing its consumers and the public with the products developed according to their needs and dealing with every issue which concerns its stakeholders, as an acknowledgement of requirements of sustainability.

As the first LPG company in Turkey, Aygaz has retained its market leadership in the sector for the last half a century, which is one of the indicators of Aygaz' sustainable business success. Aygaz' business success depends on its long-term strategies, preference of corporate reputation to short-term profitability, two-way communication with its stakeholders and its pioneering brand which is part of the everyday life of its consumer base. As all other Koç Group companies, Aygaz adopts Vehbi Koç's philosophy of "If my country exists, I exist". Aygaz

always considers itself as part of the family, not only with the high quality of its products and services but also with its corporate citizenship identity as Aygaz aims to exist in every field where there is a need for the support of the private sector.

One of the most important grounds for Aygaz' sustainable business success is its commitment to the principles of transparency through sharing complete corporate information with its stakeholders on regular basis. Apart from publishing ample annual reports, since 2002 Aygaz also publishes sustainability reports to reveal its non-financial performance. As the first company to do social reporting in Turkey, you can reach Aygaz' previous reports at www.aygaz.com.tr.

Sustainability management at Aygaz is not run under a single department, it is a continuous process under supervision of high level management and responsibility of all departments. While compliance with ethical principles is under responsibility of Aygaz' value chain, all the key sustainability performance areas are under the scrutiny of related departments' performance evaluation criteria.

Sustainability management at Aygaz

Board of Directors	Responsible for determination of Aygaz' sustainability strategy and review of its performance
Audit Committee	Supervision of accounting systems, release of financial information to the public, independent audit and efficiency of internal control systems of this partnership
General Manager	Responsible for the supervision of the entire sustainability performance and division of labour
Assistant General Manager (Finance)	Director of the units responsible for finance and accounting, transparency, risk analysis, investor relations, corporate governance, budget planning and control
Assistant General Manager (Technical affairs and investments)	Director of the units responsible for production process, investment decisions, R&D activities, quality, environment and employment health and safety
Assistant General Manager (Sales)	Director of the units responsible for sales points and technical support for dealers and consumers
Assistant General Manager (Marketing)	Director of the units responsible for social and investment, dealer and consumer relationships, affordability and accessibility of the products
Assistant General Manager (Logistics)	Director of the units responsible for logistics, LPG procurement security and supply chain management
Information Systems Manager	Director of the units responsible for employment continuity, disaster recovery, green IT, information security
Human Resources Manager	Director of the units responsible for human rights, career management, employee development, trade union relations, equal opportunity, remuneration, fringe benefits, internal communications and work-life balance
Internal Audit Manager	Director of the units responsible for human rights and prevention of breach of ethical principles
Legal Consultant	Director of the units responsible for the compliance with law


About this report

With this report we aim to present our sustainability performance to all our stakeholders who want to find out more about the value and work behind Aygaz as a brand.



With this report we aim to present our sustainability performance to all our consumers who want to purchase our products and services safely, individuals who are looking into career opportunities at Aygaz, national and international investors, members of the media who are interested in getting comprehensive information about Aygaz, regulatory committees and all our stakeholders who want to find out more about the value and work behind Aygaz as a brand.

In our 2008-2009 sustainability report we share our understanding of sustainability with our stakeholders under 5 main headings which are sustainable operations, working life and human rights, environment management and community investments. Under these headings we aim to share tangible indicators within the international standards in a sincere, objective and clear manner. In order to present our stakeholders with the most credible report we limited the contents of this study to solely the performance of our operations and added our subsidiaries' performances only at a financial indicators level. You can reach more detailed



information about our subsidiaries at www.aygaz.com.tr and in Tüpraş' sustainability reports.

A single-year reporting period is not adequate to represent the performance of an energy sector company with long-term projects. We also intend to provide short summary of our annual sustainability developments through our annual reports. Hence, in this Aygaz Sustainability Report we share operational and performance-related data for the 2 calendar years between the dates 1 January 2008-31 December 2009.

In this first report prepared within the international framework, in order to allow Aygaz to be evaluated comprehensively, we aim to introduce Aygaz as an institution and give thorough review of our operations. Thanks to our commitment to transparency and accountability, we are hereby enclosing both positive and negative performance results, to ensure that our report presents statistical and accurate parameters. This will lead more precise evaluation of our future performances. We also share

our historical performance parameters too, so that the developments in our performances are visible. In order to express the accountability of quantitative values we also share our accounting criteria. All our performance indicators are supported by the data in our organization's official records.

We ran a special study to determine the subjects of this report along with the material issues in each subject. We verified the content of the report through a deliberation and materiality study that we ran with the Sustainability Reporting group, which included the participation of 33 employees from different departments. We discussed what sustainability meant for Aygaz and potential future steps within this framework. We covered numerous subjects such as product quality, energy efficiency, working life, internship and training opportunities as well as responsibility projects which are considered to be the integral part of our operations. Material issues in our report are determined around problems that Aygaz is focusing its efforts to generate solutions. We also benefitted from sector

based material issues and benchmarking studies. Binding nature of this report is composed of our performance in social, environmental, economic and ethical fields.

At Aygaz we constantly make enquiries in order to come up with solutions that are suitable for our stakeholders' expectations. Hence, we regularly do research on our corporate reputation and evaluate the dealers' opinions that we gather through the dealer portal and results of our employee satisfaction surveys. We always strive for meeting the expectations of our consumers, shareholders, employees, dealers and all our stakeholders as well as the trust that the community we are part of, has in our brand and its future. We determined the content of our report according to above mentioned studies.

Material issues

Since 2002, we publish our Sustainable Development Report while keeping our stakeholders' priorities in mind.



Since 2002, we publish our Sustainable Development Report while keeping our corporate priorities in mind. This report, which reflects our sustainability performance between the dates January 2008 – December 2009, was prepared within the framework of GRI (Global Reporting Initiative) principles and complies with application level C requirements.

In this report we revealed more indicators than required for application level C. Report's GRI application level is inspected and approved by the GRI. GRI principles are adopted by today's leading companies and GRI reporting is the most widely accepted framework that is prepared by gathering experts' opinion from more than 3,000 universities, NGOs and companies. As a Koç group company we are a signatory of UN Global Compact and we oversee Global Compact's principles when preparing the content of this report. In our next report, we target for a higher application level.

For more detailed information with regards to our practices please visit Aygaz'

corporate website at www.aygaz.com.tr. Aygaz 2008-2009 Sustainability Report has been published in small numbers in order to minimize environmental impact. Our stakeholders can find the report in PDF format on our website.

Our stakeholders' feedback and opinion about this report is the best guidance for us to increase our productivity. Should you have any suggestions or comments please reach us at skr@aygaz.com.tr and +90 212 354 15 15.

Corporate memberships of Aygaz

LPG Association of Turkey, All LPG Fitters' Association (TOMDER), Lüleburgaz Chamber of Commerce, Eskişehir Chamber of Commerce, İzmir Chamber of Commerce, Safranbolu Chamber of Commerce, Diyarbakır Chamber of Commerce, Gebze Organized Industrial Area Manufacturers Association, European LPG Association (AEGLPG), IDA International DME Association, Central Anatolian Exporters Union, Chemicals, Petrol, Plastic and Rubber Employers Union of Turkey (Kiplas), Association of Advertisers, Metal Manufacturers' Union of Turkey (MESS), Union of Chambers and Commodity Exchanges of Turkey – LPG

Assembly, İstanbul Chamber of Commerce (İTO), Koçaeli Chamber of Commerce, Aliğa Chamber of Commerce, Dört Yol Chamber of Commerce, Deniz Chamber of Commerce, Gulf Petroleum Products Industrial Association, Foreign Economic Relations Board (DEİK), Association for Corporate Communicators, İntertanko Int'l Association of Independent Tanker Owners, White Goods Manufacturers Association of Turkey, Clean Sea Association, Turkey's National Committee for the International Trade Organization (ICC), İstanbul Mineral and Metal Exporters Union, Petroleum Industry Association (PETDER), Chamber of Mechanical Engineers, Türk Trade, İstanbul Chamber of Commerce, (İSO), Bursa Chamber of Commerce, Kırıkkale Chamber of Commerce, Samsun Chamber of Commerce, Körfez Chamber of Commerce, Turkey Quality Association (KALDER), World LP Gas Association (WLPG), Turkish Standards Institute Mirror Committees, World of Business and Sustainable Development Association (2008), Private Sector Volunteers Association, Turkish Industry and Business Association (TÜSİAD), Investor Relations Society of Turkey (TUYİD).

Stakeholders

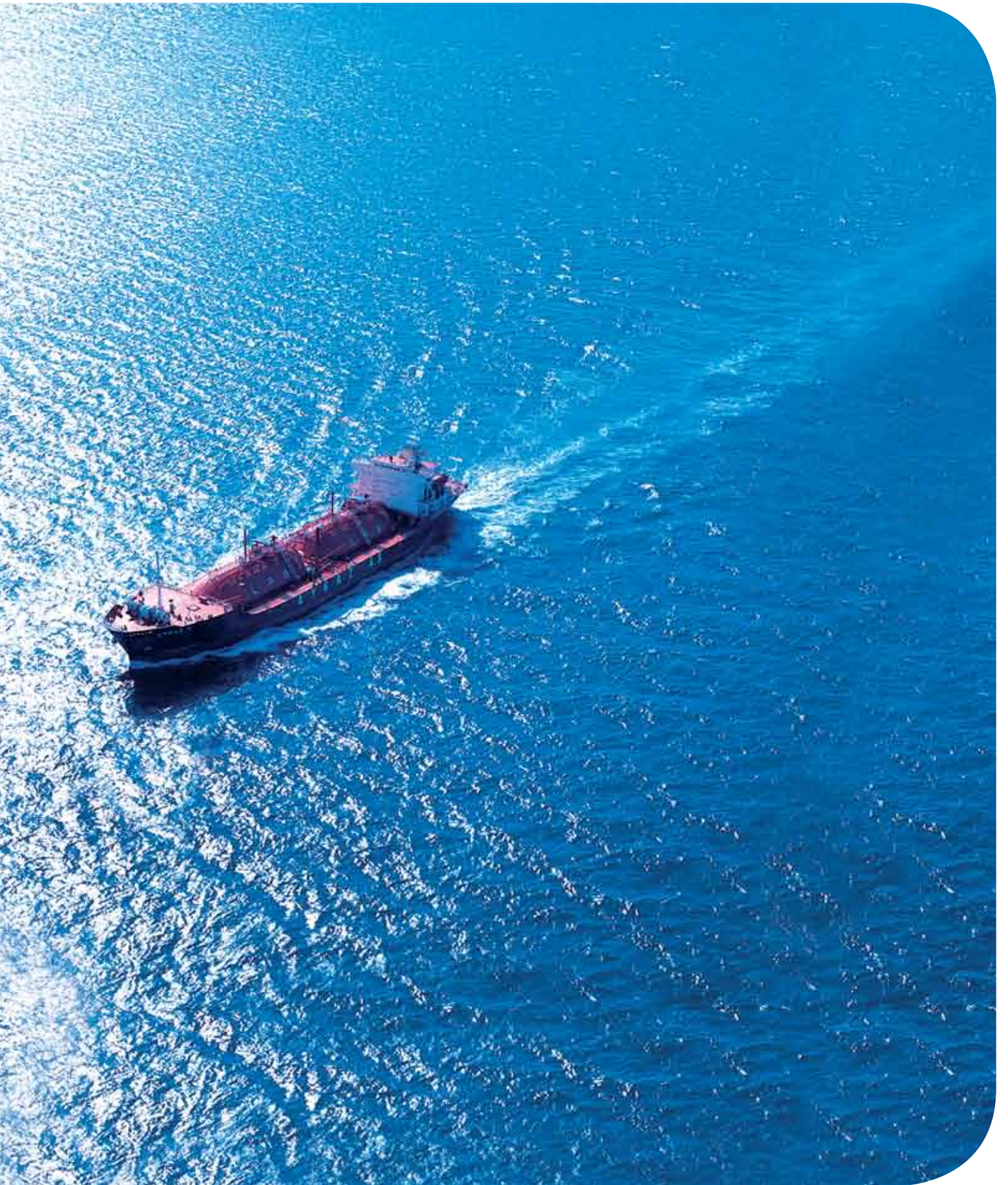
Aygaz considers all individuals, institutions and organisations that directly or indirectly effect or are being effected by Aygaz' operations as stakeholders. As a company with a wide stakeholder map, the main communication principle for Aygaz is transparency and honesty. Recognizing that governance is a business philosophy for Aygaz, we always have open and two-way communication with our

stakeholders while constantly looking to increase ways of contact. Aygaz respects the role of civil society to advocate and support the NGOs who have overlapping aims with Aygaz' corporate objectives. Aygaz employees play active roles at important NGOs.

Stakeholder groups	Method of communication	Aim of communication
Employees	Intranet, Internal Communication Activities, Training, Communication Meetings, Announcements, Committees, Open Door Meetings, Satisfaction Surveys, Corporate Publications, Awards, Suggestion Systems, Group Studies, Breakfast Talks	To create a transparent and participatory working environment. To look for the shared reason in order to improve business processes. To become employer of choice and retain talent.
Business Partners/Dealers	Intranet, Fairs and Seminars, Communication Meetings, Dealer Meetings, Business Trips, Trainings, Inspections, Satisfaction Surveys, Subsidiary Industry Days, Dealer Portals, Reputation Survey	To increase the productivity and quality in business processes, to look for innovations to gain competitive advantage, to increase the benefits we can provide for our customers, we aim for mutually rewarding relationships and increased quality of business and corporate development for all parties.
Customers	Advertisements, Website, Call Centers, Special Offers, Training, Research, Focus Group Studies, Satisfaction Surveys, Customer Portal, Visitations, Projects, Press Releases, PR Activities	We abide by the principles of corporate governance and transparency. We simultaneously disseminate complete, correct and timely information to all our stakeholders. We treat all our customers fairly and equally and follow strict security procedures while storing confidential information. We do the required labelling and marking of our products and services so that the consumers can give conscious decisions about their purchases.
Investors/Shareholders	Special Situation Disclosures, Investor Meetings, Annual General Meetings, Reports, Website, Newsletters, Open Door Meetings, Face to Face Discussions, Conference Attendance, Facility Outings, Road Shows	One of the most important strategic targets for Aygaz is to create value for its shareholders. We disseminate timely, correct, complete, clear and accessible information to our shareholders.
Suppliers	Intranet, Fairs and Seminars, Supplier Days, Meetings, Subsidiary Industry Days, Inspections, Invitations to Social Activities	We aim for partnership in solution-finding to increase the quality. We cooperate with our suppliers to run their business operations within the sustainability framework just like Aygaz. We encourage our suppliers to respect the law, the environment and its' stakeholders while they convey their products and services.
Government and Regulatory Bodies	Regulatory Commissions, Reports, Inspections, 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 that represent us. 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 Briefings, Face to Face Discussions, Collective Bargaining Agreements, Joint Projects, Workshops, Participation in AGMs, Open Business Meetings, Trainings	The quality of our products and services start with our employees. Our employees are our most valuable resources. We recognize the unions as our business partners in improving working conditions, making our employees' voice heard and retaining peace at the workplace.
NGOs	Reports, Announcements, Advisory Panels, Inspections, Press Conferences, Conventions, Focus Group Studies, Joint Projects, Reputation Surveys	We aim for a solution partnership in order to contribute to the social and sector-based development.
Media	Press Releases, Press Conferences, Press Meetings, Special Interviews, Reputation Surveys, Report Sharing, Press Outings, e-Newsletters, Conferences, Presentations, Social Responsibility Projects	As a company that respects communication and freedom of information, we aim to present Aygaz to the public in the best way possible by disseminating corporate news to our stakeholders timely and from the first hand.
Opinion Leaders	Advisory Panels, Research, Reports, Invitations to meetings, Opinion Sharing Meetings, Workshops, Reputation Surveys	We persistently consult independent experts in their subjects to improve our operations and realize our mission of becoming a self-restoring company.
Competitors	Industry Association Memberships, Fairs, Reports, Joint Projects, Face to Face Communications, Conferences, Conventions	We aim for a common understanding and cooperation for the sector's development and increased benefits available to the consumers.
Financial Actors	Investor Meeting, e-Briefings, Newsletters, Research Results, Road shows, AGM Conferences, Financial Bulletins, Development Reports	We disseminate information about corporate operations based on the transparency principles. We engage in mutually beneficial relationships.
International Organisations	Fairs and Conventions, Conferences, Corporate Memberships	We aim to develop Aygaz' vision further, do benchmarking studies and be up to date with the current agenda.
Local People	Local Media, Communication Meetings, Joint Councils, Booklets, Projects, Education Bus, Training, Reputation Surveys, Open Business Meetings, Facility Outings, Public Conventions, Local Activities, Road Shows, Social Responsibility Projects Websites, Special Offers	We desire to be good neighbours.
Community	Facility Outings, Website, Reputation Surveys, Newsletters, Social Responsibility Projects	As a good corporate citizen we do our share for sustainable development.

Sustainable operations

The arch-responsibility of Aygaz is the creation of sustainable economic value added for its stakeholders. While working towards this goal, Aygaz views the management of social and environmental effects as a principal part of its own work ethic. The sustainability of our operations means the continuity of Aygaz' existence. In the context of sustainable operations, Aygaz endorses the principles of corporate governance; minimizes the environmental impact while expanding its technological infrastructure; optimizes the acquisition and transportation of LPG; manages product responsibility solemnly; aims to provide sustainable benefits to its dealers and suppliers; and engages continuously in research and development.



Corporate governance

In a joint-research conducted by Standard&Poors (S&P) and Sabancı University in 2008, Aygaz has been shown among the five most transparent companies in Turkey.

An ethical and accountable governance is indispensable for Aygaz as well as the Koç Group. Aygaz—Turkey's 8th largest and the first and only publicly listed company operating in the LPG sector—operates through an understanding of governance that responsibly creates added value for all its stakeholders. Aygaz acknowledges the benefits and importance of the Corporate Governance Principles for capital markets and companies. The Principles of Corporate Governance encompasses the fundamentals that the practices and decisions of higher organs of management should comply with. Those internationally affirmed precepts are: fairness, transparency, responsibility and accountability.

The Principle of Fairness: Aygaz treats all its shareholders and stakeholders equally.

The Principle of Transparency: In order to determine the fairness of every decision concerning Aygaz, its operations must be transparent, and be made public in a timely and complete manner. At the same time, everyone related to the company must be able to access the entirety of this information.

The Principle of Accountability: Aygaz Board of Directors acts accountably not only towards the shareholders, but towards everyone who is related to the company.

The Principle of Responsibility: Members of the Board and Chief Executive Officers, who are aware of the responsibility of their decisions and activities, act accordingly with regulations, the main contract and intra-company arrangements. Accordingly, the division of assignments and responsibilities is determined openly and clearly and known by everyone. One of the requirements to realize the principle of responsibility is participative management approach.

In a joint-research conducted by Standard&Poors (S&P) and Sabancı University in 2008, Aygaz has been shown among the five most transparent companies in Turkey.

Aygaz has been preparing “Corporate Governance Principles Adjustment Reports” since 2005. These have been published in company's website (www.aygaz.com.tr) and annual reports. You may reach detailed information about Shareholder Relations, Disclosure Policy, Aims and Responsibilities of the Board of Directors, Committees formed within the Board, Risk Management, and issues of Internal Control and important changes that took place during reporting periods, through these reports.

The Investor Relations Unit received more than 100 requests for information. These requests have been answered verbally or through the web. Besides, the Investor Relations Unit has conducted more than 40 meetings with national and international corporate investors as well as brokerage house experts.

In 2009, Aygaz' adjustment ratings to Corporate Governance Principles has been conducted by an independent institution on the basis of “Corporate Governance Principles” published by the Capital Markets Board of Turkey in 2003 and revised in 2005.

These principles—based on the pioneering research conducted by the World Bank (WB) and the Organisation for Economic Co-operation and Development (OECD), and the Global Corporate Governance Forum (GCGF) formed by these two institutions in cooperation with representatives from private sector—have been adopted to the conditions in Turkey by a committee formed by the Capital Markets Board in conjunction with experts and representatives from the Istanbul Stock Exchange (ISE) and the Corporate Governance Forum of Turkey (CGFT), following the reception of views and suggestions from a number of academics, public and private sector representatives. The principles are composed under four main sections, as, shareholders, public disclosure and transparency, stakeholders and administrative body.

Aygaz was classified with the grade 8,46 by the first Corporate Governance Ranking study in 2009. It is suggested that Aygaz has taken important steps towards determining and managing corporate governance risks; yet, at the same time, in the pursuit of “Corporate Governance Principles”, the company still had room for some improvement. Aygaz' efforts is observed as it received 8,81 for the shareholders section, 9,05 for public disclosure and transparency. The stakeholders category with 9,05 points shows that Aygaz is at the best position in terms of corporate governance and related issues. The administrative body category received 6,93 points.



Facilities of Aygaz

Aygaz houses LPG storage and filling facilities spread throughout Turkey and in 24 different points.

Aygaz facilities are organized under two types: Filling terminals and filling facilities. In the process of supplying LPG, the filling terminals occupy an important place for the unloading, storing and filling of LPG since they also function as refineries and/or port facilities. LPG filling facilities are the facilities where the gas supplied by refineries or other sources by sea or land is stored in accordance with standards.

Aygaz houses LPG storage and filling facilities spread throughout Turkey and in 24 different points.

Efforts to increase the storage capacity of Aygaz facilities continue under present logistical infrastructure, supply and market conditions. Ensuring the provision of LPG within the framework of related regulations and legislation, and without an additional financial burden, stands as the most important and sensitive issues for the technical group of the company.

In marked contrast with many other LPG companies, Aygaz allocates separate storage tanks and pipe/pump circuits for 4 different products (Mix LPG, auto gas, propane and odourless

Facilities of Aygaz

LPG). In this way, the deterioration of products' compositions is prevented. In all of our filling terminals that are the main supply centers, there are analysis laboratories in order to detect and monitor the quality of our products.

Both in filling terminals and filling facilities, maintenance and filling of empty cylinders from dealers serving in the LPG segment is conducted. The visual appearance of the cylinders that are old and worn out during is preserved by the painting process for basic cosmetic damages.

For more extensive damages, repairs are done by the 'Cylinder Renewal Unit'. The bulk of the LPG tanks returned from our customers are made ready for re-use following their mechanical treatments, paintings, equipment replacement, re-testing and certification. Also, the truck tanker shipments needed by auto gas stations are organized from the facilities.

The use of filling facilities that are spread around the country with maximum efficiency and in accordance with market conditions is important. The Web



Facility System allows the information such as filling, selling, cylinder and LPG inventories, personnel, costs, official permits and certification to be followed dynamically 365 days of the year.

Industrial Automation System that allows the control of LPG during intake, in-facility storage and filling the tankers, has been installed in Yarımcı, Aliğa and Dörtöy Filling Terminals, and planned to be expanded soon to Samsun and Ambarlı. With this system, all the LPG movements can immediately be followed in accordance with the parameters of product quality and facility safety. With the integration of flame and gas detectors and camera control units to this system, facility safety has been increased to the highest point. Industrial automation system is based on the DCS architecture and the DeltaV platform that is open for further development.

At Aygaz facility, management systems ISO 9001, OHSAS 18001 and ISO 14001 have been implemented. At every stage of the filling process, risk analyses against natural disasters, gas leaks, fires or similar incidents are conducted, necessary precautions are taken and infrastructure is enhanced. Production and filling processes are conducted in line with Pressure Equipment Directive and Turkish Standards.

Since LPG is a green and clean product by nature and is being processed in completely closed systems, it has no negative impact on nature. Under the ISO 14001 Environmental Management System document, Aygaz facilities are continuously under monitoring in order to minimize their environmental effects. Since there is sufficient capacity in our facilities, the investments made today are mainly on the development of facility and environmental safety, and increasing

product quality. Currently, there are treatment systems in all Aygaz facilities. For the elimination of all environmental hazards, risk analyses are conducted on a regular basis and criteria are monitored electronically by regular measurements.

In cases of emergency, the priority is preventing human harm, and then the necessary intervention while keeping environmental hazard at the minimum. Around the facilities there are considerable security distances to the neighbours. The correction of myths about LPG, a green product and the acknowledgement that it is carefully processed at the right hands are very important for Aygaz. For this reason, processes in facilities should be known by local population and authorities. Besides, Aygaz facilities are important employers in their regions. That is why, guided tours particularly for students from nearby technical high schools are offered, where information

Gebze Facility has a flexible manufacturing culture that allows it to meet the differing needs, standards and expectations of different customers.

about our facilities and products is provided. The physical security of the facilities is provided by private security personnel, under the 5188 “The Law of Private Security Services”, with the help of cameras that are monitored within each facility.

Aygaz Gebze Facility

Aygaz is an integrated company. Its main activity is the production and distribution of pressure vessels and accessories required for LPG distribution in its Gebze Facility. Cylinders with 2, 12, 24 and 45 kg LPG capacity, gas tanks with 500, 1000, 1750, 3000 and 5000 lt bulk volume, the plug-type required by cylinder use, flywheel, valves and hooded ball valves are produced in Gebze Facility that is endowed with ISO9001:2000, ISO 14001:2004, and OHSAS 18001:2007 certifications. Aygaz, with its enterprise found in 52,000 m² open and 25,000 m² closed area, is one of the few manufacturers in its field in the world. For this reason Aygaz is able to transcend national borders and export to more than 40 countries. Gebze Facility has a flexible manufacturing culture that allows it to meet the differing needs, standards and expectations of different customers.



The Gebze Facility has a proactive export strategy that targets growth. Considering the contraction of the cylinder and bulk gas market segments in Europe and Turkey, it has turned towards Middle East, Africa and Gulf countries where LPG use is on the rise and has achieved a significant sales potential and increase in exports. While in the last five years, overseas sales increased 100%, 40% of this rate was realized in 2008, when the

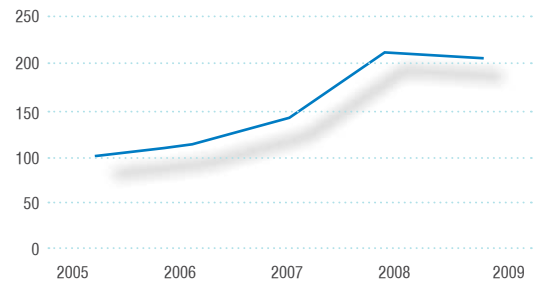
global crisis broke out and the same sales level was maintained in 2009.

State-owned companies that purchase on a contract basis in the Middle East have become Aygaz' largest and most important customers abroad. Jopetrol of Jordan-recipient to regular sales for the past 10 years-has the first place. With Jopetrol, a 750 thousand pieces of home-valve cylinder export agreement is

The major countries that import from Aygaz Gebze Facility: Germany, Angola, Belgium, Bulgaria, Chile, Cyprus, England, Italy, Greece, Jordan, Lebanon, Luxembourg, Macedonia, Norway, Romania, Slovenia, Sudan, Syria, Tunis, Ukraine



Overseas sales (2005-100)



signed in 2009. While the 350 thousand of this was carried out the same year, the remaining 400 thousand units will be completed by May 2010. In 2008, 375 thousand home-valve cylinders were produced for Syrian SCDG. Another important and large market in the region is Iraq and projects on improving sustained cooperation are in progress. Sudan is a market where Aygaz is strong. New business development activities and the first cylinder export to Angola have been realized in 2009. Project development studies have been conducted in Libya, Nigeria, Congo and Togo. As being an

approved supplier of international LPG distribution companies, Aygaz participates in global tank and cylinder acquisition tenders. Project studies in order to sell to Gulf countries that purchase through state-owned forms are in progress.

Aygaz Gebze Facility has been focused on TPM (Total Productive Maintenance) activities as well as occupational safety, efficiency and savings. Capacity utilization, line balancing, identification of bottlenecks, improvement and flawless work on these areas, in model-type conversions shortening machine setting

times, efficient use of material, recycling, waste reduction, energy consumption reduction are projects successfully conducted within the context of TPM. Until today, 270 before-after kaizen studies have been completed and further 200 projects on saving, recycling, efficiency, improvement and development have been concluded. Of the five patent applications one has been awarded and the process continues with the others.

The standards used in Aygaz facilities

- Containers for liquefied hydrocarbon gases
- Specification for rubber materials for seals and diaphragms for gas appliances and gas equipment
- Destructive tests on welds in metallic materials
- Welding personnel
- Zinc and zinc alloys. Alloys for foundry purposes. Ingot and liquid
- Specification for ISO metric screw threads Part :1 Principles and basic data
- Radiographic Inspection
- Paints and varnishes - Bend test (conical mandrel)
- Steel sheet and strip for welded gas cylinders
- Pressured Container Production Standard, Over ground
- Pressured Container Production Standard
- Pressured Container Production Standard, Underground
- LPG equipments and accessories
- Metallic and other inorganic coatings - Thermal spraying - Zinc, aluminium and their alloys
- Evaluation of Radiographic Image Quality
- Transportable Pressure Equipment Directive
- Parallel screw threads of whitworth form
- Gas cylinders: valves
- Transportable gas cylinders
- Non - destructive testing of welds - Radiographic testing of welded joints
- Paints and varnishes - Cross - Cut test
- Quality requirements for fusion welding of metallic materials
- Welding - Fusion - Welded joints in steel, nickel, titanium and their alloys (beam welding excluded) - Quality levels for imperfections
- Paint and varnishes
- Metallic products - Types of inspection documents
- Low-pressure, nonadjustable regulators having a maximum outlet pressure of less than or equal to 200 mbar, with a capacity of less than or equal to 4kg/h, and their associated safety devices for butane, propane or their mixtures
- Gas cylinders - Stamp marking
- Thin-walled cylinder standard
- Specifications and qualification of welding procedures for metallic materials- welding procedure
- Totalgas Company Quality Specifications
- Approximation of the laws of the Member States relating to welded unalloyed steel gas cylinders
- The European Agreement concerning the International Carriage of Dangerous Goods by Road
- Approval testing of welders
- Steels - Micrographic determination of the apparent grain size
- Visual Inspection of the Resources
- Transportable refillable welded steel cylinders for liquefied petroleum gas (LPG) - Procedure for checking before, during and after filling
- Radiography of welds and viewing conditions for films - Utilization of recommended patterns of image quality indicators (I.Q.I.)
- Refillable welded steel gas cylinders
- Paints and varnishes - Falling - Weight test
- Metallic materials - Bend test
- Copper and copper alloys. Rod for free machining purposes
- Specification and testing of LPG cylinder valves. Self-closing
- Regulators with a capacity of up to and including 100 kg/h, having a maximum nominal outlet pressure of up to and including 4 bar, other than those covered by EN 12864 and their associated safety devices for butane, propane or their mixtures
- Standard for arc stud welding of metallic materials
- 15613, Specification and qualification of welding procedures for metallic materials
- Tensile testing of metallic materials - Part 1. Method of tests at ambient temperature
- Welding and allied processes
- Syrian Gas Company Quality Specifications'
- Non-destructive testing
- Tension test
- Destructive tests on welds in metallic materials - Macroscopic and microscopic examination of welds
- Transportable refillable welded steel cylinders for liquefied petroleum gas (LPG) Design and construction
- Paints and varnishes - Buchholz indentation test
- Transportable gas containers Part 2 . Specification for steel containers of 0.5 L up to 450 L water capacity with welded seams
- Welding- Fusion welded joints in steel, nickel, titanium and their alloys
- Tank Material Standard
- Copper and copper alloys. Wrought and unwrought forging stock
- Specification and testing of LPG cylinder valves. Manually operated
- Pressure relief valves for transportable refillable cylinders
- Welding personnel - Approval testing of welding operators for fusion welding and of resistance weld setters for fully mechanized and automatic welding of metallic materials
- Specifications and qualification of welding procedures for metallic materials- welding procedure test
- Jopetrol Gas Company Quality Specifications
- Standard practices for packaging, marking and loading methods for steel products for domestic shipment
- ISCIR (Romania Standard Institution), Kuwait Standard Institution, Nigeria Standard Institution, U.A.E Standard Institution

LPG procurement security and logistics

Aygaz, being the first that started and most intensively continued regular imports among distribution companies, is a leader in international market in this field.



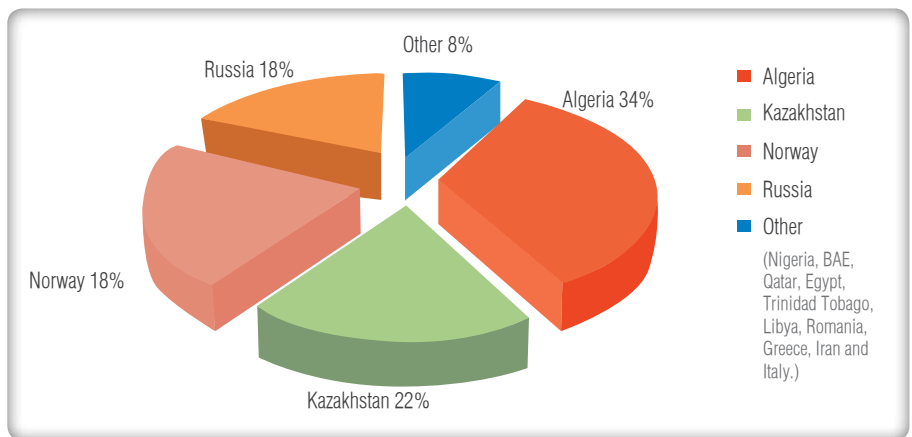
Supply safety is Aygaz' most important business strategy since the company started regular imports in 1998. Aygaz' supply policy is exemplary for the LPG sector. For instance, in the years following Aygaz' high propane rate winter auto gas application was followed by other firms and Aygaz' practice of obtaining LPG from the Black Sea by long-term contracts since 2003 has been put into practice by other firms in 2009.

Aygaz, being the first that started and most intensively continued regular imports among distribution companies, is a leader in international market in this field. All of Aygaz' long-term contracts are either directly with manufacturers or with extensions of manufacturers. Not having intermediaries increases the provision safety in case of a crisis. Cargo diversification strategy has limited the effects of changes in any segment of the shipping market. In this way, more resources could be reached. By purchasing through different forms of delivery, Aygaz develops protection against risks that might result from transportation. It is the only Turkish company that purchases from abroad

with its own fleet for many years. The professional and ethical approaches of the firms in business relationships are important for the longevity and reliability of LPG supply. Business partners are chosen by taking these criteria into account. Aygaz conducts its overseas provision from world's largest volume suppliers exceeding European Standards set for the products. Among these are companies such as Chevron, Sibur, Sonatrach and Statoil, companies that give direction to world's energy movements. As a company that actively supplies from the Black sea since 1998, Aygaz' knowledge on the region is very high. All of these have rendered Aygaz as the region's foremost sought after supplier and customer in the global market.

Within the context of supplier diversification and supply security strategy, Aygaz is not dependent 100% on any region or country. Risk management is maintained by the distribution of LPG provision in certain amounts to different countries and regions such as Algeria, Black Sea (Russia-Kazakhstan) and Northern Sea. Besides the physical importation

Countries that supply LPG directly or indirectly



of the product from different regions, supplier diversification enhances risk management. Aygaz does not supply LPG from countries that Turkey and International organizations apply provision limitations and/or embargoes.

In order to maintain LPG supply safety, continuous benchmarks are underway. With all the importing companies amount comparisons are done on the basis of Energy Market Regulatory Authority (EPDK) reports. By analyzing the trade volume in the region that LPG is supplied, the effect of Aygaz in that region is measured. LPG prices are regularly monitored in regional and international levels, besides these are compared with prices of alternative products such as naphtha and petroleum.

Today Aygaz -the first Turkish company to have a LPG maritime fleet- continues its sectoral leadership thanks to its advantage of logistics costs, its efficient supply and inventory management, the competitive advantage it maintained in supply in the Black Sea region and good relations it formed with business partners. Aygaz has been importing and meeting an important part of its LPG supply between marine terminals with its 4 units of high-capacity and specially equipped LPG tankers. In addition, it realizes the shipment of LPG between facilities and bulk gas and auto gas sales with its 215 piece modern tank truck fleet. Thanks to having its own ships and its focus on supply diversification and flexible management, Aygaz never suffered a depletion of stocks for the past 10 years.

Aygaz vessels

In its ships, Aygaz follows all the regulations for environmental safety in accordance with the 'International Convention for the Prevention of Pollution from Ships (MARPOL)'



As a LPG distribution company, Aygaz, with its storage capacity of 164,716 m³, has the largest storage capacity in Turkey. Annually, 1,700,000 tonnes of LPG passage is achieved. Of this amount, only 200,000 tonnes are provided by Tüpraş through pipeline and the rest is imported from different parts of the world. This adds an international dimension to Aygaz' logistical management. Aygaz' annual filling capacity is 1,000,000 tonnes.

In Turkey, auto gas is supplied to the market in compliance with the TS EN 589 standard. The practice of storing to other facilities has been completed. Aygaz' sensitivity in this issue is reflected in its support given to the establishment of the PAL (Petrol Research

Laboratory) under METU (Middle East Technical University). The compliance to TS EN 589 standard is regularly tested in this laboratory.

Apart from the advantages brought by high storage capacity and dynamic planning capability, another factor that contributes to Aygaz is the pipeline passage and storage services provided to other companies. Aygaz offers pipeline usage services for other companies to conduct ship unloading. In addition, it gives storage services for companies that are obliged to maintain a level of storage by the EPDK.

As part of its policy of supply security, Aygaz emphasizes the flexibility in means of

transport instead of working with a single logistics firm. To this end, Aygaz collaborates with 57 land tankers and 77 delivery trucks which makes a total of 134 transporters. In addition, dealers who wish to transport are given priority, so that today, 70% of transporter portfolio consists of Aygaz' own dealers. Thereby, economic value that Aygaz provides to its dealers increases. Aygaz owns Turkey's largest capacity fleet with its 215 overland tankers trucks and 164 delivery trucks. While the trucks and trailers belong to transport companies, the tanks where the gas is carried are owned by Aygaz and carry Aygaz' quality standards.

The SAP project that will allow the optimum navigation of overland tankers will enter into

operation January 1, 2011. SAP will bring significant improvement by allowing more equitable pricing and optimum routing for transporters. With the completion of the project, cost savings up to 10% are targeted. Also, in order to render the operation of transportation more efficient, implementation of tenders are planned for 2010.

Basic criteria for environmental and logistical safety are preventing harm to transporters and other drivers in the traffic in accordance with rules and regulations. Important regulations in this field as well as general technical and traffic safety rules are regularly communicated to the transporters. Drivers are required to take driving techniques trainings.

Although it has not yet come into force in Turkey, Aygaz stipulates the use of Ford Otosan vehicles that meet the European Agreement on the International Carriage of Dangerous Goods by Road (ADR) standards in its fleet and thereby Aygaz carries out an important cooperation with that company. Aygaz' transport fleet is followed by the Vehicle Tracking System (VTS) on a 7/24 basis. Apart from enhancing fleet safety, this system is used as an effective tool for efficient fleet management, courier-operator performance assessment (NPYS) and customer satisfaction.

Aygaz continues its activities with 4 tankers (lpg/c) with a total capacity of 18,500 cbm. The years of construction and transport capacities of the vessels in the fleet are as follows:

- | | |
|-------------------------------------|-------------------------------------|
| - 1981 / 3,450 cbm – AYGAZ 4 | - 1991 / 3,200 cbm – AYGAZ 5 |
| - 1996 / 5,025 cbm – AYGAZ 6 | - 2001 / 6,820 cbm – AYGAZ 7 |



Being the sole Turkish LPG company having maritime transport ability brings extra responsibility to Aygaz in complying with international regulations (the whole of the continually updated rules by International Maritime Organization (IMO) and its sub-agencies and institutions). Every ship and tanker has a minimum of 50 certificates that are periodically inspected and authenticated by international classification societies, flag states, port states and insurance companies. Since 2004, Aygaz has been fulfilling the requirements of International Ship and Port Facility Security Code (ISPS Code) against threats—such as piracy, stowaways and theft at the ports—that may emerge in international waters in its fleet ships alongside its port facilities. The fact that, no adverse events happened from the beginning up to now, in the last 42 years in Aygaz fleet is a source of pride.

In its ships, Aygaz follows all the regulations for environmental safety in accordance with the 'International Convention for the Prevention of Pollution From Ships (MARPOL)'. The requirements of 'Waste Management' and the 'Standard for the In-take and Drain-out of Bilge Waters'-covered by the convention-are implemented. All the processes in the ships are executed in conjunction with Aygaz' Quality Safety Management System, 'International Safety Management Code (ISM Code)' and ISO 9001:2008. In addition, in order to maintain continuous development, Tanker Management Self Assessment (TMSA) program is followed. Besides, inspections by large oil companies are considered as an important opportunity for Aygaz.

Aygaz tankers are controlled 24 hours in 4 hour shifts in national and international waters. In order to maximize security, electronic navigational aids such as radar, radio and gyro are used in shifts. Cruise line security is maintained by the chief engineer, 2nd engineer and 3rd engineer who are responsible for the operation and maintenance of machinery and technical equipment and being subject to shifts in the same way just as in the deck quarters and ERM (Engine Room Management-the management principles of the engine room). Life, environmental and property safety are always essential.

Aygaz transport fleet employs only the "safe, high-quality, environmentally friendly and well-educated" personnel. In order to maintain workplace safety and security of maritime employees the requirements of International Convention for Safety of Life at Sea (SOLAS) are implemented successfully in every ship of the fleet. The fact that no accidents or injuries are mentioned in the reporting period owes to the priority given to the issue by office and ship workers. Onboard training has a large share in achieving this result. The compliance of ship employees to training standards and all the necessary trainings in the field are followed and organized in compliance with international training, certification and shift retention standards.



Product responsibility

Our product quality understanding serves not only to Aygaz users but also to the safety of all LPG consumers.



business field that is carried out by a standard that is beyond legal requirements and managed by the participation of all business segments and coordinated by Product Quality Unit.

The aim of Product Quality Unit is to transfer of the LPG to the facilities and to store LPG, to realize the filling operations of cylinder gas, bulk gas and auto gas, to transport and distribute them to consumption areas, to conduct quality assurance activities in pressure vessel manufacturing process under the Gebze Facility and to achieve the quality targets, to address the customer complaints and their resolution and prevention of their recurrence in accordance with company objectives, to make the Aygaz LPG Analysis Laboratory Management System, in compliance with the "ISO / IEC17025/December 2005 General Requirements for the Competence of Testing and Calibration Laboratories" standard.

The product quality level managed by Aygaz Product Quality Management and provided by LPG Quality Guarantee System is continually controlled and tracked through the analyses of LPG samples starting from LPG supply, storage, shipping to the end-point.

Since its establishment, Aygaz has been a "responsible vendor" and has built its commercial reputation in this way. Every Aygaz product carries Aygaz' quality guarantee. Aygaz' activities to ensure the quality, safety and the correct use of its products by consumers continued during the reporting period. Our product quality understanding serves not only to Aygaz users but also to the safety of all LPG consumers.

The quality of the products, their availability and affordability, their presentation to the consumers in the safest way, prevention of misconceptions about LPG, provision of technical assistance to the customers and ethical advertising lay at the core of Aygaz' conception of product responsibility.

Product quality

In Aygaz, product quality is a primary

Since 2001, Aygaz has been serving its customers with its formula that is congruent with the European Auto Gas Quality Standard EN 589. This standard has become obligatory with the name TS EN 589 since 2005.

Aygaz is the first company that formed its own laboratory in the LPG distribution sector in Turkey. The samples are measured in Aygaz Ambarlı, Yarımcı, Samsun, Dörtöyl and Aliğa LPG Analysis Laboratories and METU PAL, and results are evaluated by product quality management unit. Aygaz also joins the LABKAR project for the comparison of laboratories coordinated by METU PAL. By the equivalent sample studies conducted on a monthly basis, Aygaz compares the results arrived at TÜBİTAK MAM and Tüpraş laboratories.

Although there is no legal obligation, samples from Aygaz auto gas stations are periodically taken and sample reports are sent to auto gas stations for the

certification of the product. Thus, the product performance is monitored at each point of life cycle of the LPG including the stock of dealers.

The accreditation of Aygaz LPG Analysis Laboratories is targeted by TÜRKAK. These activities are in their final phase.

Accessibility and affordability of products

The accessibility of Aygaz products is achieved by a widespread network of auto gas and cylinder gas dealers. Pricing in Aygaz is a very transparent process that follows the EPDK directives. An optimum price that is affordable by the consumers is determined by a consideration of market and product dynamics and the condition of the industry and competitors. Being aware of its responsibilities as the market leader, Aygaz provides its products to consumers in the most suitable conditions by acting without compromising the concept of ethical trade. Aygaz' product pricing



Yakup Engin Yavuz Aygaz Auto Gas Customer

I think there is no difference of Aygaz Euro LPG+ from the properties of regular gasoline vehicles in terms of traction. Also I believe it made positive impact on the vehicle's fuel consumption. I am satisfied by cleanness of the stations and genuine concern shown by the employees.

Sale prices of Aygaz during reporting period:

	Home-use Cylinder TL/12 kg	Auto gas TL/lt
Jan 08	42.98	1.74
Feb 08	42.88	1.73
Mar 08	43.18	1.74
Apr 08	43.70	1.78
May 08	44.68	1.79
Jun 08	45.09	1.84
Jul 08	46.79	1.90
Aug 08	46.75	1.83
Sep 08	46.55	1.85
Oct 08	49.18	1.91
Nov 08	46.26	1.83
Dec 08	42.27	1.63
Jan 09	41.87	1.62
Feb 09	43.82	1.72
Mar 09	44.06	1.73
Apr 09	41.09	1.58
May 09	40.47	1.55
Jun 09	42.24	1.63
Jul 09	43.19	1.67
Aug 09	43.87	1.69
Sep 09	44.80	1.73
Oct 09	44.87	1.73
Nov 09	46.66	1.80
Dec 09	48.31	1.86

Sale price = product price + distribution margin + special consumption tax + VAT



Samples from 460 auto gas stations in 2008 and from 560 stations in 2009, have been withdrawn and analysed. Aygaz Quality Control Team covers 150,000 kilometers annually.

149,000 people called Aygaz Hotline in 2008. Monthly average for 2008 is 12,400. In 2009, the call center recorded 159,000 calls and monthly average is 13,250. Complaints about service have been resolved on average 29 days, whereas in 2009, improvements in this field allowed 13 days for resolution. In 2008, complaints about products took 8 days, while in 2009, 4 days to resolve.

In April 2010, "Aygaz Dealer Communication Line" will be launched in order to improve communication with the dealers.



2008-2009 Aygaz Call Center data

Complaints Status	Type	Class	Quantity	Average minutes	Average hours	Average days
2008						
Closed	Complaint	Service	3064	42105	702	29
Closed	Complaint	Product	3389	11075	185	8
Closed	Suggestion/Request	Product	425	30801	513	21
Redirected	Complaint	Service	96	0	0	0,00
Redirected	Complaint	Product	10	0	0	0,00
Redirected	Suggestion/Request	Product	10	0	0	0,00
			6994			
2009						
Closed	Complaint	Service	2108	18040	301	13
Closed	Complaint	Product	4434	5986	100	4
Closed	Suggestion/Request	Product	406	2839	47	2
Redirected	Complaint	Service	679	91	2	0,96
Redirected	Complaint	Product	143	21	0	0,01
Redirected		Product	12	0	0	0,00
			7782			

recognizes the right of smaller firms in the industry to exist. Onwards from 2011, pricing activities are aimed to be integrated to the SAP system.

Informing customers

Aygaz aims to provide customers with the most accurate and firsthand information. In this context, it holds information campaigns and Aygaz Education Bus—a first in the industry—tours Turkey.

Aygaz realizes its sales responsibly with the awareness of the importance of the security of life and property. Accordingly, Aygaz, holds training activities for cylinder gas customers in this matter. LPG Information Campaign provides information to consumers about the correct and safe use of LPG. While the campaign started in 2008 at the local level, in 2009, it was carried to the national TV, radio and newspapers.

Starting from early 2009, Aygaz Education Bus provides information and training to cylinder gas customers in order to maintain a safe use of LPG. In 13 trainings, more than 400 customers have been trained and given Cylinder Gas Information Booklets. Trainings will be carried out in 2010 as well. In addition, Aygaz guarantees customer health and safety by continuous and high-quality training it provides to its franchise network and home delivery units.

Aygaz has contributed to the expansion of the market by informing auto gas customers about the sector through the Auto gas Awareness Campaign. During the campaign, booklets have been prepared and in 2008, approximately 5 thousand booklets have been distributed to our customers. Communication activities in national and local media have been conducted.

Aygaz Hotline (444 4 999) that came into effect in 1995 has been providing services 7/24. Applications received are solved according to ticket assignment system and registered through Aygaz NetLive CRM practice. All the applications that are received by Aygaz Hotline are resolved in line with the Customer Request and Complaints procedure. 100% of the applications are reached to a solution and the requests are answered on the basis of Joint Answer Instruction. All applications received are shared with all units through Aygaz Hotline and Dealer Performance reports on a monthly basis. In the face of increasing applications, improvement works are being carried out by the activation of the Corrective and Preventive Action Procedure. "Happy customer calls" are being made through the call center in order to improve customer satisfaction.

Aygaz conducts its awareness raising practices about bulk gas via the Architects/Contractors Club. The Architects/Contractors Club is a platform where all architects and contractors can reach any information about bulk gas and get to meet their colleagues.

Aygaz formed the Aygaz Conversion Club, in order to maintain a safe conversion of equipments. The Conversion Club Project aims to share the developments in auto gas industry with 950 conversion experts around Turkey and raise awareness. From the www.aygazdonusumcuklubu.com.tr address the inquiries of our stakeholders about the issue are responded. The relations with conversion experts and conversion tool manufacturers and importers—who are the key players in the industry—is aimed to be developed.

When the maintenance of auto gas systems are not made on a regular basis, increase in fuel consumption and decrease in performance occurs. For this reason, Aygaz organizes Free Maintenance Days with Aygaz Euro LPG+—that has become traditional—in certain localities, dates and stations. In 2008, 800 maintenance days and in 2009, close to 600 maintenance days were conducted. Customers can attend to the stations where Aygaz teams serve and had their gas adjustments, engine, ignition system, emission and gas leak controls done free of charge. Aygaz shares information for the optimal and safe use of auto gas by consumers through the publication Auto-Magazine

(Otomagazin) prepared for taxi drivers. The magazine covers developments in the industry, news from Aygaz, problems faced by taxi drivers and current issues.

Aygaz provides numerous advantages to its customers. Through the “Paro” program, cross campaigns are organized with other companies and customer satisfaction and loyalty are increased by developing loyalty programs such as Paro card and Aygazcard (Aygazkart). Auto gas, LPG and bulk gas have a total 71,465 card holders with paroos.

Responsible advertisement

Aygaz is an active advertiser. For example, 12,296 pieces in 29 national TV channels and 1,083 pieces in 22 local TV channels have been broadcasted for the launch of Aygaz Euro LPG+. At the same time, advertisements of Aygaz products have been aired on 11 national and 24 local radio stations.

Aygaz acts by prioritizing its “responsible advertiser” identity in all of its marketing and communication practices. Information about products and services is provided to the customers in the most correct, accurate, direct and detailed way in order to prevent misconceptions. In the ads, detailed information about the campaign is given in ad sub-texts in a size and speed that customers can easily view. Details of the campaign are also explained in detail on the website and in printed materials delivered to the consumers.



Nadir Kalaycı Aygaz LPG Customer

I have been using Aygaz cylinder gas for the past 23 years. When compared with other brands, I can yield a longer period of time from Aygaz. Also, another reason for choosing Aygaz is their service concept. I am satisfied with informative communication and trainings that are organized for LPG customers. I am also content with their credit card campaigns and promotions and I am requesting that these be extended.

After sales technical support

Aygaz provides after sale services in 29 expert technical service points to bulk gas and industrial-type cylinder system customers in order to ensure safe and uninterrupted use of LPG. Aygaz Technical Services are trained on LPG systems and equipments in the best way and are endowed with all the necessary equipment and spare parts that enables them any intervention in LPG systems immediately.

Aygaz Technical Services conduct surveillance visits before the instalment of the systems and also start up the systems only after checking their suitability after the instalment. While bulk gas and industrial-type LPG systems are in use Aygaz Technical Systems ensure safe performance by conducting periodical controls once a year. In addition, Aygaz Technical Services provides 7/24 services for additional test and control requests coming from customers free of charge. Installation and revision of bulk gas and industrial LPG systems in case of demand are done by Aygaz Installation Subcontractors. The assembly and revision practices conducted by Aygaz

Aygaz acts by prioritizing its “responsible advertiser” identity in all of its marketing and communication practices.



Hasan Gülbay
Aygaz Bulk Gas Customer

The most prominent reason for my purchase of Aygaz bulk gas is that my confidence in Aygaz is sufficient; besides, I do not require any other reason. I make my orders by contacting Aygaz District Office.

Customer information concerning Industrial LPG System (ILS) in 2008 and in 2009



	2008	2009
Total hour	174	158
Quantity of informed customer	347	316

Customer information concerning bulk gas in 2008 and in 2009



	2008	2009
Total hour	254	167
Quantity of informed customer	507	334

Installation Subcontractors that consist of 30 employees across Turkey are controlled by Aygaz Technical Services in order to ensure compatibility with Aygaz standards and to guarantee safe use of LPG by customers.

Post-installation technical services are carried out by Fault Solution Centre (FSC) teams that are trained by Aygaz, are experts in their field and work only for Aygaz. Apart from making periodic inspections and calibration of dispensers in auto gas stations once a year, FSC team consisting of 40 employees also provides services in stations upon failure notifications, additional control and calibration requests from dealers. LPG stations that are included in maintenance systems prepared specially for stations can receive free and unlimited services.

Fault notifications coming from auto gas stations are met by Aygaz Technical Call Centre that provides support for the elimination of failures. For the failures that cannot be resolved by Aygaz Technical Call Centre, FSC teams are directed to the stations.

Within its large field team composed of 100 people, Aygaz trains technical staff and creates indirect employment. The field personnel receive 3 months of theoretical and practical training. The trainees start their field duties only after the approval of expert trainers. Besides issues such as customer communication and behavioral patterns, training, meetings and other events are organized in order to improve the field team in terms of technical ability.

Calls received by Technical Call Centre

	Resolved by distant connection	Service team directed	Other	Total
2008	2,703	5,194	3,945	11,842
2009	2,320	6,548	2,830	11,697

Segment-based customs of service

	Bulk gas	Tank truck	Auto gas	Industrial LPG System	Total
2008	20,019	646	11,278	5,904	37,847
2009	22,497	899	12,819	5,846	42,061

Product safety

Aygaz products are manufactured by the highest safety standard available.



Çetin Baş Aygaz LPG Customer

I have been using Aygaz cylinder gas for 6 years. I find Aygaz dependable, and besides, it yields longer than other brands. I think cylinder gas bought from Aygaz is secure because of the hologram cover application. I am content with credit card campaigns and promotions, and wish them to increase.

Aygaz products are manufactured by the highest safety standard available. Regular improvement plans and R&D activities are conducted in order to ensure product safety.

Aygaz attaches great importance to physical safety of its products. Aygaz has introduced flame-resistant gas cylinder, child lock, metal hoods with European standards, strong internal lattice gas filter, pressure and heat resistant thermo-material, dual-layer and shock-protected connection kit (LPG hose and clamps) to the market.

Aygaz has launched a new and modern practice against counterfeit filling and covers. Under this application, only the

covers with hologram technology are used in cylinders in Aygaz. Hologram cover shows that Aygaz cylinders have passed all the security tests in Aygaz facilities, fully filled and ready to be opened for the first time by the users. Hologram cover means that welding and body damage tests, corrosion control, hydrostatic leak and tare tests, and after filling, valve seal leak checks and corrosion controls were carried out.

In Aygaz gas cylinders, the brand of the cylinder manufacturer (Aygaz or Gazal), the brand of the cylinder gas distributor (Aygaz), "TS 55" and TSE" signs that expresses that the cylinders were manufactured in accordance with Turkish standards, and also the "TS 5306" sign

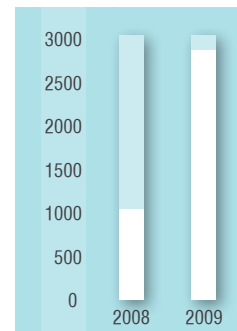
that shows periodic controls have been done in cylinders that require periodic controls in accordance with the same standard. Cylinder's date of manufacture, technical specifications of the gas contained and compliance with European Union norms are conveyed to the customer through these markings. The Blue Cylinder Information Card attached to the valve of the cylinder provides customers information about secure product usage and Aygaz contacts. The cylinder that reaches customer's household by going through all the security tests in Aygaz facilities is installed by certified Aygaz Service Officers who receive year-round training.

R&D practices

Aygaz is a company that invests in R&D and follows developments in LPG technology in the world in order to protect its leadership in the sector and provide innovative and safe products to its customers.



Reserve for R&D activities
(thousand TL)



Aygaz is a company that invests in R&D and follows developments in LPG technology in the world in order to protect its leadership in the sector and provide innovative and safe products to its customers. While the newest technologies in the sector are brought into Aygaz, R&D activities in similar industries are also followed to be integrated into the LPG sector. Aygaz is not only a company that follows technology, but one that develops it. In Aygaz, R&D is separated into two main headings: the development of product and manufacturing procedures.

One of the most important outcomes of a series of projects that started with the establishment of the R&D team in 2005 is the “additive” project. The additive practice in auto gas is an effective attempt of differentiation in LPG, the product that Aygaz has been providing to its customers since its foundation. The realization of additives in auto gas in a LPG company with such a wide logistics infrastructure provides a clear example to Aygaz’ efforts in a global scale.

R&D activities in Aygaz aim to meet customer expectations and demands, as well as to increase product and process safety.

Aygaz Euro LPG+

Aygaz has made very important contributions to a change in the perception of LPG in the world with the new product it offers through its project: "We are Changing the Definition of Auto gas". Aygaz launched Turkey's first auto gas with additives, Aygaz Euro LPG+ following a 4 years program. The additives are added in specific dosages by a special injection system during the filling of auto gas tanks in Aygaz Filling Facilities. In this way, Aygaz Euro LPG+ that enjoys the same quality, content and rate of additives is reached in every Aygaz station. This application is relevant only for tankers supplied in Aygaz stations. The benefits of this new product provided in

the same quality in all of the stations are proven by scientific tests.

Aygaz Euro LPG+ provides a cleaner engine, and therefore, better combustion and superior performance. The additives found in Aygaz Euro LPG+ prevents blockage in engines and destroys accumulated soot. Due to the effects of this cleaning, improvement in vehicle's acceleration and reduction in fuel consumption are observed. In case of regular Aygaz Euro LPG+ use, the cleansing impact increases and in this way, superior performance by a more efficient combustion of fuel and lower fuel consumption are maintained. The fact that this new product prevents the

formation of dirt is proven by independent laboratories under the supervision of Istanbul Technical University Automotive Technologies Research and Development Centre (İTÜ OTAM).

According to results obtained during the later stages of the tests, Aygaz Euro LPG+ achieved improvements at the rate of 5,13% in vehicle's acceleration, 3,9% in fuel consumption and 33,5% in emissions of carbon monoxide and hydrocarbon.


In addition, because Aygaz Euro LPG+ keeps the engine clean, it reduces maintenance costs for the fuel system and prolongs the lifespan of the engine. Also, Aygaz Euro LPG+ has contributed to dealer satisfaction.



Winter Special Aygaz Euro LPG+

Auto gas user may experience difficulties with starting their engines up and shaking of the vehicle in slow running during winter months. In order to find solutions to such problems, Aygaz has developed Winter Special Aygaz Euro LPG+. Since propane found in LPG can easily evaporate even in low temperatures, it can pass from liquid to gas phase with ease. Thanks to this property of propane, between October and March, Aygaz Euro LPG+ increases propane levels up to 50%. Thus, the problems related to starting up the engines and the shaking of the vehicles in slow running are eliminated.

Aygaz measures customer satisfaction regularly in order to follow how much it fulfils product responsibility.



Recep Deli

Aygaz Auto Gas Customer

Aygaz Euro LPG+ has no difference from gasoline in terms of performance and fuel consumption. Also, I think that Aygaz Euro LPG+ has higher traction. When I go to authorized services I experience no failures with my vehicle, however, when I use other auto gas products, continuous failure is the case. Staff smile and always try to be helpful to the customers.

Aygaz Euro LPG+, launched in June 2009, was awarded with the “Creative Innovators” award in the “Most Successful Koç Members” contest held annually by the Koç Holding.

Aygaz Euro LPG+ was met with great interest in global LPG sector. Aygaz was invited to introduce this new product in the “LPG Forum” organized by World LP Gas Association in Rio de Janeiro, Brazil in October 2009.

The systems that allow all the necessary controls before and after the filling process automatically are being expanded to all Aygaz facilities. With its state of the art technical capacity not only in Turkey, but also across the world, Aygaz started the work for new machines in order to improve product quality. Some of these projects are Jugular Tire Removal-Installation, Camp Cover Binding and New Type Paint Cabin. With all of these systems that are leading in their sectors and the control of products by high-precision machinery, operational efficiency is aimed to be obtained. In addition, Aygaz R&D team has been conducting studies in order to be able to produce and expand foreign automation systems locally. The storage tanks are fully manufactured domestically. The equipments that are used on these tanks are brought from abroad only if they cannot be obtained from Turkey.

R&D activities in Aygaz aim to meet customer expectations and demands, as well as to increase product and process safety. Aygaz develops new products thanks to the two-way communication it formed with its customers. Examples for Aygaz R&D activities are:

- In the face of customer difficulty in differentiating cylinders in the market and discerning gas leaks, Aygaz has added Hologram Cap and Blue Cylinder Information Card that guarantees that the cylinders have passed from all the safety tests, filled fully within Aygaz facilities and that customer is the first person to remove the cap. The Hologram Cap project was awarded with the “Most Successful Koç Members” award.
- The Blue Aygaz product is designed specifically for the customers who have a higher expectation from external appearance and cleanness, and produced to have a blue colour body belt that is continuously renewed instead of a polymer material grip. In this way, Aygaz has met customer demands with regards to the external appearance of cylinders.
- In 2007, Forklift Cylinder containing high-quality gas was produced specifically for forklift machinery.
- Gauge Indicator that meets the need for customers to follow how much gas left in the cylinder with steel-ball locking system and dual-locking gas control latches that ensure full safety have been launched.



2009 Most Successful Koç Members

Award winning “New Approaches in Cylinder Gas Appearance” project is a collective project developed by blue collar workers in manufacturing and filling facilities. Manufacturing, filling and customer satisfaction are the three pillars of the project. A more efficient zinc coating was made thanks to redesigned spraying cylinders. In order to maintain customer satisfaction consistently cylinders were brushed mechanically before the filling. The mechanical cleansing of the cylinders was done by a brushing machine designed and made by the Ambarlı Terminal. Thanks to this project, more cylinders were painted using the same amount of dye and in this way, clean surfaces were reached before the painting process. In order to minimize the waste that materialize after the painting process, the Diyarbakır Facility developed a paint recovery project and the system was designed and manufactured there.

- Differently from existing valve cylinders, the Mini Valve Long House Cylinder that is used with a metal hood just as in Aygaz round-type cylinder, has child lock, is fire resistant, that does not require screwing or gaskets has been launched.
- For customers who experience space shortages, Aygaz launched the round commercial cylinder.
- In 2006, Automatic Filling and Filling Control System that uses camera and computer technology has been launched. As a result of a two-year development program, accurate and unmanned cylinder filling was realized by creation of a prototype, which is a first in world LPG industry. The project was supported by TÜBİTAK (The Scientific and Technical Research Council of Turkey) and patented by Aygaz and its standardization was achieved by its expansion in all filling terminals. The project was presented in the 21st World LPG Congress and attracted great interest from the participants.

Aygaz collaborates with Middle East Technical University and Istanbul Technical University in R&D field. In 2010, a comprehensive project of cooperation with the Koç University is targeted. In the energy sector, as a practice that would present a model for university-industry cooperation in the world, a protocol of cooperation for the monitoring and encouraging Koç Holding Energy Group



Companies Tüpraş, Aygaz, Opet and Entek Inc. with Koç University will be signed with an aim to provide added value for both the industry and Turkey. The main headlines of the project are “The generation of projects towards technological development”, “Investment and operation that enhance measuring and testing abilities”, “Cooperation in participation in the projects open to EU Framework Programme incentives”, “The development of joint scientific activities and publications”, “The update of syllabus and curriculum in accordance with the requirements of the industry” and “The establishment of a Joint Technology Development Center”.

Cooperation on product testing with TÜBİTAK and Tofaş—a Koç Group company—has been running. In 2010, the establishment of a joint R&D department is aimed. The protection of intellectual copyrights of Aygaz has been maintained by the patent applications for the R&D projects realized. In 2008, 5 national and 2 international; and in 2009,

3 national and 2 international patent applications were made.

The strong relations that Aygaz forged with World LP Gas Association (WLPG) has contributed to carrying out many of the important projects run by WLPG. The support given by Aygaz to WLPG activities and conferences has allowed other companies to benefit from Aygaz’ experiences.



Aygaz measures customer satisfaction regularly in order to follow how much it fulfils product responsibility. The customer loyalty measurement has been regularly conducted by the Koç Companies. Face to face interviews are conducted with cylinder gas and auto gas users through the questionnaire prepared by Koç Holding and its market research company.

In 2009, in a customer satisfaction survey, Aygaz’ customer loyalty grade (-66, 135) has increased by 2 points, reaching 81 points. In 2008, the 9 points difference between Aygaz and industry average has increased to 10 points. Customer satisfaction in auto gas has been 71% in 2008 and 73% in 2009.

Aygaz dealers

Aygaz views the development and institutionalization of its dealers' business as a business goal.



The triangle in Aygaz logo refers to dealer, company and customer. Dealers are Aygaz' visible face and point of contact with the customers. For Aygaz—the company which was first to start home-selling—dealers are primary business partners.

Koç Holding's founder Vehbi Koç's visiting of Aygaz dealers in every town he went to and priority given to Aygaz dealers during IPO are the indicators of well-established relationship between Aygaz and its dealers.

At the basis of the availability of Aygaz products lies an extensive dealer network.

When choosing the dealers, Aygaz targets long-term relationships. To this end, only the people with high commercial reputation, having Aygaz' corporate values and who can provide Aygaz' technical and quality infrastructure are enfranchised. Aygaz dealers do not employ child or forced labour.

Aygaz views the development and institutionalization of its dealers' business as a business goal. From the moment that dealers start to work with Aygaz, they enjoy Koç Group's brand, labour and technological power. Working conditions and physical infrastructures of the dealers are improved; support is given to their promotions. Aygaz provides its dealers with

In order to maintain Aygaz' work health and safety standards to be met by the dealers, trainings are provided throughout the year.

campaign offers in vehicle purchase and renewals with its cooperation with Ford Otosan. Vehicles of dealers are passed through all kinds of controls ranging from paint to warning lamps. Aygaz provides technical, safety and environmental services to its dealers on a 7/24 basis.

Aygaz not only develops commercial relations with its dealers but supports them in every aspect of their daily life. Ongoing and strong relationships are formed with dealers that go from father to son to grandson. The continuity of Aygaz' industry leadership as a robust brand depends on having the most loyal and senior dealer network in the market. Having a loyal and experienced dealer network brings with it customer loyalty.

Aygaz organizes regular dealer visits in order to witness their conditions and strengthen communication with dealers. Field managers pay at least one or two visits to the dealers every month. Sales and district managers pay one or two visits to the dealers per year. Assistant General Managers and General Manager visits designated dealers within the year. All the Aygaz employees visit designated dealers every year, monitor the working environment of dealers and

Newly opened	2008	2009
Number of Cylinder Gas Dealer	33	22
Number of Branches	31	22
Number of Main Dealership -Secondary Dealers	0	3
Number of Dealership – Secondary Dealers	335	426
Number of Newly Opened Auto Gas Station	73	77

find opportunities to form contacts with the dealers.

In order to maintain Aygaz' work health and safety standards to be met by the dealers, trainings are provided throughout the year.

Cylinder gas dealers use the dealer portal in order to request information and work wear, give promotion orders and share their problems. Dealer meetings are organized annually. Throughout the year, positive/negative views are expressed through the dealer communication line. Dealer satisfaction survey has been conducted regularly among the cylinder gas dealers. Through dealer meetings, cylinder gas and auto gas dealers are aimed to be brought together with Aygaz employees on a regular basis. An informative circular letter is being sent to the dealers before the launch of a new campaign or product.

2009 onwards, trainings directly for cylinder gas dealership owners are being organized. Dealer trainings are conducted at the sites that are jointly decided with Regional Sales Departments. In these trainings, participation of all the dealers in the region are maintained and the dealers

Total as of year breaks	2008	2009
Number of Cylinder Gas Dealers	1,342	1,334
Number of Dealers	414	418
Number of Main Dealership – Secondary Dealers	125	152
Number of Dealership – Secondary Dealers	8,101	8,513
Number of Auto Gas Stations	597	651



**Liquid Petrol Gas Inc.,
Aygaz Cylinder Gas Dealer
Osman Natiroğlu**

We have been running Aygaz' dealership in our region since 1962. As much as the role played by the efforts of dealers in Aygaz' success, the role played by the stability and opportunities provided by the company are undeniable. It is certain that during their visits to the dealers, Aygaz employees have proven to be being beneficial to the dealers with their experience in problem solving and directing dealers. In these visits, the experience, affection for the company and respect for the job shown by the Aygaz employees are important. Aygaz management and regional addressees have supported our demands with a spirit of reasonableness. Since there is a successful team harmony among us, I do not think we have been wronged in any way.



Topics of training given to cylinder gas dealers: technical specifications and usage of LPG, customer relations, safety, standards, marketing and sales practices, Aygaz products, law, competition, facility operations, transportation planning, information, finance and accounting, human resources, safe driving, dangerous material handling.

In the Confidential Customer Satisfaction Survey, satisfaction rate of auto gas dealers in 2008 is 77.7%.



Cylinder Gas Loyalty Index



While the sectoral index is 71 for 2009, Aygaz succeeded in performing 10 points above the average with its cylinder gas loyalty index.

Satisfaction average of dealers receiving services from facilities (5 points based average)



Customer satisfaction survey has been conducted separately by cylinder gas on annual basis.

receive trainings under different headings that would allow them to continue their business consciously and in accordance with rules and regulations. Dealer trainings will continue in 2010 and 300 dealers are planned to be given training. The trainings in driving techniques, psycho-technical and the handling of hazardous material have begun in Aygaz long before these became legal requirements.

In order to encourage a regular reception of the compulsory trainings given by the Chamber of Mechanical Engineers to pump operators working in auto gas stations, Aygaz sends dealers an encyclical every 6 months. Aygaz prepares product information cards in order to introduce new products to pump operators.

Annually, dealer performances are evaluated in accordance with the targets determined with dealer participation. As a representative fact that shows its awareness of the success that dealers show in meeting these targets, Aygaz awards the dealers that reach the determined sales quota and institutional success through the "Dealer Award System". Aygaz plans to increase overseas trips and hold these at least once a year in order to improve its communication with dealers and the awards system. Aygaz dealers also actively participate in corporate social responsibility projects run by Aygaz.



Araboğlu Petrol, Aygaz Auto Gas Dealer

I have been an Aygaz dealer for 3 years. We wanted to become an Aygaz dealer because we knew it as a leading brand in the industry that enjoys full confidence and recognition; and the process began in accordance with our request. Aygaz dealership is our first, and therefore has a special place for us. It is a corporate firm and very experienced. It is our primary point of reference in our business and other dealerships. Aygaz trusts us and we proudly say we are Aygaz dealers. Whenever we require opinions about a subject we can contact them and either regional or field specialists arrive as soon as possible and visit us. This provides information and experience for us, prevents the occurrence of faults and most importantly, instills trust. I regard Aygaz' corporate structure; business flows highly, promises given are always kept, in short, I trust Aygaz. We always receive positive responses from our customers. I have never experienced a complaint during my dealership, remarks have always been that the brand is satisfying and trusted. In short, we are happy to work with Aygaz. Our hope is that this relationship will last in the same way and for many years. Also we think of being together with Aygaz. In addition, because Aygaz' franchising system is one of pioneering systems in our country, they have qualified staff and they are highly interested in the training, inspection and work wear of the personnel working in dealers. Our employees owe their position to such a formation. Aygaz is very active in terms of employment. The first Aygaz dealer in our region is our firm. Now there are 3 Aygaz dealers and this shows Aygaz' contribution to our region in terms of job-creation.

According to the Dealer Satisfaction Survey conducted by Koç Holding every year, the satisfaction rate of auto gas dealers was 84% in 2008 and 83% in 2009. The satisfaction rates of cylinder gas dealers, on the other hand, were 78% in 2008 and 75% in 2009. The factors that led to the decrease are being investigated and improvement works are being carried out. However, the role played by the global economic crisis of 2008-2009 in this decrease is evident.





Aygaz Cylinder Gas Dealer Atilla Alp

We have been Aygaz dealers since 1988, for 23 years. Without doubt, our Aygaz dealership provides our family a serious economic input. This economic input not only increases the income level of our family but also allows us to be able to invest and more importantly, it provides us with the opportunity to expand our business and become an institutionalized business.

Visits by Aygaz managers and employees provides motivation. When we face a problem, the experience on how similar problems were resolved by Aygaz managers makes our job easier.

The transportation business between Ambarlı-Lüleburgaz beginning from the first year of our dealership for 6 years and bulk gas distribution business starting from 2000 for 5 years have provided large income for our business. When profitability was much higher than these days, the support from white goods sales, times when we couldn't provide enough catalytic stoves to the market and the word by our managers "we will make you traders not mere gas salesmen" are the nice memories that remain.

In my opinion, it is positive, if our subscribers are informed in advertisements that they themselves and their goods are covered if they act in accordance with the terms. Another expectation of ours from Aygaz is the improvement of the communication between dealers and the company. Also the dealers meetings and mini dealer meetings should be conducted more frequently. That the businesses that make up the franchise structure are required to run most efficiently in present-day conditions is most certain. This requires training. We hope that our company will hold more trainings for us dealers in business development, institutionalization and in similar topics.

Aygaz franchising system contributes to employment in our region, of course, deriving from our employees. We believe that as a result of providing energy needed by many companies in different sizes in a timely and uninterrupted way, we contribute to regional economy indirectly.



Afyon LPG Distr., Aygaz Cylinder Gas Dealer Bekir Çiloğlu

We are a Aygaz cylinder gas dealer since 2004. After becoming an Aygaz cylinder gas dealer we understood that, apart from my own company, we had to nurture a strong relationship based on dialogue with the establishment that we are a part of. In our industry, you develop one-to-one dialogue with the people and institutions that are in the final-customer group through yourself or your Subscriber Service Personnel (SSP) on a daily basis. Being an Aygaz dealer certainly developed our workplace. It contributed to the expansion of our customer portfolio. Being in the countryside, receiving visits from Aygaz employees (from top to bottom) has always left warm feelings among us, the dealers. In my opinion, detailed discussion and deliberation of the business conducted in terms of sales, management and motivation always gives good results. Namely, the conditions and positions that appear in the field may not always be discerned correctly by the sides. Therefore, brainstorming were realized with Aygaz managers and among our company have always produced good results. As a cylinder gas dealer, we always want to be the first and the only one as a brand in the field. We have been together with Aygaz up to this day with mutual good will and successful sales performance. From the perspective of our customers, their trust in Aygaz is to the full. When our customers share either good wishes or complaints, because of their trust in the brand, they often begin their words by saying 'we have been using Aygaz cylinder for the past 20 years'. Our customers follow our hood campaigns closely and they are satisfied with them as well as, free deposit changes, gifts and promotional practices.

Cylinder LPG industry in Turkey is a permanent but from time to time, a fluctuating sector. I believe that in the face of such problems with cylinder gas, alternative business areas need be created for dealers and dealers with potential should be supported by increasing the presence of LPG's auto gas form in the market. Aygaz' dealership system is a human-oriented system. Reaching customer in the field, engaging in practices that result in orders, taking orders accurately and delivering these shortly etc. all of these are possible by having people and necessary equipment. Since our business is in the service sector and involves taking our services to our customers, Aygaz dealership and SPPs occupy a very important place in the formation and delivery of orders. We try to train our SPPs continuously and we are sensitive in their dialogue with our customers. All the while, I think the customer-SSP-dealer combination is a must. We have to work in order to create jobs for our country.

Supply chain management

Aygaz works with about a total of 900 suppliers across the country of which 250 authorized suppliers, without being dependent on any of them on regional or national terms.



For Aygaz supply chain is a value chain. Key principles in the management of the supply chain include

- Preventing lock-in situations in supply chain by considering alternative sources of supply
- Getting quality products for cheaper without compromising safety
- Working under the same conditions with the suppliers who sell the identical products
- Supporting local suppliers as much as possible
- Carrying out all purchasing movements through e-purchasing systems hence enabling information to be easy to reach and be reported while sustaining transparency

- Adopting efficient inventory management systems to prevent repeat purchases, minimizing inventory levels and improving response speed to demand
- Supporting R&D activities in products and materials

Aygaz works with about a total of 900 suppliers across the country of which 250 authorized suppliers, without being dependent on any of them on regional or national terms. Around 60 of these companies are considered as strategic partners as they generate majority of their turnover through Aygaz. 93-95% of all purchases are from local suppliers. Considering the TL 1.15 billion worth of annual purchasing turnover of Aygaz,

excluding the imports, Aygaz makes a sizable indirect contribution to the Turkish economy.

Aygaz purchases products/materials not only from its own region but from across Turkey hence contributes to the economy of the different regions in Turkey. For example,

- Metal plates which are the main raw material for cylinders are supplied from Ereğli, while valve connection collarets come from Antakya-Hatay
- Gas systems installation equipments are supplied from Kayseri, Konya and Izmir
- Promotional materials are purchased from Mersin and Gaziantep
- Transactions are made with regional advertisement agencies for the publicity needs of the dealers

Aygaz adopted the new version of the e-purchasing programme that it has been using efficiently for the last 6 years. The e-purchasing programme enables all the stages of the purchasing; from demand to order of the materials, to accounting of the invoices to run efficiently. The new application allows the users to give authorization from outside the company through their pocket PCs, to monitor the consistence with the budget and to get comprehensive reports regarding the

Matters concerning environment, occupational safety and business ethics will be incorporated in the supplier selection criteria in 2010.



Local supplier

	2007	2008	2009
Local Supplier Rate	93%	94%	95%
Local Supply Turnover	1,134,275,000	1,073,673,000	967,777,000

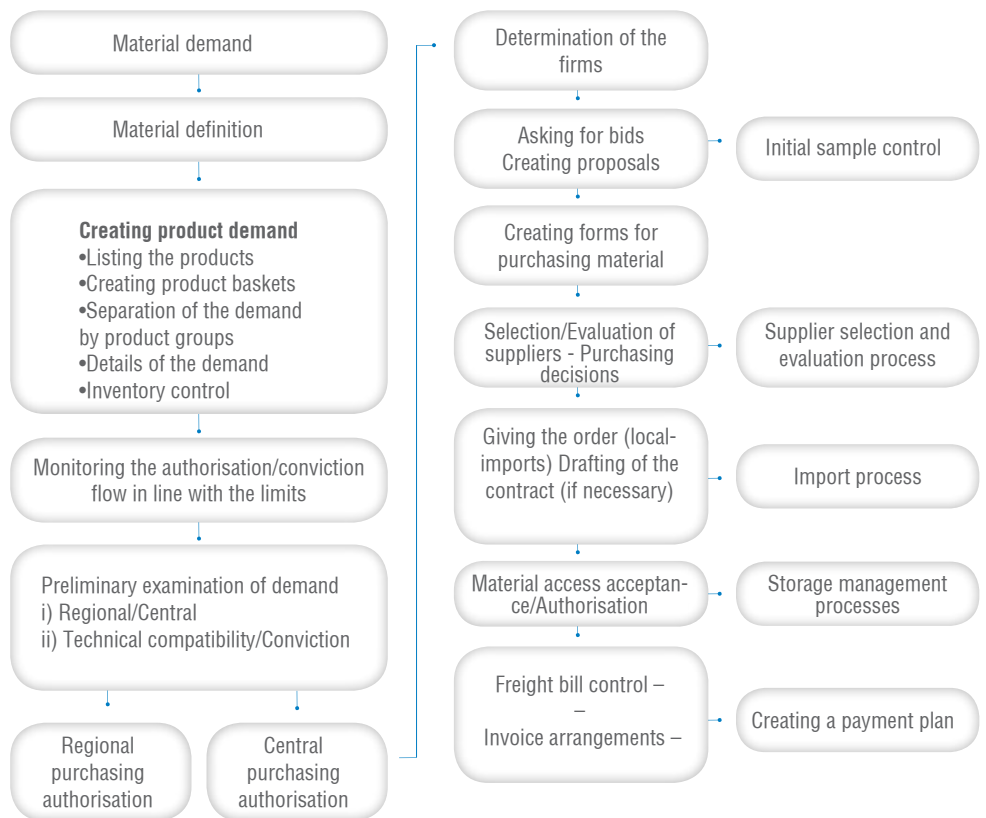
transactions. Electronic authorization system within the e-purchasing programme helps to reduce paper and time consumption while increasing the transparency of the company. In January 2011, Material Planning and Sales Distribution modules of the SAP ERP programme will be launched.

For Aygaz supply chain management, the information on when, where, how and by whom the job will be done is as important as the price. Aygaz ensures it has continuous and mutually trusting business relationships with its suppliers. Aygaz Purchasing Department is a member of the Purchasing Committee established by the Koç Holding to determine the group purchasing processes.

Selection and evaluation of suppliers

For a firm to be an Aygaz supplier, it needs

- i) To meet technical and organizational proficiency standards
- ii) To do well at the field visits carried out by Aygaz
- iii) To succeed at the initial sample control process
- iv) To comply with confidentiality principles regarding the products that are provided to Aygaz under special conditions



- v) To provide product certificates (CE, ATEZ etc.) that guarantees material specifications and safety standards, test reports and material suitability reports

Supplier audits

Since 2004, Aygaz adopted the method of classifying its suppliers according to its

procedural structure and then evaluating them on their direct contribution to the value chain and selecting the firms that it will have long-term work relationships. Instead of a points based system Aygaz applied a constructive action system. Each sales manager visits the suppliers in their region 3-4 times a year and



All the material inventory movements at the Central Logistics Storage are monitored by the barcode system adopted in December 2008 and Exen Storage Management Software adopted in May 2008. Inventory, arrangement and registration of all the materials in the storages are done once more, evaluation of the unused items and the material stock movements are comprehensively defined under the Storage-Inventory Management Process. All the management-investment materials, auto gas-bulk gas – truck tanker systems installation materials, promotional items, clothes and equipments are all collected at one point. Materials that are not moved from the Aygaz storages for more than 6 months are sold or recycled by the related departments.

Two different material storages are established for materials coming out of the facilities or customers and the materials under repair and new materials are separated accordingly. Direct transportation to Defect Solution Centers and Technical Services is carried out. Dispatch notes are automatically done by the system. For the situations where the material requirements from E-purchasing are met by the inventories, “internal dispatch” practices are implemented hence practices enabling material dispatch from the storages without instructions are abolished. Actual and recorded movements at the Central Storage is reported and forwarded to the relevant departments on daily basis. Supplier’s day time schedule for material delivery and dispatch from the storage is disciplined. Future steps for the project will focus on the integration of inventory and storage software along with direct material dispatch to dealers from the storage.

shares the developments in the sector, company expectations and demands. Aygaz suppliers can also visit Aygaz when necessary.

Legislative changes in relation to the sector are monitored and shared with the supply chain. In November 2009, 19 firms that supply chemical substances to Aygaz were invited to Aygaz for an informational meeting on the code of REACH (Registration, Evaluation, Authorization and Restrictions of the Chemicals), Legislation about the Preparation and Distribution of the Security Information Forms concerning the Hazardous Substances and Chemicals and Classification, Packaging and Labelling of Hazardous Substances and Chemicals. Suppliers are kept up to date with the developments about Aygaz and the Koç Group through Our News and World of Aygaz magazines.

A restructured inventory management at Aygaz

Aygaz restructured its inventory management through Logistics Central Storage Investment Project. The project which is based on the principle that all the raw materials except LPG and

AGI are transported from one storage enabled more efficient and thrift use of resources. The project is designed so that it can serve the entire company and also with the aim of reducing the storage points, decreasing the inventory levels and retrenching labour force.

The project enabled an increase in the efficiency levels while reducing the cost of production through providing Aygaz with 2 storages with modern storage facilities and 1 logistics center. The first and the most important stage of the project involved forming the Yarımca Central Logistics Storage. In the first quarter of 2008, 2 storages are built on the Yarımca Terminal which was formerly occupied by the Gazal facilities.

Central Logistics Storage is the whole of these 2 storages which occupy total of area of 1,900 m² (1,500 m² and 400 m²). Central storage is updated with the modern inventory management systems through establishing inventory management programme, barcode system, hand terminals, stocking equipment with manual remotes, forklifts, pallet weighing machines that will work together with Aygaz logistics programme.

Information systems

Aygaz has an information systems team that can develop its own internal applications.

Effective information systems are essential for the sustainability of the operations. Aygaz has an information systems team that can develop its own internal applications. IT structure of Aygaz can be classified into 2 groups; internet applications and in-house applications.

Internet applications

Integrated Ordering System (ESS):

Aygaz implemented the most technological, comprehensive and widespread ordering system, ESS, after carrying out intensive research and studies on this matter since 2004. This system is also a pioneer in international platform. Since the beginning of 2009, 75% of all the orders are being made through the system which is used by 600 dealers across the country.

ESS is an automated project which enables the integration between Aygaz Call Centre, dealers and Subscriber Service Personnel (ASG). This system facilitates control and management of the entire process, from order to delivery, through a single point in the electronic medium. This enables the identical information to be transmitted through the necessary channels faster and more accurately.

ESS facilitated electronic order monitoring which increased the productivity of



the system. This is due to ESS' ability to recognize the customers and their cylinder gas habits which allows Aygaz to generate specially tailored campaigns for them while reducing the dispatch time. System is connected through SSLVPN for secure access.

Dealer Portal: Dealers are able to place stock orders and monitor tonnage through this portal.

In-house applications

Mobile Delivery System: Mobile Delivery System communicates information regarding orders and prices, hence

contributes to the transport optimization by minimizing cost of logistics and reducing environmental impacts. Orders are first collected from the customers, taken into routing, then dispatched and delivered.

Delivery System: This is the process which includes all the functions regarding sales and distribution.

Logistics System & EXEN Storage

Management Software: This is the application which enables the Aygaz inventory management. Central Logistics Storage application allows central



monitoring of the inventory movements and optimization of material storage.

CODA Accounting Application: This application works together with data providing systems and this collaboration contributes to the increase in operational speed of the workforce, minimization of paper consumption and improved data security.

Hyperion: This is the application which manages the company and departmental budgets.

SAP HR: Human Resources applications are managed with this system.

Document Management System

QDMS: This application is used for documentation of work flow.

e-Purchasing System: This is the purchasing system of Aygaz. It is designed to increase the efficiency and transparency within the purchasing processes. All the stages from approval to purchasing mechanisms occur in electronic medium.

BT Call System: This system, which is

adopted to support the entire information systems of Aygaz, is able to manage all the information system calls from a single location and thus provides an increase in the speed of problem solving activities. Besides, it enables the analysis of the incoming calls.

Smartblue Technical Service

Automation: This is the application which manages the auto gas dealers and bulk gas consumers' technical service requirements and periodic controls.

Intranet: It is the efficient communication medium designed for the Aygaz personnel. Frequency of intranet usage was 1.780 in 2008 and 2.029 in 2009.

Auto Gas PLC Level Measurement

System: This system which facilitates remote tanker level measurement is installed at Aygaz auto gas dealers and enables the optimization of our dealers' replenishment and tracking plans and thus minimizes carbon emissions by shortening the driving distances.

Business Intelligence Applications:

Since 2004, this application meets the

departments' demand for modelling of statistical and analytical approaches which also supports operational measurements.

For all the in-house processes there are applications being developed to enable electronic flow of documentation. In this way, operations that require authorization can be performed by going through the entire authorization hierarchy without consuming paper.

In order to raise the service quality, annual BT Surveys, which are carried out electronically, collect suggestions and requirements from the users.

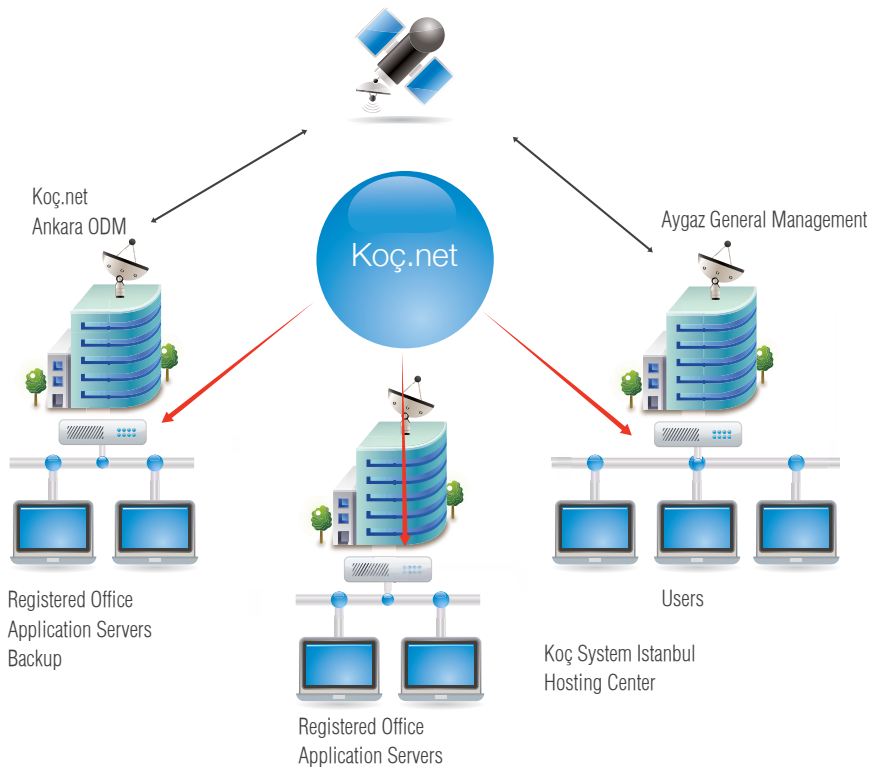
Information security

Information systems adopt Koç Group Information Technology Standards in its management processes. These standards are updated depending on the most recent technological developments. Koç Holding carries out audits to ensure this process. The contents of the Information Technologies audits are determined based on the international COBIT (The Control Objectives for Information and related Technology), ISO 27001 Standards and Koç Group Information Technology Standards.

Aygaz internal information security is extremely critical. The data security of Aygaz Information Technologies Security Standards are gathered and detailed under the following subheadings;

In 2009, 3D corporate website of Aygaz, www.aygaz.com.tr, won the "Outstanding Achievement" award in the energy sector category of the Interactive Media Awards contest.





In 2011, Aygaz aims to adopt SAP and form an integrated ERP system. In this way, both time and paper consumption will be reduced.



involves efficient use of computers and all the activities carried out to reduce consumption of energy and natural resources through the use of computer systems.

Every year virtual server use at Aygaz becomes more and more widespread, energy consumption by office tools is optimized and paper consumption is attempted to be minimized through business operation applications. Environmental impacts of the equipments are carefully considered before authorizing purchases. Emissions are reduced indirectly due to the increasing number of virtual trainings. Basic training requirements can be met through the BT shared on the intranet while personal development and vocational trainings are provided through Koç Human portal. All the users are able to access the sources through centrally managed terminal servers and hence there is no need for a server in each location. Collective printers are used instead of individual printers. Printers are optimized according to the working hours in order to avoid unnecessary power usage.

Within the scope of Aygaz Short and Long term Strategic BT Plan a Virtual Desktop project is designed to be realized in the next few years. By developing opportunities to set up virtual meetings Aygaz aims to reduce travel costs.

Information Technology Standards, Security Policies, Security Organization, Control and Classification of Assets, Human Resources Security Policies, Physical and Environmental Security, Communication and Operational Management, Access Control, Development and Maintenance of Systems and Sustainable Operations Management. Corporate website management and security is provided by Koçnet. Security applications include FW and IPS.

Business continuity and disaster recovery

All the precautions against disasters, defects and sabotage are taken to prevent disruptions in IT activities of Aygaz. Aygaz also completed the necessary arrangements to minimize the impacts of these potential incidences on the company operations in case of hardware, software and data losses.

Aygaz created various disaster recovery scenarios for critical risks. All the data saved at Istanbul Koç Systems Hosting Centre is also backed up at Koç System's Ankara Hosting Centre.

Aygaz Business Sustainability plan ensures that the critical systems will only allow loss of the data input made in the last 30 minutes of any one-hour period. Business Sustainability Plan also involves setting up a Disaster Recovery Centre. All the systems are backed up at the Disaster Recovery Centre within the framework of Asset Classification and Risk Analysis rules. Risk analysis determines which assets/systems will be backed up at the Disaster Recovery Centre depending on the assets' level of importance and confidentiality.

Green IT

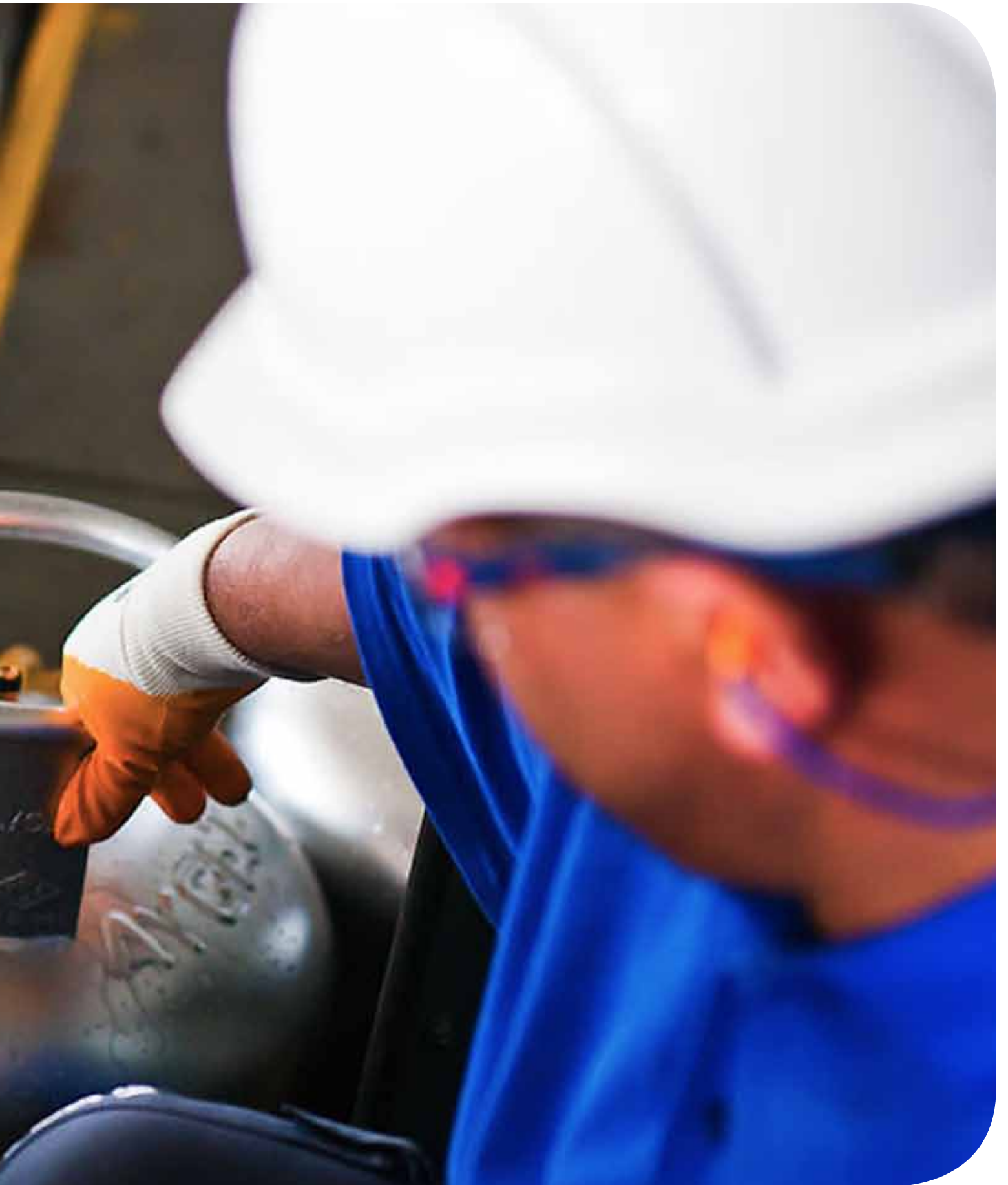
Global IT sector constitutes for 2% of the world's carbon emissions.⁵ Green IT

⁵ Source: Gartner IT, Research and Consultancy Company



Human rights and working conditions

Aygaz, with its deep-rooted history, abundance of qualified man power and the support from the Koç Group, constantly, works to take its leadership in energy market one step further. Aygaz believes that the companies are founded on sound ethical values, hence Aygaz' basic principle lies in the respect that it has for human beings. Aygaz is bounded by the law and United Nations Declaration of Human Rights across all its operations. Aygaz intends to provide safe, ethical and peaceful working environment for its employees where their development and creativity is encouraged.



Ethical principles of Aygaz

Aygaz supports universal human rights and takes all the necessary measures in order to prevent human rights violations.



Aygaz supports universal human rights and takes all the necessary measures in order to prevent human rights violations. As a Koç Holding Company, Aygaz is committed to Global Compact Principles. Aygaz' performance regarding the Global Compact Principles is shared in Koç Holding's annual Global Compact Progress Report. Koç Holding reports are reachable at www.Koç.com.tr.

Aygaz

- Respects individuals' dignity, privacy and personal rights.
- Respects individuals' race, origin, religion, sex, social class, nationality, age, physical disabilities and does not discriminate on these bases.
- Provides equal opportunity in both

personal and career development issues, regardless of employees' origins and beliefs

- Runs mechanisms of business disciplinary rules also for situations of human rights violations
- Respects the traditions, cultures and history of the geographical regions that it operates
- Respects the employees' right to unionize.

Aygaz employees are responsible for complying with "Koç Group Common Values" while carrying out their duties.

In accordance with the 32nd article of the United Nation's Children Rights Committee's agreement accepted in 1989, Aygaz does not employ children.

Within the 2nd article of the United Nations Human Rights Declaration, employees are given equal rights and opportunities regardless of their sex, race and religion. In the 13th article of the Aygaz regulations, it is stated that "Koç Group, aims to be the symbol of good reputation and reliability for its country, partners, dealers, subsidiary industries and consumers. Besides, Aygaz abides by the rule of law and apart from the issues that appear in the law; Aygaz is strictly against child labour and forced labour. As a result of the inspection of Koç Group companies by the relevant government bodies in 2009, there was no warning or penalty concerning forced labour. Koç Group companies employees' and the institution's rights and responsibilities are defined within a corporate framework. Universal Human Rights is the base of all the processes and documentation. Aygaz' operations' basic reference point is the rules and regulations. Full compliance with those is essential. Aygaz' prior mission and responsibility is to respect the rights of its employees which are defined by the rules and regulations.

Aygaz does not provide financial support for any political party and it engages in transparent relationships with governmental bodies.

Internal auditing

Internal auditing operations

Internal audit at Aygaz is done by Internal Audit Department, in compliance with Koç Group Principles and international standards in a systematic, independent and objective manner. Whenever they believe there is a violation of ethical principles, stakeholders can notify Aygaz, without facing any pressure or disclosing their identities. If this notification is from outside of Aygaz, stakeholders use the Customer Services Lines and Dealer Portal. If the notification is from the inside, employees use Audit Department and Head of Koç Holding Audit Committee's Notification Lines. All of the processes and operations within the company are covered by the Audit Department. Major processes like sales, purchasing, facility/terminal and financial affairs are audited on annual basis.

Internal Audit Department's inspection range includes business processes as well as all the financial, operational, environmental, ethical and social corporate risks. Aygaz' Audit Department is in contact with all its departments and stakeholders (dealers, suppliers) when necessary. Inspections continue all year round.

With the help of internal audit process, areas for improvement are determined,



suggestions are generated and the findings and recommendations are shared with relevant managers. As the Audit Department is directly connected to the General Management, there is no hierarchical bond with the audited units of the company. Objectivity is gained by having the Aygaz Internal Audit Department fully responsible for the preparations of inspection plans and the inspection process all by itself.

Management systems audits

Aygaz' innovative approach to the internal audit of management systems involves a mechanism in which departments within the company audits each other. In order to realize this, representatives

from the departments are being trained in auditing systems. For the management systems in each department there is at least one certified internal auditor. The reports which are prepared subsequent to the inspections have a corrective nature. These reports determine the non-compliant operations and recommend corrective actions. In April 2008, with the contribution of Aygaz-Mogaz Management Systems Internal Auditors, the training concerning the 2007 version of OHSAS Occupational Health and Safety Standards and Internal Audit has been completed. A total of 33 Management System Internal Auditors from Aygaz and Mogaz took part in this training programme.

Working life at Aygaz

As a company that realizes its objectives mainly with the contributions from its qualified workforce, working life at Aygaz involves mutual trust and respect in which participation and diversity are deeply valued.

As a company that realizes its objectives mainly with the contributions from its qualified workforce, working life at Aygaz involves mutual trust and respect in which participation and diversity are deeply valued. High motivation levels and development of employees are considered extremely important.

Aygaz supports its management and employees and works with related departments in coordination with Human Resources Systems Team, in order to retain sustainability in its creative, dynamic, informed, motivated, efficient and productive Aygaz team. You can reach detailed information about Aygaz Human Resources Applications at www.aygaz.com.tr

Recruitment process at Aygaz involves close evaluation of the required skills and the knowledge for the vacancy and giving equal opportunities to all the candidates who apply. As a requirement for a company that respects the employee rights, an employment contract is signed with all our employees before they start their roles at Aygaz. This contract defines

the company's and the employee's mutual responsibilities and working standards. The Employee Code of Conduct, which is given to each employee before they begin to work, includes all the human resources processes for the entire duration of the employment from the start to the end, as well as the rights and responsibilities of the employee. In order to prevent forced labour, this code of conduct states provisions such as over-time rules, paid annual leave, national and public holidays.

As a Koç Group company Aygaz' primary concerns within the human rights subject are provision of a safe and a clean working environment, following an anti-discriminatory manner, taking talent-based, transparent and fair recruitment decisions and respecting the employees' union rights.

Equal opportunity

At Aygaz, there is strictly no discrimination in the provision of personal and career development opportunities, remuneration and fringe benefits to the employees. The determinant in these processes is the position of the employee hence training

"Our most important asset is our people. The quality in our products and resources is based on the quality of our people. For the continuity of the Koç Group, we follow a policy of recruiting the best people, and providing opportunities for development and advancement. To fully utilize the talents, strength, and creativity of our people, we create a work environment which nourishes increased productivity, cooperation, and solidarity."

Vehbi Koç



and development opportunities as well as remuneration and fringe benefits are identified according to the requirements of the position itself.

All the recruitments at Aygaz are made according to the needs of the company along with the qualification and expertise of the candidates. There are no undertakings that will lead to discrimination in anyway. In employee request forms and job adverts there is no demand for or parameters against gender, age or social class.

Aygaz won the "Respect for Human Award" in the energy sector in 2007 as well as in 2008, thanks to its applicant response rate of 97% on one of the most well-known and widely used the career portals; Kariyer.net.



Career at Aygaz

Vacancies at Aygaz and Koç Group companies initially become available to the potential candidates within the company and the group. For the potential candidates, who are likely to take higher ranked roles in medium and longer term; are given the opportunity to get experience within the different functions of the company as well as different companies within the group.

The employees who left Aygaz from 31 December 2009 are entitled for a severance payment of TL 14,9 million. By law, the minimum notice period concerning important operational changes is 6 days.

Subsequent to the recruitment process, Aygaz carries out Orientation Programmes in order to speed up the period of adaptation for the new employees.

There are short term work placement and internship opportunities at Aygaz which give the university students an opportunity to get work experience while getting to know Aygaz' culture.

Human resources understanding of Aygaz

Organizational Development	Equal Opportunities for All
Selection and Placement	Recruitment and assignment of the right person for the right job
Remuneration Management	Equal pay for equal job
Performance Management	Performance-related pay
Rewarding	Timely recognition and appreciation
Industrial Relations	Increasing the efficiency by sustaining the peace at work
Communications	Timely and correct notification, definition of processes and events

Aygaz employees

Aygaz Employees	Average Age	Average Seniority Years		%	Number of Blue Collars	%	Number of White Collars	%
2008								
Male	38	10	934	89.9	557	94.9	377	83.6
Female	35	10	104	10.1	30	5.1	74	16.4
Total	38	10	1,038	100.0	587	100.0	451	100.0
2009								
Male	38	11	924	90.2	559	95.6	365	83.1
Female	36	11	100	9.8	26	4.4	74	16.9
Total	38	10	1,024	100.0		100.0		100.0

Employees by education category

		Number of Employees	Percentage Distributions
2008	Primary Education	162	16
	High School	453	44.8
	Associate Degree	55	5.4
	Undergraduate	286	28.3
	Postgraduate	55	5.4
	Total	1011	100
2009	Primary Education	150	15.2
	High School	441	44.7
	Associate Degree	53	5.4
	Undergraduate	283	28.7
	Postgraduate	59	6
	Total	986	100

Seniority Distribution

	Educational Status	Percentage Distributions
2008	0-3	16.6
	4-9	26.6
	10-19	48.7
	20+	8.1
	Total	100
2009	0-3	11.8
	4-9	35.1
	10-19	45.1
	20+	8
	Total	100

For the job evaluation processes, HAY methodology is used. The titles used for high and mid-level management positions are "director" and "manager", respectively.



Ibrahim Kulte

Pressure Vessels Production Specialist
Gebze Facility

I have been working at Aygaz since 1998. I feel that I am part of one of the most reputable companies in Turkey. I feel that I am respected in my social circles thanks to my profession and the company I work for. I see this more obviously at the business meetings that I attend. I share my views and recommendations with the management very openly. Aygaz provides the right environment and conditions for this to be facilitated. Besides, I benefit from Aygaz' personal development facilities through joining training programmes and courses as well as taking part in the new projects.

Employee turnover rate

	White Collar	Blue Collar
2008	2.8%	10.7%
2009	0.9%	7.7%

Number of disabled employees and employees who are ex-prisoners

		Number of Disabled Employees	Number of Employees who are Ex-prisoners
2008	Istanbul	7	4
	Izmir	3	1
	Kocaeli	12	4
	Toplam	22	9
2009	Istanbul	6	4
	Izmir	3	1
	Kocaeli	12	4
	Toplam	21	9

Age distribution

	Age Distribution	Number of Employees	Percentage Distribution
2008	20-29	118	11.44%
	30-39	492	47.67%
	40-49	361	34.98%
	50 +	61	5.91%
	Total	1,032	100.00%
2009	20-29	112	11.40%
	30-39	482	48.90%
	40-49	347	35.20%
	50+	45	4.60%
	Total	986	100.00%

Students who are successful during the internships are evaluated by the managers and this evaluation is kept aside to be used at the recruitment process going forward. In accordance with the needs of the departments and the demand from the students, Aygaz provided internship opportunities to 127 students from 51 different universities in 2008-2009 school year. Within the scope of part-time internship practices, 5 interns served for Aygaz. 2 out of these 5 interns started working at Aygaz upon getting their degrees. Aygaz also met the compulsory internship requests of 56 and 54 vocational high school students in the years 2008 and 2009, respectively.

Between the dates of March 2008 and March 2009 and within the extent of University-Industry collaborations, in order to represent Koç Group and Aygaz, there had been 17 events involving development and career days, presentations in career guides and grants made available for postgraduate-level projects.

Performance evaluation

With its performance management systems in place, Aygaz aims for the perfect level of performance in its operations along with an objective evaluation of its employees' performance.

"Performance Management Systems" are based on the principle of the objectives spreading to the entire workforce, starting from the high-level management, while keeping the positions' responsibilities and impact areas in mind. Employees' performances are monitored through their target cards and evaluated based on quantitative criteria. Employees with high performance levels are rewarded, while development and improvement programmes are planned for the poorly performing employees. At the end of the performance evaluation season, employees are informed with regards to the results of their evaluation, in writing. Results gathered from the "Performance Evaluation Systems" are used in determination of remunerations, planning of personal development, identification of the management potential and continuation of employment contracts.

Within the performance management systems which include all the white collar workers, employees go under "Performance Evaluation" and "Performance Monitoring Interview" at least once a year. Target realization is also monitored in 3 months, 6 months and 12 months time periods. Employees are informed of the interim deviations in target realizations in writing.

Employees who take part in our corporate social responsibility project "Meslek Lisesi Memleket Meselesi" (MLMM) ("Vocational Education: a Crucial Matter for the Nation") have the objective called "Active Participation to the MLMM project" in their target cards so that their efforts can be



Kıvanç Yazar

Gas Appliances Sales Officer / Gebze Facility

I have started working at Aygaz in 1999. Aygaz is a Koç Group company that means it is managed at corporate standards; it offers satisfying remuneration levels and respects the employees' social rights. Knowing that internal system in the company is fair and transparent influenced me when I chose to be part of this company. I believe, Aygaz adopts a Japanese style lifelong employment approach as a corporate culture. Hence, I trust that anyone who is willing to work and be successful at Aygaz, will be able to do so, as long as the individual wants. As the company's recognition raises so does my feeling of trust, pride and happiness. Leading reasons underlying my choice to work at Aygaz include knowing that Aygaz will never face difficulties to pay employee salaries, importance of being part of the Koç Group, the positive impact of being an Aygaz employee during interactions with other sales people and suppliers within the sector. When I meet an individual or a corporate for the first time I get very positive reactions because I work for Aygaz. I benefit from the opportunities provided by Koç companies. E-trainings, class education, foreign company visits and meetings and having the opportunity to work in different departments and getting to know numerous functions, ability to work with international and domestic companies and individuals and reaching the information that I require whenever I need it are few of the personal development opportunities offered at Aygaz. Also, we are encouraged to pass our views at the informational meetings that are run on regular basis. Management and employees do not stand apart from each other. I believe that recommendation system is useful and intranet is valuable as it disseminates developments, instantly, regarding the company.

reflected in their general performance. This had been an important step in institutionalizing employee volunteerism at Aygaz. In the target cards of production managers, terminal/facility managers and related personnel, there are objectives concerning monitoring and improvement of health and safety conditions in terms of environment and work. In 2009, 57 high level directors and managers and 103 officers went under "Golden Key for Performance Management Training" under the scope of action plan of Aygaz Performance Management Systems.

Recognition-Rewarding systems

Aygaz evaluates and rewards its employees' successes, innovations

and recommendations that provide measurable benefits and value added to the company. This is done through prioritising and rewarding behaviour that helps Aygaz to reach its goals, enhance motivation, loyalty and efficiency, and let the best undertakings to shine out. Within the framework of Suggestions and Reward system, Aygaz aims to encourage the employees to contribute to the development of the company. Aygaz rewards its people accordingly with Outstanding Achievement Award and Service Award as well as various contingency awards, Employee Suggestion and Total Productive Maintenances (TPM) rewarding systems. In order to stimulate participation within

Orientation

Orientation Programme has taken place on 8-10 April 2008 with the participation of 20 employees (11 employees from Aygaz and 9 employees from Mogaz) who started their jobs between the dates September 2007 and April 2008. At the end of the programme participants stated that orientation had been very helpful in grasping the Energy Group's perception and magnitude of its corporate governance.

23 employees, 8 of which are from Mogaz, who started their jobs between May 2008 and July 2009 participated in the events called "My first year full of energy!" on 16-17 July 2009. Employees who completed their first year at the Energy Group had the chance to get together and get to know each other more closely while sharing their experiences of work processes with each other which speeded up their adaptation to the company.



The Most Successful Koç Employees

The MSKE awards are being given since 2003, as an extension of the existing recommendation systems at Koç Group. These awards are given in order to uncover the achievements depending on employees' competencies and reward them accordingly. The MSKE awards categories are "Cooperation", "Creativity Innovators" and "Customer Satisfaction" and they are available to both blue collar and white collar workers. In 2009, 2 out of 6 projects to be awarded by the Final Evaluation Committee belonged to Aygaz. Aygaz won the "Creativity-Innovators" award for white collar workers with its "Aygaz Euro LPG+ Auto gas" project as well as the "Customer Satisfaction Providers" award for blue collar workers with its "New Approaches in the form of Cylinder" project.



the company and enable improvement in issues such as environmental impacts, working conditions, waste and energy consumption Aygaz accepted 166 and 12 suggestions in 2008 and 2009, respectively.

Every year, Koç Group, gives 10, 20 and 25 years of service awards to its employees. Service awards ceremony of 2008 took place in November and 58 Aygaz employees were awarded. In 2009, there had been a service award ceremony for 17 workers who work at Aygaz ships. There will be a Service Award Ceremony in 2010 for the employees who work at the rest of the departments.

Trainings

Aygaz has dedicated resources for the training and development process of the employees from all levels. Also, Aygaz holds various training sessions for the suppliers, dealers and business partners.

Employee trainings

Aygaz evaluates its employees' competencies through its 360 degrees competency evaluation systems and plans their personal development programmes accordingly. Collective training systems at Aygaz have been replaced with personal training planning with the help of Koç Group's integrated development platform namely Koç Academy Systems. Koç Academy Systems, which is also a virtual library,

uses the following development tools; classroom education, e-trainings, reading materials, outdoor trainings, rotations and project work. In line with the personal development plans, 453 employees in 2008 and 380 employees in 2009 were educated through Koç Academy Systems.

Trainings that are provided to the employees are organized in three main categories. These categories are Personal and Professional Development Trainings, trainings that require management decision such as e-MBA, English and leader development and attended by managers only and finally the trainings which are compulsory by rules and regulations.

As a part of Koç Group, we aim for sustainable development and Aygaz managers are being prepared for the future with Leader Development Programmes since 2003. In order to coordinate strategies and leadership processes and to gather leadership development tools under one roof, Koç Group utilizes potential evaluation process to identify the successful managers in advance. Candidates are selected for the Leader Development Programmes depending on the results of 360 Degrees Competency Evaluations and Performance Evaluations. "Leader and Strategy" training is a collaboration between Koç University and it is

intended for potential managers who are considering to move into higher management levels.

There are 5 A-class and 1 B-class Security Specialists at Aygaz who have been through essential trainings, who have passed necessary exams and got related certificates. In 2008, 34 Aygaz employees received "Authorized LPG Personnel Courses Instructor Engineer Certificate" as part of the cooperation with Chamber of Mechanical Engineers (MMO). As a first in the industry, with this project the instructors gained the rights to give LPG Personnel Training within the scope of LPG Market Trainings Regulations. Thanks to this certificate, Aygaz employees both contributed to their own personal developments and speeded up their business processes. Also, it is ensured that employees and dealers can get training support from Aygaz when there is an urgent need. Training syllabus is separate for filling facility personnel, tank operators and dealer personnel. Presentations and exams prepared by the MMO are done and the results are shared with the Chamber. These activities are expected to open up new approach in the sector in the coming periods of time.

Between October 2008 and December 2008, these instructors gave 24 trainings intended for a total of 474 employees that include dealers and subscriber service

personnel, tank operators, cylinder gas transportation drivers, facility personnel and technical staff (white collar, technical services, ACM etc.).

Aygaz' 5S practices at its filling stations aim to keep the workplace clean, healthy and safe and sustain these conditions. 5S training which was given in Ambarlı Terminal in 2008 has been completed. 5S training is an extremely user-friendly method which keeps simplification and restructuring in its center and helps the organization of the workplace as well as eliminating wastage.

On 24-28th of December 2009 there had been a 5-day Fire Fighting Training Course by instructors from University of Kocaeli. Specialists from Aygaz – Aygaz Natural Gas and Opet joined to this course and received “Instructor Certificates”. 6 specialists attended to theory-practice based trainings; one manager from each Facility Management, one Fire and Safety and Health&Safety personnel from the Head Office. In this way a pool of instructors with certificates to give Fire Safety Training to the employees at the terminals and remaining facilities is created. Within the scope of Law 5312 which is Protection of Marine Environment from Harmful Substances, Emergency Response and Compensation of Damages, a Coastal Facility Emergency Intervention plan is prepared. Required Level 1 and Level 2 trainings were carried out within the framework of this plan. During October 2009, with the

Training hours

	2008	2009
Total training given	17,711 hours	30,309 hours
Average training given	16.70 man*hour	29.31 man*hour

The average annual training hours per employee by employee category

	2008	2009
White collar	36.12	14.4
Blue collar	85.7	18.33



2009 technical service training hours (man*hours)

Technical Service	Trouble Shooting Solution Centre / Assembly	Aygaz Employees	Total
520	567	415	1,502

Distribution of training hours by functions-2008

Departments	Total Hours of Training	Hours / Person	Number of Personnel
Head Office	556	6.6	84
Finance	834	17	49
Assistant Manager	1,015.50	8.2	124
Technical	8,540.00	14.1	607
Marketing	360	18	20
Assistant Manager	5,757	41.7	138
Total	17,062.50	16.7	1,022

Distribution of man*training hours by functions-2009

Departments	Total Hours of Training	Hours / Person	Number of Personnel
Head Office	1,173	93	51
Finance	561	116	49
Assistant Manager	3,851	330	127
Technical	17,476	553	638
Marketing	713	189	20
Assistant Manager	6,537	133	149
Total	30,309	29.31	1,034

Training for transport drivers

2008	2,576 man*hour
2009	904 man*hour

Basic Occupational Health and Safety Trainings of Aygaz;

General occupational health and safety rules, causes of work accidents and occupational diseases and risks in the workplace, principles to avoid accidents, injuries and diseases and implementation techniques for these principles, safe use of work equipment, legal rights and responsibilities of employees, information on legislation, forming safe environment systems at the workplace, using personal protective equipment, working with appliances with display screens, warning signs, risks due to chemical, physical and biological substances, hygiene and order, fire protection, thermal comfort requirements, ergonomics, electrical hazards, risks and precautions, first aid, rescue training.



In 2008, 5049 person*hour occupational health-safety, 207 person*hour first aid and 6991 person*hours environmental trainings were carried out. In 2009, total of 4504 man*hours occupational health-safety, 1056 first aid and 3060 man*hours environmental trainings took place.



participation of employees from 13 different facilities 70 man*hour of Global Compact Principle internal training was organized. During this training employees were informed about the foundations, principles and application criteria of the Global Compact. Ensuring that employees are being treated under the principle of equality and within the changing legislations is essential. In order to enable this, in 2008, announcements were made to the entire workforce while managers and directors were given debriefings about the Labour Law rules and regulations for 168person*hours. Debriefings and training activities with regards the occupational health-safety and environmental issues are significant tools both in stimulating personal consciousness and having a positive impact on the way of doing business.

Besides, 14 films that Chemicals, Petrol, Rubber and Plastic Industry (KIPLAS) provided Aygaz started to being shown in all facilities. These films are about ergonomics-back, working with electricity, first aid, forklift, hazard notices, electrical appliances, lock, office security, working at height, personal protections, job safety orientation, stairs, working with a resource and walking and working. Aygaz' accident rates dropped after these films were shown. We aim to achieve better results in the next period. The films were also

shown at the Occupational Health and Safety of Metal Manufacturers' Union of Turkey (MESS).

At Aygaz, facilitation of sea transportation with "safe, qualified, environmentalist and trained" personnel is highly important. For the safety of the ship staff, 'International Convention for Safety of Life at Sea (SOLAS)' requirements are carried out successfully across our entire fleet. The fact that there have not been any accidents or injuries until now, proves the level importance given to this matter by our ship staff. The ship staff's compliance to the training standards and all the training that is required to be given in this matter are monitored and organized in accordance with international training and certificate standards.

During the reporting period, Bridge Team Management, Deck Safety Office Training, Marine Administration Training, Engineering Team Resource Management as well as manometer calibration and thermometer calibration trainings at SQ Mart Academy were carried out at University of 9 Eylül, both on and outside the ships.

Aygaz also organizes training for the Technical Service personnel. Within the scope of first aid regulations, 10 first aid personnel who got training

in 2005 were given 8 hour long update training in 2009. After the approval procedures, new certificates that are also valid in the EU member states were given to the trained first aid personnel.

In last 5 years over 100 employees from various departments and responsibility areas including all the facility managers, administrative personnel, Gebze facility, TDM personnel were given trainings at Gölcük Maritime's Naval Surface Command School's Fire Training Center.

Trainings for dealers, suppliers and business partners

Aygaz is committed to the safety of all the stakeholders in its value chain. Hence, training sessions are organized for the suppliers and the dealers throughout the year. Trainings are arranged for chemical substances suppliers since the operations and responsibilities of these suppliers are regulated by specific rules and regulations. In November 2009, 15 supplier companies participated to a 38 man*hour training which involved issues like REACH guidelines, packaging and labelling along with security data sheets.

Cylinder gas dealer personnel and Subscriber Service Personnel (ASG) are regularly given two different types of trainings throughout the year. These are namely; Perfect Service and Safety

Training and Specialist Training. Training topics are mostly on consumer behaviour, service quality, Aygaz products, technical knowledge and safety. Trainings are carried out all through the year across the country and these trainings are given on the Training Bus. Getting LPG Personnel Certificates is compulsory for all the employees working in the sector by the LPG Law. By the end of 2009, the number of ASG who held LPG Personnel Certificate is 4,126. Trainings intended for the Subscriber Service Personnel will continue in the year 2010.

In order to fulfill the complete security principles and succeed at EPDK's regular inspections, it is aimed to get all our dealers' staff to hold LPG Personnel Certificates. In order to realize this objective, between the dates 21 November 2008 and end of February 2009, there had been 46 training sessions in 22 different locations in which 1,200 people participated. Participants include dealers and dealers' staff, tank operators, technical services, blue and white collar Aygaz employees.

In October 2008, professional videos relating to occupational health and safety are produced at the facilities to be used in raising awareness and consciousness in these matters. They are specially tailored for facility employees, visitors, sub employers, tankers and dealers' drivers. The films are shot separately for 5 different risk groups, targeting to show

how the activities in filling, production and distribution facilities are being carried out safely and without causing any accidents.

The main objective of the training programmes given to the transport drivers and cylinder gas tanker operators, is to make them respectful and aware of the responsibilities that their roles carry and also help them to become fully aware employees who internalize Aygaz' corporate values and vision and represent the corporate culture of Aygaz in the best way possible. According to the regulations, these trainings must be received before starting to work. Training hours are in proportion with recruitments. The hours of training rose since there was more recruitment in 2008.

Aygaz also regularly organizes Roll-Over and Skid Trainings in order to make sure that as the operators of the first and the only specially equipped tanker truck fleet in the sector, Aygaz drivers are utilizing the roads in a safe and secure manner.

The trainings that will be received by the security personnel at Aygaz are defined by the Law 5188. These trainings aim to provide security personnel with the general vocational knowledge and skills as well as suitable attitudes and behaviours that they should follow while they carry out their roles. Trainings sessions also include a 15 hour section under the heading of "Private Security Law and Individuals' Rights". During the



Nurettin Kızılhan
Gebze Facility

I started my role at Aygaz in 1988, so that I can gain wider experience within my profession and also because of the trust that I have for Koç Group companies. There are lots of advantages obtained by working at Aygaz. Due to the sensitivity towards work health and safety, a more secure working environment is provided. Salaries are paid on time and regularly. Continuous job opportunities are provided thanks to the international tenders that are secured by Aygaz. It makes me proud to know that appliances that we produce are being used in almost every household. Apart from these, through contributing to the activities under TPM system I gain knowledge and develop talents in various subject matters. Besides, thanks to regular working hours I am able to schedule my social activities for the weekends and non-work hours. Friendship that I have with my colleagues is long-lasting.

reporting period, total of training hours received by the security personnel is 120.

Aygaz shares its knowledge and expertise in occupational health and safety matters with public authorities. On 15 April 2008, total of 76 audit staff from Ministry of Interior's office for Gendarmerie Anti-Smuggling and Inspection participated to the training which took place at Yarımca Terminal Head Office and Işikkent Filling Facility.

Due to the protocol between EPDK and Ministry of Interior, situations faced by the gendarmerie personnel are examined and the trainings involved information about Aygaz, technical regulations that should be complied by the filling facilities, safety precautions, information about illegal cylinder gas filling and the importance of being sensitive about these practices, basic regulations about the LPG sector and first aid issues.

Aygaz' fundamental responsibility is to provide safe working environment for its people.

Employee health and safety

Aygaz' fundamental responsibility is to provide safe working environment for its people. Aygaz started its practices in Occupational Health and Safety Systems in 1995 and expanded the scope of these practices while making them more systematic. Along with the adoption of integrated management systems, Aygaz started its activities regarding the OHSAS 18001 Occupational Health and Safety Management Systems (OHSAS) in 2003. By 2007, Aygaz documented the use of the OHSAS 18001 Occupational Health and Safety Management Systems and disseminated it to its 11 filling facilities and Aygaz Gebze Production Unit. In 2008, all the facilities within the scope of documentation of OHSAS 18001 Occupational Health and Safety Management Systems Standards' are audited and moved to OHSAS 18001:2007. In 2009, an external audit firm completed the inspections and approved the compliance of the documents.

Aygaz adopted preventive approach related to health, safety and environmental risks and took necessary precautions in all its filling and production units. The risks related to health, safety and environment issues are identified and studies are being carried out constantly



about risky situations, work accidents and emergencies.

In February 2008, Occupational Safety Platform is comprised together with the Occupational Security Specialists, Quality Systems and SEC-G Management and Human Resources Management. The main objective of this platform is to gain from the views of the specialists' knowledge and expertise with regards to the company's practices. Improvements are being made as a result of the risk assessments, Corrective-Preventive Activities, Internal-External Audits and Occupational Health and Safety Committee Meetings.

Occupational Health and Safety Specifications are implemented after the visits from the members of the Specialists' Platform and by preparing the contractor firms' Occupational Health and Safety Directives in greater detail. Besides, the pre-investment period practices and evaluations that take place during these investments are defined by the members of the Specialists' Platform. Studies on the improvement and development processes of the trainings are also completed and implemented.

Aygaz takes care of all technical investments and provides training for its employees, indirect workforce and

business partners throughout the year and runs a “zero accident” policy.

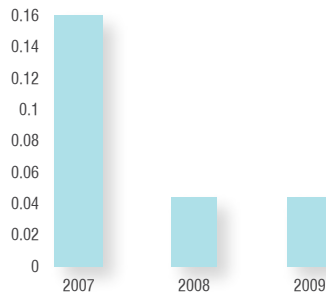
There had been 28 and 11 road transportation accidents in 2008 and 2009, respectively. Activities carried out within the scope of TPM, Aygaz Gebze Facility casualty rate had been decreased by 84% year on year.

During the reporting period, within the extent of health screenings done by the office doctors, 1,859 people got Flu Vaccines, 114 people got pulmonary Function Testing, 124 people had Lung Screenings, 611 people had their eyes checked up and 159 people had Cholesterol and Lipid screenings, 40 people had Anaemia Screening, 820 people had Hearing Tests, 88 people had germ-carrier examination and 221 had Tetanus vaccines.

In 2009, as a precaution for the H1N1- Pandemic Flue, disinfection dispensaries are placed on each floor. Personnel service vehicles are disinfected and packaged breads started to be served in the refectories. Cleaning routines within the working hours are doubled and ventilation filters in the central air conditioning systems started to be renewed more frequently and earlier than their standard usage periods.

Accident severity ratio

Accident - Severity ratio; G= (Lost working days / Σ working hours)*1,000



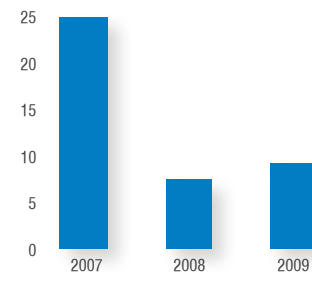
In June 2009, “Healthy Diets – Facts and Fiction” seminar was given by the Aygaz office doctor and specialist dietician. Also “Healthy Breath” seminars are organized in order to improve the employees’ quality of life.

Right to unionize

Aygaz, as a Koç group company, regards its employees’ right to become trade union members, as per the 2., 3., and 4. Articles of the Agreement on the Individuals’ Rights to Unionize, which was adopted by the United Nations in 1948 with the United Nations Declaration of Human Rights 23 (4). Aygaz respects the freedom of association and collective bargaining rights of its employees. Aygaz takes extra care to maintain the peace at the workplace, through acting in

Accident frequency rate

Accident frequency rate (F); F = (Σ Units of accidents / Σ working hours)*1,000,000



accordance with the requirements of the regulations and the collective agreement, within the framework of trust that Aygaz built with both its employees and the trade unions.

Aygaz sees the trade unions as its stakeholders, rather than the opposition and attaches great deal of importance to its good relations with the trade unions and aims to act in harmony with them.

Aygaz signed a Collective Bargaining Agreement with the Seafarers’ Union of Turkey that will apply to its employees who work on the ships for the period between 1 January 2009 and 31 December 2010. Another Collective Bargaining Agreement was signed with Turkish Metal Union comprising the blue

Percentage of trade-union members among employees

Employee Type	Employee Sub Group	Gebze	Ship	Yarımca	Total	
2008	Member of a trade-union	Blue-collar permanent	100,0%	56,0%	100,0%	86,9%
		Blue-collar temporary	0,0%	44,0%	0,0%	13,1%
	Total	100,0%	100,0%	100,0%	100,0%	
Non-member	Blue-collar permanent	0,0%	0,0%	0,0%	0,0%	
		Blue-collar temporary	0,0%	0,0%	0,0%	0,0%
	Total	0,0%	0,0%	0,0%	0,0%	
General-Total		100,0%	100,0%	100,0%	100,0%	
2009	Member of a trade union	Blue-collar permanent	86,6%	100,0%		89,9%
		Blue-collar temporary	13,4%	0,0%		10,1%
	Total	100,0%	100,0%		100,0%	
Non-member	Blue-collar permanent	0,0%	0,0%		0,0%	
		Blue-collar temporary	0,0%	0,0%		0,0%
	Total	0,0%	0,0%		0,0%	
General-total		100,0%	100,0%		100,0%	

Number of trade-union members among employees

Employee Type	Employee Sub Group	Gebze	Ship	Yarımca	Total	
2008	Member of a trade-union	Blue-collar permanent	256	61	1	318
		Blue-collar temporary		48	0	48
	Total	256	109	1	366	
Non-member	Blue-collar permanent	0	0	0	0	
		Blue-collar temporary	0	0	0	0
	Total	0	0	0	0	
General-Total		256	109	1	366	
2009	Member of a Trade Union	Blue-collar permanent	245	92		337
		Blue-collar temporary	38			38
	Total	0	92		375	
Non-member	Blue-collar permanent	0	0		0	
		Blue-collar temporary	0	0		0
	Total	0	0		0	
General-total		283	92		375	

collar workers at the Gebze Production Facility for the time period from 1 September 2008 to 31 August 2010.

A section of the collective bargaining agreement signed with the MESS Group Companies is on occupational health and safety. There are 54 detailed articles in this collective bargaining agreement explaining all the requirements with regards to the working environment that needs to be fulfilled by the employer. All the medical examinations that the employees need to go through before starting their employment as well as the periodic medical examinations that need to be done every 6 months are also defined.

Article 61 on Protecting the Health and Occupational Safety section of the Collective Bargaining Agreement that is signed with the Seafarers Union of Turkey defines all the conditions that are required to be fulfilled by both the employer and the employees. The Article 62 includes the general medical examinations of the ship staff and the related time periods for these examinations.

Remuneration and fringe benefits

Aygaz implements competitive, fair and corporate remuneration policies



KİPLAS field trips:

Aygaz continues its operations in collaboration with Chemical, Petrol, Rubber and Plastic Manufacturers' Union of Turkey (KIPLAS). During April and June of 2008, KIPLAS personnel visited the filling facility with regards to the occupational health and safety theme. Starting with the Dörtüyl Terminal Management, Aygaz shared all the information about its activities in the matter of occupational health and safety with the KIPLAS personnel. The field trips have been completed with great interest and contribution from the employees of İşikkent Filling Facility and Aliğa Terminal Management. Among the visits to Yarımca Terminal Management and Cylinder Renewal Units, the latter had been the most useful in terms of the evaluation of ongoing activities. KIPLAS also concluded its field trip to Samsun Terminal Management. Facility staff were briefly informed about occupational health and safety obligations which increased the sensitivity to the subject matter.

that are based on equal pay for equal job principle. Employees' salaries are identified depending on their roles, education levels and expertise. Wage increases are given once a year and calculated on the basis of inflation and performance evaluation processes. Aygaz determined its remuneration policy according to the median of the companies within the same sector. Aygaz is one of the rare companies that carries out performance evaluation for its high level management in relation to the stock performance and financial profitability which reveals Aygaz' devoutness to creating shareholder value.

Since 1967, Koç Holding Pension Fund Foundation puts employees' savings to good use and assists the employees to take their savings in bulk or as a life-time pension upon their retirement, as well as providing them and their families with the option to benefit from the Group's health insurance. Apart from the savings of the employees themselves, the group companies also make contributions for each employee who is a member of the Foundation so that employees' savings grow steadily. Number of Aygaz employees who are member of Koç

Holding Pension Fund Foundation was 1,024 in 2008 and 983 in 2009. Within the scope of this membership, Within the scope of this membership, there is the opportunity to subscribe for Private Health Insurance. There are also possibilities of Life Insurance and office doctor services. Number of Aygaz employees who are subscribed to Private Health Insurance was 446 in 2008 and 413 in 2009.

Aygaz provides social assistance to its people in the situations like marriage, birth, having children, educational demands of its employees' children, death of its employees' parents, upon the employee's death for the legal heirs as well as religious and national days, fuel deprivation and military service.

Our employees are also provided with transport services, lunch, sports facilities, social activity facilities, library and recreation and activity rooms.

Part-time employees' remuneration is managed with a system that is determined according to their work hours. They cannot be members of Koç Holding Pension Fund Foundation and private health insurance however they are welcome to benefit from the remaining facilities equally.

Metin Demir

Gebze Facility Blue Collar

I have been working at Aygaz since 1993, specifically due to the position of Aygaz brand in the community and my willingness to work for a trustworthy company that secures my future. Advantages to be an Aygaz employee are getting your salary regularly even during the financial crisis, importance that Aygaz gives to its employees, trust that you feel due to working for a strong and well-known company and significance given to your job security. We would like the continuation of the Blue Collar Personal Development Training which started in the past years. Our line managers are accessible and easy to reach for communication purposes. When we approach them with problems or recommendations they help us to deal with those issues. In my personal life, I am envied for working at Aygaz. As my working hours are compliant with the regulations, I am able to spare time for my family, my social activities and hobbies. We join the activities organized internally and we have great time.

For Aygaz internal communication is essential to maintain transparency in management, to stimulate collaboration in the workplace and to strengthen team spirit notion.



Aygaz-Opet Turkish Music Choir which has started its activities in 2004 with employees of Aygaz and Opet, aims to unite employees who love Classic Turkish Music and who would like to develop themselves on this subject. Throughout time, other Koç Energy Group Companies which are interested in Turkish Music, Koç Holding employees, relatives of employees and even our dealers joined the Choir. It is now open for all the members of Koç Group.

With its 30 members, the choir gave many concerts between 2005 and 2009. In 2009, it had a concert record in TRT Ankara Radio studios composed of “Mahur” works. The record which was appreciated by the Radio’s selective commission was broadcasted in Amateur Choirs Program in Radio 4. The Choir also gave a mini concert in Opet’s Mineral Oil AD Blue product launching.

The pioneer and the broadest in-house sports festival, Koç Sports Festival, that houses more than 2000 Group employees, has been continuing for the last 20 years. Vehbi Koç, the founder of the Koç Group, commenced the Koç Group Sports Festival in 1989, as he was a strong believer of the fact that employees need to spare time for sports and leisure activities. Aygaz, participated

Work-life balance

In order to ensure the work-life balance, Aygaz takes extra care so that employees do not work over-time except during critical operations. Employees are encouraged to use their annual leaves and in order for them to be flexible with their plans; annual leaves can be used in parts as long as it is within the legal framework. Female employees who have recently given birth are allowed to take their maternity leave at once.

Aygaz encourages social activities to be organized within the company in order to help its employees to keep a healthy work-life balance while enriching their social lives. In 2009, 12

volunteers established the “My Social Activity” society. The society works on volunteering basis and carries out its activities with its 15 members both in and out of working hours. Throughout the year this society arranges numerous social activities with the participation of the employees and their friends and families. Main objective of this society is to relieve stress by getting employees together for activities taking place outside the working place, to improve the internal communication and to generate motivation and cooperation. Non-member employees are also welcome to join these social activities. It is intended to increase the number of volunteers in the society.



to the Festival with its 165 employees in 3 cities, Istanbul, Izmir and Adana and 8 branches namely; football, basketball, tennis, table tennis, swimming, athletics and chess.

Internal communication

For Aygaz internal communication is essential to maintain transparency in management, to stimulate collaboration in the workplace and to strengthen team spirit notion. The communication plans at Aygaz are kept up to date and vibrant with ever increasing number of activities that are organized throughout the year. These include annual communication meetings, division of labour meetings, “blue collar together” picnics, festivals, exhibitions, social responsibility project activities, region and facility outings, service award ceremonies, departmental meals, Koç Sports Festival, end-of-year communication meetings and celebrations.

Communication meetings that are open to the entire company are being held annually. At these meetings blue collar and white collar workers as well as managers from all levels get together. During these meetings, the management gives a presentation on the company results and operations and employees are able to share their views freely. In

Employee satisfaction

Aygaz, as an indicator of the value it attaches to the employees, carries out an annual Working Life Evaluation and Improvement Survey since 1996. With this survey, Aygaz measures its employees' satisfaction and loyalty levels and implements plans with regards to improvements. Aygaz scores incrementally high scores in employee satisfaction each year. Aygaz achieved 3, 98 satisfaction points out of 5 and 3.99 satisfaction points out of 5 in the years 2008 and 2009, respectively.



2008, total of 392 white collar staff and representatives from the subsidiaries participated in the “We are Aygaz” meeting held in Bodrum. 98% employee satisfaction was obtained at this meeting. In 2009, employees at the Head Office had mini communication meetings with the General Director.

Besides, during the reporting period, Aygaz also organizes semi-annual evaluation meetings that require full participation of the white collar workers.

Dealer Visit Programme, that enables Aygaz employees to gain detailed information about the sector's field operations, to get to know Aygaz dealers and strengthen its communication with the sales, is perceived to be motivating for both parties. In 2008, 42 Aygaz employees participated in the Aygaz Dealer Visit Programme and visited 209 cylinder gas dealers in 29 cities. In 2009, 168 Aygaz employees took part in this programme.

Aygaz Technical Service Communication Meeting took place on 17-18 December 2009 in Antalya. At the meeting, the latest information on legal standards and regulations are summarized along with a

presentation on the evaluation of Aygaz Technical Services operation between 2008 and 2009. During the meeting, Technical Services that ranked highly at the evaluation of 2007-2008 Technical Services Performance were presented with their awards and some training was given for the participants. Technical Service Communication Meeting ended with the “Free Agenda” in which Technical Services shared the challenges they face and voiced their suggestions, comments and wishes.

Aygaz' internal communication platform Intranet was updated on 6th of March 2009 with its new design and content. Aygaz website became more functional in order to make sure the information plays an efficient role in internal communication and accurate knowledge is shared on time. Operations and activities of all departments, as well as administrative announcements, regulations and information that make everyday life easier can all be found on the Intranet.

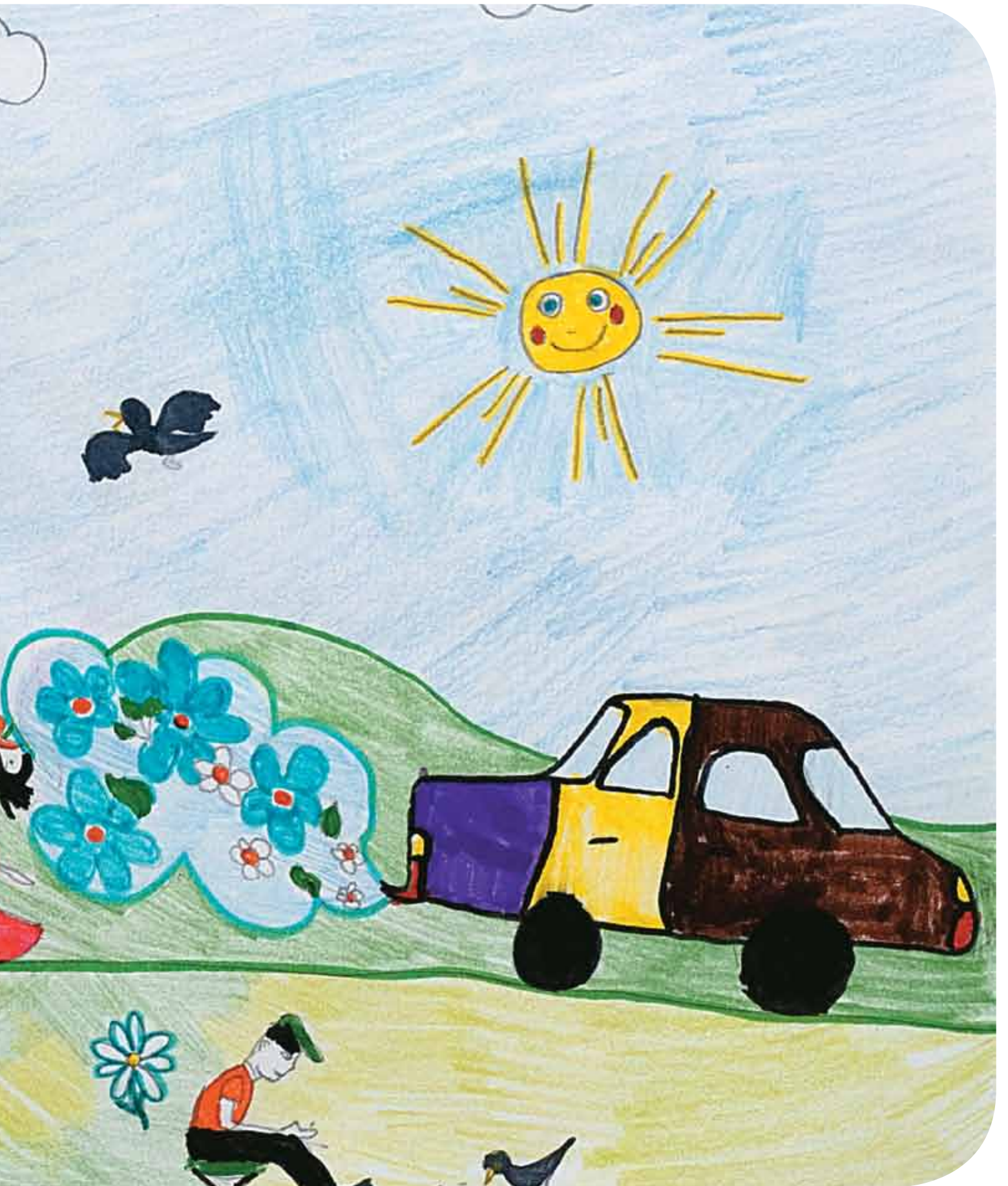
The Local Communication Catalogue that gathers all the company visuals was prepared in 2006 and was renewed in 2010 to keep up with the changing communication needs.



PELİN

Environmental management

Aygaz is aware of the responsibilities that stem from operating in the energy sector and carries out its activities in conditions conducive for economic, social and industrial development and compliant with human and environmental health without wasting natural resources.



Environmental management

Aygaz has been working towards more efficient use of energy and natural resources for many years.

Aygaz is aware of the responsibilities that stem from operating in the energy sector and carries out its activities in conditions conducive for economic, social and industrial development and compliant with human and environmental health without wasting natural resources. Aygaz has been working towards more efficient use of energy and natural resources for many years. Aygaz always prioritises conscious use of natural resources when investing in technology and innovation for sustainable economic activities. In order to examine the environmental impacts of the potential investments, Aygaz prepares Environmental Impact Assessment (ÇED) reports in line with the relevant legislation. Investment decisions involve careful consideration of the developments about legislations and standards, potential environmental impacts and issued regarding fire and occupational health and safety.

During the reporting period, Aygaz identified the following as its material issues;

- Environmental Safety
- Protection of Natural Resources
- Energy Efficiency
- Emissions
- Waste Management

Quality, environment and occupational health-safety

Within the scope of Koç Group's objectives

and principles, Aygaz attaches great importance to Integrated Management Systems especially in its main field of business LPG, along with all other operations such as product procurement, storage, filling, distribution and production of related equipment and sales. Keeping this in mind, Aygaz embraces the following as its key policies;

- Fulfilling the requirements of all its stakeholders
- Continuing development based on regulations and standards
- Prioritising consumer satisfaction when offering the best quality and the safest products and services
- Ensuring employee satisfaction and loyalty
- Respecting the community and the environment, ensuring a healthy and safe working environment, taking preventative actions for potential occupational diseases and injuries and improving constantly
- Reducing waste by firstly assuring recycle and then disposal
- Considering environmental impacts and potential risks in occupational health and safety while committing to investments
- Protecting global resources and assuring energy efficiency
- Managing the business activities efficiently and developing continuously
- Supporting all stakeholders in carrying out their operations with awareness of necessary management systems

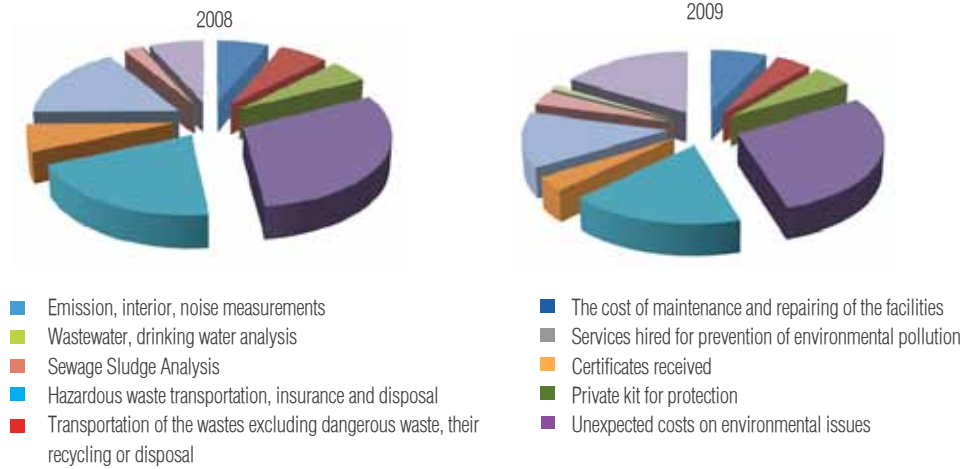
- Communicating with all interested parties and sharing information when necessary

All Aygaz employees are responsible for practising, developing and providing the resources necessary for principals of the Quality, Environment and Occupational Health and Safety policies.

Stakeholder participation is essential for environmental management at Aygaz. Environmental issues are managed with contributions of Quality Systems and Health&Safety Directorate which are part of Technical Affairs and Investments Assistant General, R&D department, Investments Department and all Aygaz facilities.

Aygaz is represented at "Environmental Coordination Committee" which is the Koç Group's highest management unit that deals with the activities concerning the environment. The main role of the committee is to manage long-term strategic activities and engage in strategic planning. Aygaz is also an active member of Koç Group Environment Committee which supports the strategic planning with regards to environmental management issues as well as compliance with the related rules and regulations. The committee facilitates sharing "Best Practice" hence ensures efficient transfer of information between the Group companies. Koç Holding Audit

Budget breakdowns in 2008 and 2009 for environmental issues



Committee and Group Environment Committee carries out environmental audit every 2 years in order to constantly raise environmental awareness to higher levels within the Group and identify potential risks in a timely manner.

An Energy Efficiency Study Group is formed with the contributions from Energy Group managers in order to ensure coordination of the activities concerning climate change and emissions management. Aygaz is an active member of this Study Group, which implements joint projects and shares “best practice”.

Aygaz gets together with its stakeholders regularly so that its Quality, Environmental and Occupational Health and Safety Policies can be managed efficiently. Aygaz is being represented at numerous environmental NGOs at various levels.

Aygaz’ corporate memberships in environmental and other initiatives during this reporting period;

- LPG Association of Turkey and Working Group
- The Union of Chamber and Commodity Exchanges of Turkey (TOBB)’s LPG Assembly and Technical, Legislative, Auto gas and Cylinder Gas Committees as parts of this Assembly

The amount of budget for environmental issues during the reporting period is TL 1,929,199

- Istanbul Chamber of Industry (ISO) Environment
- Technical Study Group
- Istanbul Chamber of Industry (ISO) LPG Occupational Committee
- Metal Manufacturers Union of Turkey (MESS)
- TURKTRADE
- Turkish Industrialists’ and Businessmen’s Association (TUSIAD) Environment/Energy/ Intellectual Property Rights Working Groups
- Koç Group Environment Committee
- Koç Group Environmental Coordination Committee
- Koç Group Occupational Health and Safety Committee
- Koç Group Intellectual Property Rights Working Group
- Quality Association (KalDer) International Quality Award Evaluation Team

As an extension of the total quality management perception that Aygaz adopted in 1993 and its concern for the community and the environment, Aygaz received certification of ISO 14001 Environmental System Standard (CYS) for its Head Office and Yarımca Filling Terminal in 2002 and

between 2003 and 2007 expanded the certification to include all of its facilities. Aygaz owns Environmental Management Systems documentation in total of 13 fields, 12 of which are the following Aygaz facilities; Yarımca, Ambarlı, Samsun, Dört Yol, Alağa, Işıkent, Diyarbakır, Safranbolu, Bursa, Eskişehir, Kırkkale, Gebze. In June 2009, an external audit institution audited, evaluated and approved the re-documentation.

Aygaz keeps track of the directives of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and CLP (Classification, Labelling, Packaging) which propose the evaluation, registration, allowance and restrictions of the chemicals. In order to evaluate the activities within these directives, Aygaz received necessary trainings from related organizations as well as the Europe LPG Alliance. In November 2009, informative meetings were organized so that Aygaz suppliers were also acquaint with these directives. Developments and national integration efforts with regards to IPPC and Kyoto Protocol are also being monitored closely.

Energy efficiency

Aygaz facilities continuously carry out activities that will lead to energy efficiency.

The amount of direct and indirect energy consumed by main energy sources of Aygaz:

Year	2008	2009
Electricity consumption(KW/h)	20,547,626 (73971,4536 Gj)	18,734,875 (67445,55 Gj)
LPG consumption (kg)	602,844 27730,824 (GJ)	609,103 (28018,738 GJ)
Natural Gas (m³)	1,548,208 (60395594,08 GJ)	1,387,596 (54130119,96 GJ)

Clearly, activities concerning energy efficiency and energy conservation are essential for preventing climate change. The clause on “Protection of global resources and Conservation of energy” forms the foundations of Aygaz’ Quality, Environment, Occupational Health and Safety policy.

Main energy sources for Aygaz are LPG, natural gas and electricity. Production facilities use natural gas for both production and heating purposes. Filling facilities use LPG while the Head Office utilizes natural gas for heating purposes. Electricity is used for the lighting. Aygaz Vehicles consume LPG and petroleum.

Aygaz facilities continuously carry out activities that will lead to energy efficiency. 2009 was pronounced as the energy efficiency year both at work and at home and Energy Efficiency Project was started. 70% of the energy used in the industry is consumed by the motors. Aygaz applied to General Directorate of Electricity Scrutiny Administration to get reinforcement for the energy efficiency project that is designed by Aygaz. The first phase of the project started with 3 main subjects on saving.

Increase in efficiency in electrical motor systems:

In the first stage, 350 EFF3 electrical motors in the Gebze Production Facility were replaced with 187 more efficient EFF1 motors. In this way, around 600 KW energy per year is saved. Aygaz keeps investing in speed control systems of powerful electrical motors in order to increase their efficiency. With this motor project Aygaz got entitled to get incentives from the Ministry of Energy and Natural Resources.

While the turbine engine (eff classical motor) of the sandblasting machine of cylinders which are designed to be used in houses, spend 20.3 kw the eff 1 efficient motor spends 8% less energy by consuming 18,85 kw. Yearly savings is 6.238 kw and means TL 1.248 saving.

Increasing efficiency in lightening system

Energy Efficiency Project’s other strand involved changing to highly efficient fluorescent armatures with reflectors

instead of mercury vapour armatures for the lighting inside and around the factory. Today, members of the European Union started to ban the usage of mercury discharge lamp. With the highly efficient fluorescent lighting with reflector, better lightening will be achieved with less energy consumed. This action resulted in approximately 400,000 JKW energy conservation per year.

For lightening the unit area, the 250 w mercury vapour lamp, draws a current of 1,89 a and provides 60 lightening while the high efficiency fluorescent bulb with 2*54 w, draws 0,49 a and provides 200 lightening. This shows that by spending less energy, more lightening is obtained. High efficiency armature spends 25% energy less compared to mercury vapour armature.

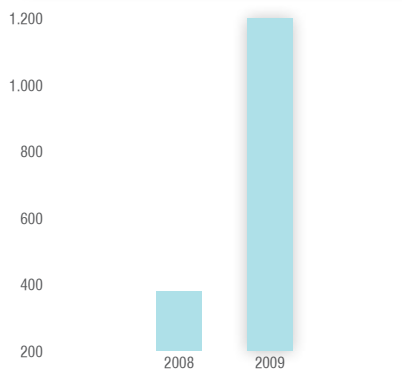
Energy monitoring and tracking

Within the scope of this project, cooling towers, pumps and fans started to be run by speed converters and thus a reduction of 50% achieved in terms of

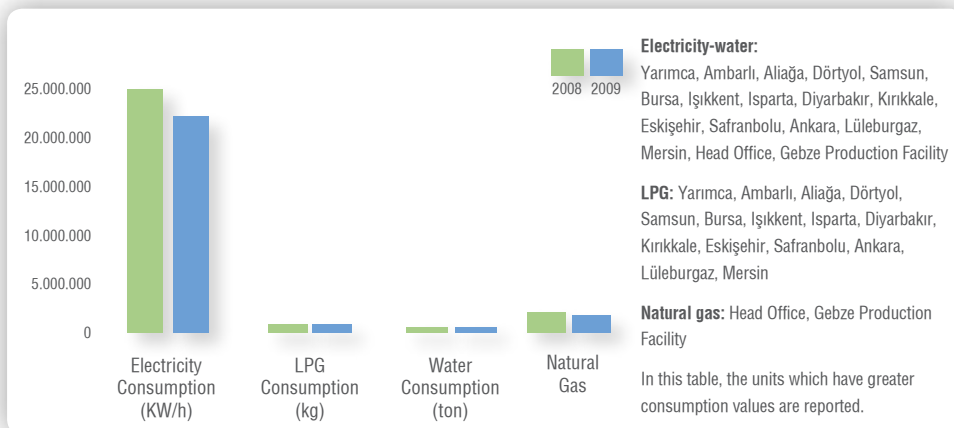
Electricity Consumption (consumption/total production)	2008		2009	
	Actual value	Target value	Actual value	Target value
	5,23	5,02	5,1	5,48



Budget for energy efficiency investments (thousand TL)



In the next reporting period, the energy sources section of the report will be extended to include the data on Aygaz vehicles' consumption levels of petroleum and LPG.



energy consumption took place. Besides, frequency converters started to be used in pressure tanks, which operate according to the pressure requirement in the location of the set up and hence help save energy by not triggering the electricity motor when there is no need for it. Energy monitoring analyzers enable the electricity consumption at the facilities to be monitored and identification of high consumption points, per unit time consumptions, deviation analysis and efficiency practices help Aygaz to achieve considerable energy cost savings.

In order to achieve energy efficiency, Aygaz insulated the sidewalls of the heat treatment furnace aspirator and installed a mobile curtain at the furnace entrance laced with mobile curtains and the minimum speed is optimized with the use of microanalysis methods. Microanalyses and harnessing of base speed also helped reduce natural gas consumption in heat treatment by 5% in 2008. The amount of energy saved is 395,000 kWh. Besides, an energy efficiency manager is

appointed for the facility whose necessary certificates are obtained followed by training programmes and examinations.

Thanks to Energy Efficiency Project Gebze Production Facility cut its energy consumption by 975,000 kWh / year.

Energy efficiency is increased in all Aygaz facilities with numerous projects involving energy loss prevention, insulation and replacement of existing products with energy efficient products.

In 2008, between 25-30% energy savings achieved at Yarımca Terminal Directorate through installation and modifications in Speed Control Systems of the pumps located at the LPG pump stations, which facilitated adaptable speed correlated with fluid flow rates. In 2008, Aygaz cut fuel costs by 60% as a result of installing smaller capacity generators in 5 Aygaz facilities in accordance with their needs. Also in 2008, heating systems of the administrative building has been automated. Heating systems are adjusted

according to the indoors and outdoors temperatures which improved the quality standards at the workplaces while making them energy efficient.

In order to reduce energy consumption, Aygaz adopts European Unions' 20-20-20 targets which were identified in 2007. Within the scope of these targets, it is aimed that until the year 2020 greenhouse emissions and energy requirements will be reduced by 20% while renewable energy consumption will be increased by 20%.

2010 energy efficiency targets of Aygaz

As a result of the process improvement practices, it has been decided to use infrared paint cooking furnaces. This project will facilitate energy efficiency along with increased capacity and quality.

It is planned to move into frequency controlled compressor applications in order to save energy.

Projects will be developed to utilize solar energy especially to produce electricity.

Emissions

Aygaz implemented “emission holding systems” on the chimneys of the facilities in order to control and reduce the amount of emissions caused by its operations.

Globally speaking, greenhouse gas emissions are considered to be the number one cause of the climate change. As a responsible and aware company, Aygaz takes the necessary permissions that document the pollutants emitted to the atmosphere due to its operations which are below legal limits. Compliance to these limits are documented with regular measurements.

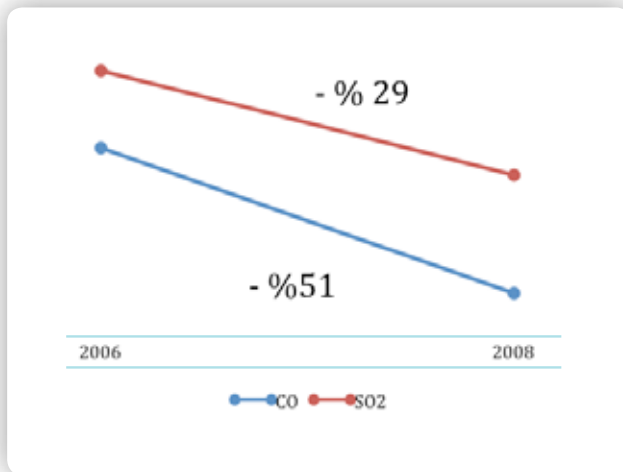
In 2008 and 2009, within the scope of environmental legislations, necessary measurements and analysis were carried out at Aygaz facilities. As a result of the periodic measurements that took place at 11 facilities in 2009 and 6 facilities in 2008, related authorities reported that emissions were below the legislative limits. Aygaz implemented “emission holding systems” on the chimneys of the facilities in order to control

and reduce the amount of emissions caused by its operations.

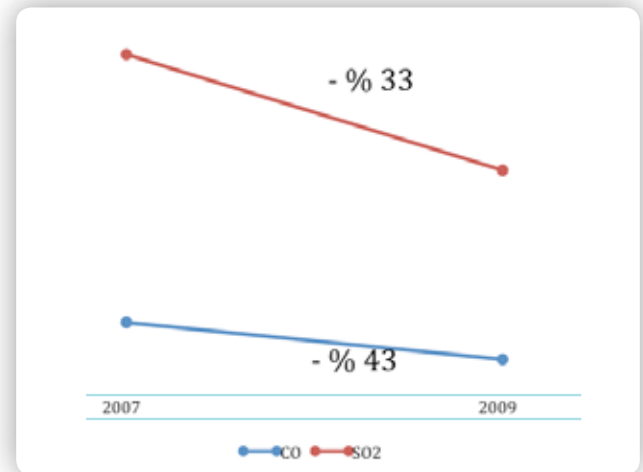
In 2009, thanks to the improvement activities, emissions caused by various processes are prevented. For example, with the improvements that took place at the Eskisehir Filling Facility’s camp gas washing unit 1,300 kg LPG was saved and formation of 3.7 tonnes of CO₂ emissions was prevented.

Emission change graphic

Due to biennial emission calculations as required by the regulation, our facilities are grouped according to the measurement dates.



Facility Group 1: Eskişehir, Lüleburgaz, Gebze, TYÜ, Dört Yol, Samsun



Facility Group 2: Yarımca, Ambarlı, Aliağa, Bursa, Işıkkent, Diyarbakır, Kırıkkale, Safranbolu, Mogaz Isparta, Mogaz Ankara, Mogaz Mersin

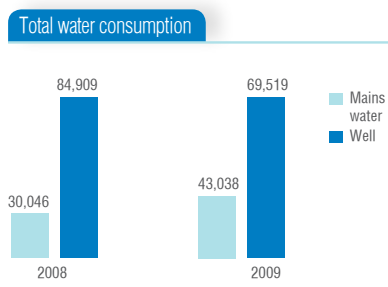
** Emission measurement of mass flow is kg/hour.

Efficiency and saving in usage of natural resources

Aygaz is aware of the fact that the sustainability of the benefits that are gained from economic development can only be achieved by protecting the natural resources. In this respect, minimizing the use of natural resources constantly is a business objective for Aygaz.

Aygaz is aware of the fact that the sustainability of the benefits that are gained from economic development can only be achieved by protecting the natural resources. In this respect, minimizing the use of natural resources constantly is a business objective for Aygaz. As a result of the improvements made at the Eskisehir Filling Facility's camp cylinder cleaning facilities, water consumption is reduced by 18 tonnes. Also, improvements made at Ambarli Terminal Head Office reduced the water consumption by 3,636 tonnes, dropping the ratio of water consumption to production from 0.21 to 0.18.

Iron-manganese demineralization and reverse osmosis systems were installed and artesian well water was ameliorated at the Aliaga Filling Terminal in 2008. Hence, the annual requirements for drinking water of the facility were met, enabling 600 m³ of safe water per day.



	2008	2009
Water mains (tonnes)	30,046	43,038
Wells (tonnes)	84,909	69,519
Water consumption (tonnes)	114,955	112,557

	2008		2009	
	Actual value	Target value	Actual value	Actual value
Water consumption (consumption/total production)	0.16	0.18	0.14	0.16

With the project started in 2009, Yarimca Sea Terminal's storm drain for discharge was enlarged which enabled 90 m³ of rain water or cooling water that used during the drills to be transferred back to the fire water storage tanks.

Within the scope of the Aygaz Quality, Environment and Occupational Health and Safety Policies, Aygaz does not

operate in the areas with extensive biological diversity. Aygaz carries out Environmental Impact Assessment exercises and examines the impacts of biological diversity prior to each investment decision.

There are no water basins seriously affected by the water consumption levels of Aygaz.

Waste management

Aygaz carries out activities to encourage its suppliers to also follow the suit regarding the Aygaz' practices to minimize the use of chemical substances.

Through developing technologies that will reduce the purification and disposal needs and facilitate effective use of resources Aygaz minimizes wastage at its roots.

Aygaz gas cylinders go through a sensitive control by qualified personnel. At this stage, gas cylinders that do not fulfill the predetermined standards are identified and separated in order to be pressed. Subsequently gas cylinders that are pressed are recycled. Hence, Aygaz carries out efficient waste management through recycling the gas cylinders that is used in conveying the LPG, which is primary product of Aygaz.

The project involving the automation of challenging tasks like internal cleaning and preparation of the gas cylinders to heat treatments which will increase the safety and productivity continues. After testing the prototype machinery, all Aygaz facilities will quickly adopt it and will be able to achieve savings in energy, water and workmanship along with reduction in potential risks regarding occupational safety at the work place.

In 2008, 37 tonnes of zinc alloy (combination of 97% of zinc, 2% of aluminium and 1% of other chemicals) have been recycled through recycling the scrap regulators at the Gebze Production Facility. In 2009, 46 tonnes of zinc alloy was sent to a contracted recycling company to be recycled and sent back to Aygaz in 2010. The recollected regulators within the scope of a promotion are sent to licensed recycling facilities and turned into second grade zinc alloy ingots.

The recycled zinc alloy is then used in the production of parts that does not require mechanical resistance. Besides, wastage is prevented through elimination of welding compound burr and other recycling activities. As a result of the practices to recycle welding compound, it is expected to achieve 20% savings in terms of materials. In 2008, formation of zinc powder wastage

is reduced by 18% as a result of increased capacity of overhead conveyors and improvements made in the welding guns at Gebze Facility. The amount of reduction achieved is 29 tonnes. Studies concerning the shielding gas consumption resulted in 35% reduction and recycling practices in excessive spatter provided 30% cut in the cost of materials. Besides, thanks to the vanishing oil filtration systems utilized in pressing processes 85% of the vanishing oil is recycled.

Hazardous wastes that are suitable for recycling are recycled at the licensed firms, whilst hazardous wastes that are not suitable for recycling are disposed by the licensed firms. In this respect, related forms and declarations are sent to the national authorities and the analysis of sewage water, waste oil and discharge water are made.

Wastes	2008		2009	
	Actual value	Target value	Actual value	Actual value
Paint consumption (consumption/total production)	0,16	0,18	0,14	0,16
Pain sludge (consumption/total production)	0,16	0,18	0,15	0,16

Hazardous wastes

	2007 tonnes/year	2008 tonnes/year	2009 tonnes/year
Sludge containing hazardous substances due to internal sewage water purification	12,82	26	44
Absorbents, filter materials (oil filters if not defined otherwise), wiping cloths, protective clothing that are contaminated with hazardous substances	19,00	10	19
Organic solvents or paint and varnish sludge that contains other hazardous substances	103,01	120	92
Packaging that contains particles of or contaminated by hazardous substances	21,59	34	57

*Source: 2008-2009 Hazardous Waste Declaration
Values presented at the above table are the wastage mainly caused by the processes at the filling and production facilities. During the reporting period there has not been a significant leakage incident at the Aygaz Facilities.

Within the scope of the related legislation, the purified household and chemical sewage water generated by the facility is discharged to the receiving environment within the discharge limits. In the facilities with no purification facilities, the discharge process is carried out after taking the necessary permissions regarding the infrastructure. In this framework, Aliğa, Ambarlı, Diyarbakır, Dörtöyl, Eskisehir, Işıkent, Kırkkale, Safranbolu, Samsun, Yarımca Gas Cylinder Renewal and Mogaz Ankara Facilities can discharge sewage water provided that it is less than 50 m³ / day.

Ambarlı Hazardous Waste Deposit is renewed and made more efficient. Aygaz minimized occupational safety risks and achieved ease of use through using non-acidic flocculation materials instead of HCl, Fe₃Cl, lime, polyelectrolyte that are used in the purification of sewage water at the Yarımca Marine Terminal. Previously, nearly 4.5 litres of chemicals were used to treat a tank of chemical water, whereas now only one litre of flocculation material is sufficient for treating the same amount of chemical water.

Aygaz carries out activities to encourage its suppliers to also follow the suit regarding the Aygaz' practices to minimize the use of chemical substances. In this respect, the valve trunks produced by the sub industry for Gebze Production facility started to go under sand blasting processes. Hence, due to elimination of acidulating, use of 25 tonnes of acid (majority of it being nitric acid as well as chromic and sulphuric acid) in brass colouring processes by the sub industry is prevented.

According to the results of the tracing done in cylinder painting cabins of the Aygaz facilities, savings are achieved in paint consumption and paint sludge production followed by the improvements made in the painting systems. With these improvements paint consumption rate of 1, 68 in 2007 is reduced to 1, 56 by December 2008, while paint sludge value fell from 0.19 to 0.15. As a result of the robot applications that Gebze Production Facilities started in industrial cylinder paints enabled 20% of paint saving per cylinder.

In 2009, studies had been carried out regarding the recycle of paint at Dörtöyl

Marine Terminal and Diyarbakır Filling Facility. With these studies, 2,000 kg of paint have been recycled at Dörtöyl Sea Terminal. As a result of the improvements made at the Diyarbakır Filling Facility, 9 gram of paint per camp cylinder is reduced to 5 grams. After the studies and improvements made at Aliğa Marine Terminal, paint consumption fell by 15,26% compared to 2008 and 6,085 kg of paint is saved.

In 2009, 940 kg of paper wastage is given to TEMA Foundation in return of tree planting. In Diyarbakır, Umut Işığı Women's Association took the paper and plastic wastage to be reused and presented an award to Diyarbakır Filling Facility for its awareness and sensitivity regarding the environmental issues. In 2008, Aygaz supported the "Paper Wastage Campaign" run by the Eskisehir Municipality. Aygaz Eskişehir Facility Management was given a recognition certificate by the Eskisehir Municipality for its support in this campaign. During the reporting period, there has not been a significant leakage incident at the Aygaz Facilities.

Urban air quality

Through providing LPG and an environmentalist product portfolio for the consumers, Aygaz has positive impacts for the urban air quality.



The increase in the number of motor vehicles and hence the air pollution, raised the significance of alternative fuel that does not harm the environment. LPG is more environment friendly compared to other traditional fuels. The use of LPG in households and as auto gas spreads less pollutants and do not generate negative impacts on human health.

It is detected that, vehicles using LPG are less polluting in terms of emissions and noise pollution. LPG is the most preferred alternative fuel in the world due to its low emission values. LPG comes forth in its industrial and household uses as it emits 15% and 50% less carbon dioxide than petrol and coal on average per hour, respectively. Besides, when a bus using LPG and a bus using Euro II Diesel is compared in terms of NOx emissions, it is observed that the bus using LPG is 23 times less polluting. Also, similar differences in terms of CO, HC emissions and exhaust fumes are observed.⁶

Through providing LPG and an environmentalist product portfolio for the consumers, Aygaz has positive impacts for the urban air quality. Considering the

⁶Liquefied Petroleum Gas (LPG) and Properties –Selim Çetinkaya G.Ü. Faculty of Technical Training, Automotive Department, Ankara
<http://www.obitet.gazi.edu.tr/obitet/lpg/lpg.htm>

expectations concerning the climate change and its increasing negative effects, Aygaz continues to develop pro-environmental features of the LPG by carrying out R&D activities in this area for many years. The research done in this matter also shows that the consumers' expectations are in line with activities of Aygaz. In order to meet these expectations, Aygaz carried out a 4-year study on Aygaz Euro LPG+ auto gas with additives which sets an example for international auto gas market. The enhancements in Aygaz Euro LPG+ auto gas with additives enabled improved fuel consumption and emissions levels due to its clean motor and better combustion performance. Test results on the comparisons between Aygaz Euro LPG+ auto gas with additives and pure Aygaz Euro LPG+ auto gas show improvements of 20.2% in hydrocarbon emissions, 33.5% in carbon monoxide emissions and hence the first one is an increasingly environment friendly auto gas.

Using Aygaz Euro LPG + auto gas with additives increases the vehicles' performance while decreasing the fuel consumption. Due to cleaning feature



of the Aygaz Euro LPG+ with additives, vehicles that use this product, show 5.13% better ignition timing than the vehicles using Aygaz Euro LPG+ auto gas -with fuel consumption of 120km/h constant speed. On the other hand, vehicles using Pure Auto gas Aygaz Euro LPG+ consume 9.32 lt fuel (120 km/h constant speed) at 100 km. Thus, the minimum reduction achieved is estimated as 3.82% of greenhouse gas emissions.

According to an independent research, it is proven that the use of Aygaz Euro LPG+ auto gas with additives can have improvements on hydrocarbon emissions and carbon monoxide emissions just after surpassing the 30,000 km limit.

Auto gas market of Turkey makes up for 2,300,000 tonnes/year and total number of vehicles that use auto gas is estimated to be 2,500,000. Taking the lead from

these figures, it is anticipated that a vehicle that uses auto gas consumes 0.92 tonnes (=1,643 lt/year) LPG per year. Thus, consumption of Aygaz Euro LPG+ auto gas with additives enables reduction of 56,155 tonnes in greenhouse gas emissions.

In 2008 Aygaz continued to carry out Auto gas Awareness activities, which started in 2007, in order to bring all the stakeholders up to date with environment-friendly product portfolio of Aygaz. As indicated by surveys done by an independent institution, while perception of auto gas as a n environmental fuel was 3.97 out of 5 in the beginning of 2008, the same figure rose to 4.06 at the end of 2008. Environmental perception of Aygaz consumers rose from 3.90 to 4.25. Awareness campaigns organised continuously by Aygaz played a significant role in these results.

Environmental security

Every month Aygaz runs fire drills with various scenarios in all of its facilities. Educational videos that show environmental security risks are specifically prepared for the facility personnel and the employees of contracting firms.

The most important factor at the LPG filling stations and products is safety. Key responsibilities of Aygaz include complying with international standards of environmental security and keeping updated about the technological developments in terms of security and adaptation of the new technology to the existing systems. At the LPG facilities, there is no room for mistakes and hence environmental security is one of the business priorities of Aygaz. Investments related to safety and environmental security, constitute a large portion of the budget and they are approved by the Aygaz management every year without any disruptions. In order to minimize all the potential negative impacts on environment, Aygaz accomplishes continuous risk analysis and the parameters are regularly measured and monitored on electronic medium.

Risk analysis, necessary preventative measures and infrastructure are all put in effect in case of a natural disaster, gas leakage, fire etc.

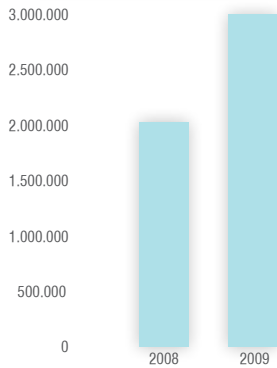
Since its establishment, Aygaz implemented fire prevention systems that considerably exceed related legislative requirements and standards. Aygaz covered the sphere tanks legs with a special material enabling them to be fire proof for at least 2 hours. Imported fire pumps and equipment that meets NEPA standards are being used by Aygaz since 2008. In 2009, fire detection and extinguishing systems that do not require human intervention have been installed in compliance with the related legislations. Efforts to make fire extinguishing water, pumps and other systems compliant with the legislation on Protection of Buildings from Fire have started and they are aimed to be completed by 2010.

The investments to enhance the responsiveness capacity of the fire safety systems in an emergency situation and modernization of them are commenced and achieved through projects that are determined periodically. This project is essential due to the increase in storage capacities and diversification of facilities

after the latest revisions in 2008. This project will be completed in 2010.

Every month Aygaz runs fire drills with various scenarios in all of its facilities. Educational videos that show environmental security risks are specifically prepared for the facility personnel and the employees of contracting firms. In high risk areas, Aygaz shares its knowledge and expertise with all its stakeholders. During this reporting period, a water tanker was given to Kocaeli Municipality in order for them to carry out a fire drill. Also, in 2009 municipal fire brigade of Kocaeli and municipal fire brigade of Amsterdam consulted Aygaz for a risk map that they prepared for potential fire risks. Quantitative risk analysis activities that meet Seveso II Directives are carried out in all Aygaz facilities. These risk analysis activities are continuously developed and improved since 2001. According to the results of these risk analysis, necessary preventative approach and improvements are implemented along with Emergency

Investments on fire systems



Plans that include internal and external factors.

As part of the legislations, facilities can only accept ships with ISPS codes. Tank trucks are also inspected in terms of their technical features.


Aygaz accomplished Level I and Level 2 training sessions within the scope of Coastal Facilities Emergency Action Plans as required by the law 5312 “Emergency Actions and Compensation of the Damages due to Pollution of Marine Environment with Petrol and Other Harmful Substances”.

LPG pumps, compressors, power distribution units, electrical systems and steam tank systems at the Aygaz facilities are regularly monitored and inspected by the authorised organisations. The maintenance of all the critical equipment is carried out by the authorized service providers on regular basis. The maintenance of rest of the equipment is periodically executed by the Aygaz

employees in accordance with the criteria set in the “Facility Maintenance Plan” and with the regular inspections defect rates are minimized. Another important issue related to this subject matter is maintenance of the equipment that is critical for facility safety such as; storage tanks, safety valves, electronic systems, leakage detention systems. This is done under supervision of an official organisation and certified accordingly. Aygaz renews the safety valves in the storage tanks every 5 years although there is no obligation for it under the law.

Within the scope of logistical safety and the rules regarding the transport of hazardous substances Aygaz takes necessary precautions involving vehicle and driver safety as well as environmental impacts. Aygaz obeys EU freight rules and gives maximum importance to the international standards on the transport of dangerous goods by road (ADR) while purchasing vehicles. Aygaz is fully aware of its operations in carrying dangerous goods hence prioritizes the

process of the transport of the goods in the safest possible way. To achieve this objective, Aygaz ensures that all Aygaz operators receive tanker driving trainings by authorised institutions every 3 years. Also, Aygaz is subjected to Road Traffic Regulations, Road Transport Regulations, LPG Licence Regulations and TS 1445 legislations.



As a strong believer of collective action to achieve environmental safety, Aygaz became a member of Gulf Petrol Products Foundation. By collaborating with local authorities, the Foundation aims to expand the roads in the area to enable alternative escape scenarios in case of an emergency. Project targets include setting up systems to ensure physical security in the area, putting control points and adding cameras. Project is planned to be completed in 2010.

Environmental awareness practices

Aygaz aims to stimulate and keep environmental awareness in the agenda of the entire community.



Aygaz aims to stimulate and keep environmental awareness in the agenda of the entire community. In this respect, Aygaz carries out trainings, projects and campaigns in energy efficiency and efficient use of natural resources while cooperating with relevant NGOs in this subject matter.

ENVER campaign

Considering the increasing energy consumption compared to contracted energy resources, the topic of energy efficiency should be at the top of the agenda both in Turkey and the rest of the world. As one of the pioneer energy companies of Turkey, Aygaz carries out Energy Efficiency Campaign (ENVER) to

keep the issue of efficient use of energy at the top of the agenda for all segments of the society while increasing awareness on the topic. ENVER project is led by the Ministry of Energy and Natural Resources and works in collaboration with organisations from public, private and civil society sectors. The project which started in 2008 continued throughout 2009. Energy Efficiency Campaign planned and carried out so that it also included activities that were accomplished during the Energy Efficiency Weeks of the previous years as well as the year of 2008. Campaign aimed to have an impact on children and their families. The message sent out by the cartoon character Enver: "Don't waste your

energy, keep your money in your pocket" is one that can be applied to all aspects of life. Along with Aygaz other Koç Group companies that gave corporate sponsorships to ENVER include Arçelik, Opet and Tüpraş. This campaign aimed to continue with the events, educational activities and publicity campaign under ENVER throughout 2010.

Environmental awareness painting Competition

As a priority Aygaz carries out activities aimed at children. In this respect, every June, Aygaz organizes a "Drawing-Poetry-Composition Competitions" with an environmental theme in order to raise environmental awareness among the children of Aygaz families, while contributing to their personal developments and increasing their level of social interactions. In 2008, the competitions were held in 3 categories; drawings, poetry and composition while in 2009 "Aygaz Euro LPG+ Drawing Contest" was carried out with the theme of "Clean Fuel, Clean Air". The goal of this competition is to have new children every year chosen as Environmental Champions.

Voluntary trainings

Along with the activities that Aygaz organizes to raise environmental awareness, Aygaz also contributes to the activities arranged by other organisations by supporting them through its employees. Within this framework, Aygaz supported the "Environmental

Education and Applications at Schools Project” (CEP) which was organized by the Governorship of Istanbul with the aim of encouraging all young individuals to be sensitive towards the environment. Within the scope of the pilot project done by Istanbul Provincial Directorate of Environment and Forestry in 10 schools in 10 different districts of Istanbul, environmental education activities took place at a pre-elementary school for the first time. Representatives from Istanbul Provincial Directorate of Environment and Forestry, Istanbul Metropolitan Municipality Environmental Protection and Control Department, National Palaces Pre-elementary schools and Aygaz Department of Quality Systems and SEC-G participated in the event that took place in April 2008 and delivered training sessions called “Environmental Awareness” to 100 children from different age groups.

Sapling Planting campaign

“For My Country” projects undertaken since 2006 by 13,000 Koç Group dealers and 90,000 employees were pooled into a single project, “Koç Group ‘For My Country’ Forests” in 2008, with the goal of creating synergy. Aygaz and its employees supported the project on a voluntary basis by donating 39,792 saplings in 2008. Together with the support of Ministry of Environment and Forestry and TEMA Foundation, the project initially aims to plant 700,000 saplings.

Earth Hour

In 2010, Aygaz will give support to the 4th Earth Hour Campaign run by the World Wildlife Fund (WWF). The campaign which has attracted support of around 1 billion people from 100 different countries in the last 3 years will be supported by Aygaz, Koç Group Companies and employees

on 27th of March 2010. At the time of the campaign all the lights will be out at the Aygaz Head Office and all regional sales points across Turkey.

Climate Change project

Aygaz works towards a fully comprehensive environment project which will start in 2010. During 2009, Aygaz completed all the necessary preparations for this project. In the first year of the project it is aimed to raise public awareness about climate change. This objective will be enhanced by supporting the regional projects in the second year and by sponsoring a national project in the third year of the project. Project will take place between the years 2010-2012. Some of the activities which will be included in the project are as follows;

Astro Truck

Specialists claim that the challenge of raising awareness in the issue of climate change stems from the use of abstract and vague concepts while explaining or discussing the matter. Other challenge would be difficulty in noticing the big change that is spread over a long period of time. With the use of “Astro Truck” it is aimed that individuals will be able to witness the climate change by “seeing” its impacts and be convinced to act upon it by “touching” it. A specially tailored educational programme is being developed with the support of Regional Environmental Centre (REC). REC is founded in 1990 and it is an independent organization established in Budapest by the US and Europe Commissions.

Within the scope of this project there will be educational materials such as a 1 week-long climate change syllabus and short videos available for teachers across the country as well as trainings

on monitoring and reporting techniques aimed at the students in the subjects such as nature collectorship, simple observations and easy experiments. Total beneficiaries target of the project is 3,500 for 2010. Our aim is to accomplish an awareness campaign in climate change called “How is the weather tomorrow?” Objectives of this project are to look for ways to solve the climate change problem together with the public and to contribute to the power of the parties who are already looking for these ways. In order to realize these objectives, Aygaz works in partnership with Ministry of Environment and Forestry of Turkey and REC, which is an independent organisation that leads the planning of training sessions on environmental policies and protection of the environment.



Environment awards

Aygaz won the third place in the Management category at one of the Europe's most prestigious awards organized by European Commission; Environment Directorate's EU Environment Awards' Turkey Programme 2007-2008. In 2008, “EU Environment Awards”, which is conducted with total of 28 member and accession countries, was organized in Turkey for the second time by Regional Environment Centre (REC) and Environment Platform for Sustainable Development (SGCP). The award programme examines the applicants' corporate social responsibility approach in terms environmental, social and ethical values and policies. Companies can apply to the awards scheme in 4 categories namely; management, product, processes and international cooperation. Since 1987, Environment Awards are given in Europe to support the companies that pioneer new processes and products with environmentally friendly approach. Total of 25 companies participated in Environment Awards Turkey Programme in 2008.



Investing in the future

As a Koç Group company, the largest private sector employer in Turkey, Aygaz continuously generates employment thanks to the facilities it owns across the country along with its deeply rooted network of dealers.

Corporate citizen Aygaz

Aygaz aims to stimulate and keep environmental awareness in the agenda of the entire community. Aygaz values history and invests in future as it carries out consistent, sustainable and comprehensive social responsibility projects.

As a Koç Group company, the largest private sector employer in Turkey, Aygaz continuously generates employment thanks to the facilities it owns across the country along with its deeply rooted network of dealers. With its 3,300 cylinder gas dealers and auto gas stations across 81 cities, Aygaz creates financial benefit for thousands of dealers and facility personnel and their families. Aygaz has total of around 900 suppliers, 250 of which are approved. Aygaz generated a balance of TL 1,073,673,000 and TL 967,777,000 from its suppliers in 2008 and 2009, respectively.

Aygaz is one of the largest taxpayers in Turkey. In this respect, Aygaz paid tax worth of TL 1,608,098,563.51 in 2008 and TL 1,830,760,731.01 in 2009. Aygaz contributed TL 172,860.564 (133,699,871.61 USD) and TL 210,234,547 (135,889,436.34 USD) to the Turkish economy in the form of foreign investments.

Aygaz supports the economic benefits that it provides through corporate social

responsibility projects. Aygaz, as a brand that reaches to thousands of people and hundreds of thousands of households every day, aims to contribute to the attempts of developing the community socially and economically while taking its stakeholders expectations into account. With its “being the closest company to the consumer” approach, Aygaz fulfils its responsibilities by supporting economic and social development projects.

Until now Aygaz, gave sponsorships and grants to projects in the areas of education, history, archaeology, health and arts and culture and proved to be a company that values history and invests in future as it carries out consistent, sustainable and comprehensive social responsibility projects. Aygaz determines the themes of its social responsibility projects according to the needs and the views of its stakeholders. The projects are not under the responsibility of only one department but in the agenda of the whole Aygaz family. As a company where employee volunteerism is institutionalized, Aygaz includes its dealers and suppliers

to the projects in order to increase the impact of the projects, while helping to spread the awareness of social responsibility.

Aygaz donated TL 3,4 million to charities, foundations and educational institutions in 2009. This amount was TL 1,698,748 in 2008.

Aygaz’ social responsibility projects can be examined under four main headings namely; health, education, arts and culture and sports.

During the reporting period, the budget for investing in community was 7,390,565.59 TL.

The breakdowns of the budget for investing in community

Education Health Culture&Arts Others



Support for healthy communities

Inspired by the quote by the founder Vehbi Koç “Health comes before all”, Aygaz contributes to the improvement of health care services in Turkey.



“Moonlight: Light of health from Aygaz” Project”

Research done by Aygaz reveals that the most widely preferred health care service units especially by the families with small children are health centers. Community Health Centers cater for 100 million medical examinations and treatments every year and the most intensively used parts of the health centers are vaccination rooms. In this respect, after collecting the views of the dealers across the country, Aygaz designed the “Moonlight: Light of health from Aygaz” project in 2006. In the scope of this project, which has started as means to celebrate Aygaz’ 45th year anniversary, vaccination rooms of 45 community health centers across the country were renewed and the required tools and appliances were supplied. In 2007, as a continuation of this project 36 health centers’ vaccination rooms were renewed hence total of 81 vaccination rooms in 81 cities became available for service. As a result, the most widespread project implemented by Aygaz was completed.

The community health centers and the needs of the vaccination rooms are determined with support of the Ministry

of Health and approval. Health centers with limited facilities were visited. Refurbishment work was undertaken to make the rooms healthier and comfortable and they have been provided with the necessary medical tools and appliances.

During the second phase of the Moonlight Project, a mechanism is designed not only for the implementation of the project plans but also to achieve sustainability within the project and ability to audit the project adequately. This mechanism involved determination of Moonlight Inspector who are volunteers from Aygaz dealers and employees. Currently Moonlight Inspectors still pay regular visits to the Moonlight rooms and complete the necessary audit forms and inform the Aygaz Corporate Communication Department with regards to the situations at the rooms. Also, the project's dedicated website www.aygazisigi.org is being updated regularly so that Aygaz family and the public are able to follow the developments concerning the project.

In 2008, the project became second at the Social Responsibility Awards given by the Health Volunteers’ Foundation.

Support for diabetic children

Since 2004, Aygaz supports the Children and Adolescent Diabetics Association (CADD) and organizes activities to educate and integrate the diabetic children and their families into the wider community. Thanks to Aygaz’ support, there is now an increasing awareness regarding the 20,000 children who lives with diabetes in Turkey. Each year in July, University of Istanbul’s Institute of Child Care together with University of Istanbul’s Faculty of Medicine Growth-Development and Paediatrics Endocrinology department organizes a Diabetic Children’s Camp which takes place at the Enez Social Facilities Site of the University. Aygaz compensates for the Enez camp’s accommodation, clothing, food and health care costs, which is one of the first diabetes camps in Turkey. Children between the ages 8-18 coming from different corners of Turkey, realize that they are not alone and find out about the ways to live happily with diabetes.

In the presence of specialist doctors, dieticians, sports instructors, psychiatrists and psychologists, every year more than



Enez Diabetic Children Summer Camp

100 children with diabetes learn about the reasons of hypo and hyperglycemias, clinical techniques, gaining the habit of doing sports and exercises, issues to be considered while doing sports, nutritional characteristics and dietary schemes, complications of diabetes and the ways to avoid these complications. Besides, the importance of follow up criteria and monitoring in diabetes are explained both theoretically and practically while educating the children psycho-socially. Apart from the education that the children get with regards to diabetes they are also able to join activities like hand crafts, picnics, folkloric dancing, swimming, volleyball, basketball, football, table tennis, aerobics, water polo and walking.

120 kids participated in the 17th Diabetic Children Summer Camp in 2009. Aygaz surprised the kids by introducing them with a new sports activity; automobile rally. The rally pilot Roya Angejheidari

who races under the sponsorship of Aygaz for the last 2 years, participated the camp and spent 2 days with the children explaining them about the traffic and the rally sports.

In 2008, on 14th of November World Diabetes Day, a leaflet was prepared with support of CADD and Aygaz and disseminated to 50,000 people through various centers in Istanbul with the aim of raising awareness about diabetes. Aygaz will continue to support this project in 2011.

“Safe Motherhood” project

Within the scope of “Safe Motherhood” project, Aygaz supports Family Health and Planning Foundation of Turkey (TAPV) in order to inform pregnant women and mothers about their own health as well as their babies’ health. With this project, Aygaz aims to increase the quality of life of the mothers and their babies and

Donation to the Earthquake Victims from Aygaz

Aygaz reached out to the villagers who were affected from the earthquake in Elazığ. 300 household cylinder gas and hoods were distributed free of charge in the region.



decrease mother and infant mortality rates. The pilot project started at the Bakırköy Nursing Unit in 2006. In this unit, over 4,600 pregnant and 7,000 women who just gave birth was given trainings on the issues like health, care and aware motherhood. After the successful pilot project, Aygaz started to give trainings to mothers and pregnant women in Düzce together with Düzce Provincial Directorate of Health. In 2008, there had been 13,965 individual trainings on pregnancy, 5,621 group trainings on pregnancy, 4,663 individual consultations on pregnancy, 6,285 individual trainings on post-pregnancy, 1,912 group trainings on post-pregnancy and 1,289 individual consultations on post-pregnancy in Diyarbakir. As a result, since 2006, total of 31,349 pregnant women and 16,486 women who just gave birth received trainings and consultation in Bakırköy, Düzce and Diyarbakir. In 2009, the project continued to take place in Diyarbakir.

This project facilitated 50 health personnel to join the Safe Motherhood Service User Training Consultation Programme. Aygaz is expected to continue to support this project in 2010 and 2011.

Blood donation campaign

Blood donation activity has been carried out by the Kızılay Blood Centre health team at the Head Office and Gebze Facility. Blood donation has various benefits for individual health and also it is deemed as a positive indicator of helping one another.

Organ donation of Ambarlı Terminal employees

In December 2009, specialists from Avclar Health Group Directorate visited Ambarlı Terminal Management in order to inform Aygaz employees about the issue of organ donation. After this visit 11 Aygaz employees signed up for organ donation.



Theдора Foundation at Aygaz

Theдора Children Services Foundation opens stalls in various companies in order to raise money for the children that are being treated at the hospitals. In December 2008 Theдора's stall was opened twice at Aygaz and attracted much interest from Aygaz employees. Funds raised from the sales at Aygaz were used for buying New Year's presents for the children who undergo treatments at the hospitals.

Free eye scans at Aygaz Euro LPG stations

Aygaz supported the World Eye Hospital's social responsibility project; "Free Eye Scanning" and helped the project to reach over 1,000 people through its Aygaz

Euro LPG stations between the dates 5 -11 July 2008. Project was carried out at 5 Aygaz Euro LPG stations across Istanbul and individuals were tested for visual defects such as myopia, hyperopia, astigmatism and presbyopia (age-related near vision problems) and glaucoma (eye pressure) at the mobile clinics that are temporarily placed at the stations. Depending on the urgency of their visual defects and eye pressures, individuals were given further consultation on what they should do and they also benefitted from the magazines and leaflets explaining eye related illnesses that are provided free of charge at the premises. As a result, a positive contribution was made for the traffic safety.

Support for education

Education is the prior social responsibility matter for all Koç Group companies. Aygaz believes that for our country to evolve into an information society private sector has to cooperate with the government and thus Aygaz continued to support the education sector during this reporting period as well.



“Cautious Children Awareness” campaign

According to the research carried out by Aygaz, tens of thousands of individuals visit emergency services due to household accidents every year and children constitute a significant portion of the injuries. Between the years 1998 – 2002 Aygaz carried out a comprehensive campaign concerning the household incidents. In 2002, Aygaz concentrated these efforts to raise awareness concerning the accidents involving children and designed the project “Raising Awareness for Cautious Children against Accidents”. Initially, the schools that will be visited were determined with the cooperation of provincial directorates of education. Aygaz family generated a greater level of synergy by including the Aygaz dealers to the project.

In 2008, considering the challenging situations and the requirements of today, Aygaz extended the content of this project and renewed its name as “Cautious Children Awareness Campaign”. The new topics of environmental efficiency and preventative health were added to the existing topics of household accidents, first aid, fire, earthquake and traffic. A team of a practitioner doctor or a nurse and 4

qualified educational instructors explained these issues to students across Turkey at the schools chosen by the Provincial Directorates of National Education.

In 2008, over 40 primary schools were visited in 11 cities and 13,000 students were reached within the scope of this campaign. As a result, since 2002, 347,000 primary school students received Cautious Children Certificates. Besides, the symbol and the main character of “Aycan” appeared next to the children throughout the project. Students that participated to the project were given Cautious Children Certificates, comic books which were specially prepared for the campaign, CDs with cartoons and songs as well as a Aycan piggy banks. Besides, a complementary play was put on stage for the children to watch with their parents.

Since 2008, development and activity timetable regarding the “Cautious Children Awareness Campaign” can be reached at www.dikkatlicocuk.com.tr.

Cities visited in 2008

- Ankara: Mamak, Kayaş, Boğaziçi Bölge, Altındağ (Siteleler), Hüseyingazi Bölge, Yenimahalle (Şentepe), Nallıhan,

Beypazarı, Çubuk

- Konya: Akşehir, Seydişehir
- Nevşehir: Merkez, Hacıbektas, Gülşehir, Avanos, Ürgüp
- Kayseri: Develi, Yahyalı
- Sivas: Centre
- Amasya: Merzifon
- Samsun: Bafra
- Gümüşhane: Merkez Köse
- Erzurum: Oltu
- Artvin: Arhavi
- Kars: Merkez

“Cautious Children Awareness Campaign”

won the “Excellence” award at the IPRA Golden World Awards 2003 and brought 2 major awards to Turkey in educational and industrial categories of Sabre Awards 2005.

“Vocational Education: A Crucial Matter for the Nation” (MLMM) project

In order to develop the cooperation

In 2009, Aygaz supported the New Governance Applications Survey (ITU), Corporate Social Responsibility Surveys (University of Istanbul, University of Kadir Has, Çanakkale 18 Mart University) and Çanakkale 18 Mart University Brand Communication thesis.



between the government and the private sector and to increase the number of the qualified workforce, within the scope of "Vocational Education: A Crucial Matter for the Nation" Project and along with the guidance from Koç Holding and Vehbi Koç Foundation, Aygaz gives 230 students mentorship support; internships, scholarships and employment depending on the existing vacancies. 15 Vocational High School Mentors actively represent Aygaz at 15 schools.

With this project, Koç Group companies aim to;

- Carry out mentorship meetings where the skills and expertise of its employees are passed onto the bursars
- Get new specialty faculties for the vocational high schools in accordance with the needs of the sector
- Get laboratories with the newest technology to be available at the vocational high schools
- Have practical internship opportunities at the companies
- Get arts and culture activities arranged for our bursars
- To get our bursars to know production facility and companies
- To encourage our bursars to use new technology

"Creativity and Innovation Day" was organised in February 2009 and intended for all the MLMM bursars from İzmit and Ambarlı as well as all the Vocational High School Mentors (MLK). During this activity, information was given out about the Creative Development Ideas Competition, which will be carried out by the World Bank and Koç Holding collaboration, and trainings were given in the subject matter of interactive creativity. Total of 40 bursars and 8 Aygaz MLKs participated in the Creativity and Innovation Day. During the workshop followed by the Creativity and Innovation Day, new ideas were produced through a discussion about the shortcomings in the vocational education. Creative Idea Development Training Film, which was prepared by Aygaz, was shared with all the Vocational High School Mentors of the Koç Group.



MLMM in 2008-2009 at Aygaz;

MLMM bursars carried out terminals/ facilities and business outings and got familiarized with Aygaz and the LPG sector. MLMM Mentors gave trainings to our bursars.

MLMM Vocational High School Coaches (MLK)

Within the project and Aygaz' responsibility, efforts to build the MeLeK Library in the high schools started with a target of completion in 2010.

Aygaz Diyarbakır employees founded a library

Aygaz Diyarbakır employees carried out their first ever regional social responsibility project with the "I Want a Library Too" project, which was implemented by the Diyarbakır Filling Facility. Aygaz family opened the doors of the Demircelik Primary School Library to the public with a ceremony on 11th of May 2009. The challenges forced by the Demircelik Primary School while finding resources for its 700 students gathered from 17

peripheral villages motivated Aygaz employees. The library was built in more than one year and with the 1,191 book donations.

Gebze Facility supports schools

Office furniture gathered from the refurbishment of the Gebze Facility's Administrative Office was handed in the village primary schools that operate under difficult conditions with lack of necessary tools and appliances. Distributions reached to 13 village primary schools which were in need in 2 different regions which are namely; Gebze and Darıca region and Erzurum Dadaşkent and Ilıca region.

Children of Erzincan smiled with Aygaz

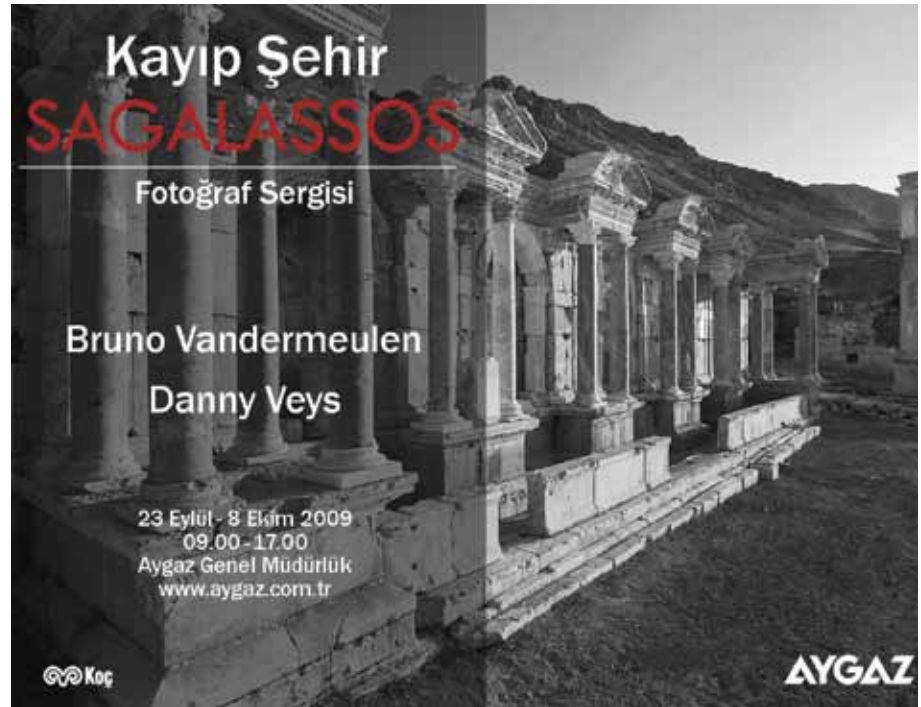
With the support of Aygaz Ercan/Tercan dealer, Aygaz Aycan School Bags were distributed to all primary school children in the district. The campaign reached to 15,000 students in 3 primary schools located centrally and 15 primary schools located in the villages over a time period of 3 days.

Arts and culture projects

The support given for the arts and culture activities stimulates the social creativity. Within this approach in mind, Aygaz contributed to Turkey's arts and culture life through numerous projects during the reporting period.

Restoration of the Antonine Nymphaeum in Sagalassos

With the belief that the light shed on the history will also lighten up the future, Aygaz sponsors the awakening of the "lost city" Sagalassos project which has been going on for several years. Sagalassos is an ancient mountain city famous with its monumental fountains situated 7 km north from the town of Ađlasun in the province of Burdur. Antonine Nymphaeum, one of the most magnificent structures of Sagalassos, has been under restoration continuously since 1998. Aygaz became the largest sponsor of this project with the contributions it made in the last 3 years. Antonine fountains are started to be called "Aygaz Fountains" by the local people. In 2007 all the pieces of the fountain were integrated and the fountain was rebuilt. Activities to make the fountain earthquake proof that started in 2008 were continued throughout 2009. The year 2008 was the turning point for the splendid Antonine Fountain which has a height of 9 meters and width of 28 meters. The aim of the project is to restore and re-erect the monument as much as possible in 2010 and to give the original function as a fountain back, through the use of still existing spring water.



The imperial sculptures that were exposed after the starting of the excavations were deemed as one of the 10 biggest archaeological discoveries in 2008. American Archaeology magazine mentioned these imperial sculptures as one of the most important archaeological discoveries of 2008.

In 2009, ancient city of Sagalassos, was recorded under the Temporary List of UNESCO's World Heritage. Sagalassos

was visited by 13,302 and 17,052 people in 2008 and 2009, respectively.

There had been no printed publication about Sagalassos until Aygaz sponsored the first photo book called "Sagalassos Photo Book". This book is a photographic impression of the re-structured version of the antic city as well as the untouched quarters and it was launched in September 2009 at the head office of Aygaz in Istanbul.

Aygaz aims to continue this project between the years 2010-2013.

Publications supported by Aygaz

Aygaz Library, with its persistence and diversity, is recognized both nationally and internationally and referred by the media organs and special reports. Aygaz' priority in terms of the publications is retaining the "adequate level of scientific framework and the publications to be as accurate and as attractive as possible for the wide masses." Thus, the publications sponsored are prepared by the specialists in their fields in such a way that the publications will be referred to both nationally and internationally in the coming years. In Aygaz publications; visuals, photos, selection and diversity of the documents and design of the books are as important as their content. In the letters sent to Aygaz from Getty Museum, Princeton University, Berlin and Vienna museums, Aygaz publications are greatly appreciated.

The Aygaz Library project

Thanks to this project that Aygaz has been carrying out since 1996, total of 10 works are introduced to our artistic and cultural lives. Aygaz Library books which address many different areas from history

to archaeology are as follows;

- Turkey from one End to the Other 1996
- Cappadocia: Poetry in Stone 1998
- Mountain of the Gods 1999
- "Otağ-ı Hümayun" (The Ottoman Imperial Tent Complex) 2000
- The Palace Grounds: Gardens and Flowers in Ottoman Culture 2002
- Photographers of Constantinople 2003
- Memeories of Brotherhood: the Appeal of Portrait Photography 2005
- Children of the Ottoman Seraglio 2006
- The Treasures of Troia 2006

For the 100th anniversary of 2nd Constitutional Era, Aygaz and Yapi Kredi Publications issued the 10th work of Aygaz Library called "The First year of 2nd Constitutional Era" and shared it with the public in 2008. The book is visually opulent as well since the photographs and documents in the book are published for the first time in history.

"Diplomatic History of Ottoman Period" project

Aygaz targets to make information and documents in the Ottoman's diplomatic archives more accessible for the researchers and also remind the diversity of our geography's history and culture and pass it on to the new generation. Hence, since 2008, Aygaz publishes



series of books to be used as a resource in the subject matter of Ottoman's foreign relations. Within the scope of the "Diplomatic History of Ottoman Period" Project Aygaz supports the process of making and publishing a book with the information and documents gathered from the Ottoman archives. It is expected that Aygaz will continue with this project in the years 2010 and 2011.

The exhibitions supported by Aygaz

Aygaz Head Office's location and its wide space on the ground floor are very suitable for temporary exhibitions to take place. As a result, in 2008, "Memories from Mustafa Kemal Atatürk from Ömer Koç Collection" exhibition, "Sagalassos" and "Afrodisias" photo exhibitions took place at the Head Office building. The aim is to make the Aygaz building systematically suitable for exhibitions to go on by equipping the Head Office building with the necessary technical

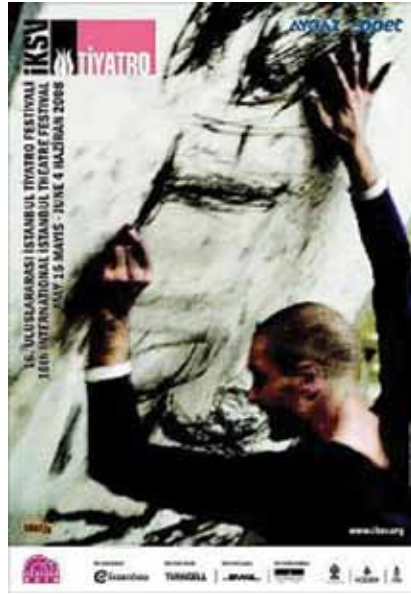
infrastructure. Organising such periodic exhibition activities will reinforce Aygaz' privileged position within the arts and culture arena.

For the World Women's Day, on 8th March of 2008, Aygaz sponsored the photo exhibition called "Atatürk and Women during the First Years of the Republic" in Dolmabahçe Palace, which attracted enormous interest from the female employees.

With the support of Aygaz, in 2009, Koç University hosted the internationally renowned photographer Mary Cross' first exhibition in Istanbul. The exhibition named "Sharing Sacred Spaces with Mary Cross" included 30 selected photographs ranging from the structures of Byzantine, Seljuk and Ottoman periods.

Aygaz supports Istanbul Arts and Culture Foundation

Aygaz attaches great importance to the development and enrichment of Turkey's artistic and cultural life, thus Aygaz supports Istanbul Arts and Culture Foundation since it was established. As a company that believes that every individual should adopt and advocate art, as it is one of the most influential notions for communities' social development, Aygaz is the main sponsor of International Istanbul Theatre Festival since 2003 and contributor of the International Istanbul



Biennale. 16th Istanbul Theatre Festival occurred between the dates 15th of May and 4th of June 2008. The festival hosted 8 international theatre and dance groups and 25 Turkish theatre companies. Over 70 performances took place with great interest from members of foreign media, representatives from various establishments, theatre groups and art-lovers of Istanbul.

In 2009, as a member of the Koç Energy Group, Aygaz supported the 11th Istanbul Biennale, sponsored by Koç Group. Between the dates 12th of September and 8th of November, around 101,000 people visited the Biennale where 141 projects of 70 artists coming from 40 different

countries were exhibited under the title of "What Keeps Mankind Alive?"

Aygaz intends to continue to support International Theatre Festival and International Istanbul Biennale in 2011.

Support for Art without Barriers

Since 2007, Aygaz sponsors Turkey's Arts, Culture and Education Centre for the Aabled (TEKSEM) which adopts the slogan "Life without Barriers, Arts without Barriers and Positive Thinking without Barriers". Within the scope of the agreement made with TEKSEM, during 2009, 18 theatre performances were organised with contribution of 9,600 people.

Koç University "Sevgi Gönül Theatre Days"

Since 2006, Aygaz supports Sevgi Gonul Theatre Days. In 2009, 5,000 people went to see the performances within a time period of two weeks. Since the day Aygaz started to support this activity, total of 20,000 people participated in the Sevgi Gönül Theatre Days.

Youth festival KOÇFEST

Koçfest is sponsored and organized by Koç Holding every spring and it has reached 1,250,000 young individuals in 3 years. Aygaz, supports Turkey's biggest university festival KoçFest as a member of the Energy Group together with Opet and Tüpraş.

Support for sports activities

Recognizing the importance of the support given to the sports activities in a country like Turkey, which has a vast young population; Aygaz will continue with its sponsorship and grant-giving activities in 2008-2009.

Support for Roya Angejheidari at the 2009 Turkey Rally Championship

At the 2009 Turkey Rally Championship, Aygaz supported Deltasport pilot Roya Angejheidari who raced under the sponsorship of Aygaz Euro LPG.

Aygaz sponsors the Istanbul Energy A. S. Football Team in 2008, Aygaz sponsored Istanbul Energy A.S. Football Team at the 26th Istanbul Metropolitan Municipality Football Tournament.

Sponsoring Gebze Koç Primary School Handball Team

Under the sponsorship of Aygaz, Gebze Koç Primary School became 3rd at the Men's Junior Handball Tournament.

Sponsoring Koç University's RAMS team

Since 2007, Aygaz is sponsoring Koç University's RAM team of American football.



GRI INDICATORS	REFERENCE	PAGE	NOTES	RESPONSE
Profile Indicators				
1.1	Message from the General Manager	2.3		Fully
2.1	Legal Disclaimer	101		Fully
2.2	LPG Pressure Vessels, Accessorizes and Appliances, auto gas, bulk gas, cylinder gas	7		Fully
2.3	About Aygaz	6		Fully
2.4	Aygaz General Management	101		Fully
2.5	About Aygaz	6	Aygaz operates in Turkey.	Fully
2.6	About Aygaz	6		Fully
2.7	About Aygaz	6	For more information on the markets,sectors and customers, http://www.aygaz.com.tr/en-US/Corporate/AboutAygaz/	Fully
2.8	Key Performance Indicators	7		Fully
	Total Tonnage of Sales	9		
2.9			No significant changes occurred during the reporting period regarding size, structure or ownership.	Fully
2.10	Awards during the Reporting Period	9		Fully
3.1	About this Report	12.13		Fully
3.2			http://www.aygaz.com.tr/en-US/InvestorRelations/AnnualReport/	Fully
3.3	About this Report	12.13		Fully
3.4		101		Fully
3.5	About this Report	12.13		Fully
	Material Issues	14		
3.6	About this Report	12.13		Fully
3.7	About this Report	12.13		Fully
3.8			This report excludes the CSR performances of the subsidiaries.	Fully
3.10	About this Report	12.13		Fully
3.11	About this Report	12.13		Fully
3.12		94,95,96,97		Fully
4.1	Sustainability Journey of Aygaz	10	http://www.aygaz.com.tr/Management.aspx?State=2&GUID=B0C85AB8-4676-4043-BFA0-2B1F68BB92A4	Fully
	Sustainability Management of Aygaz	11		
4.2	Sustainability Journey of Aygaz	10	Chair of the highest governance body is not the executive officer. http://www.aygaz.com.tr/Management.aspx?State=2&GUID=B0C85AB8-4676-4043-BFA0-2B1F68BB92A4	Fully
	Sustainability Management of Aygaz	11		
4.3			There is no independent member in the Governance Body. All the members of the Governance Body are non-executive. Members of the governance body who represent the main shareholder, may work outside Aygaz, in the governance bodies in Koç Group companies.	Fully
4.4	Stakeholders	15		Fully
	Internal Communication	65		
4.14	Stakeholders	15		Fully
4.15	Stakeholders	15		Fully
Performance Indicators				
EC1	Key Performance Indicators	7		Fully
	Annual Report 2009	62-65		
EC2	Environmental Management at Aygaz	68.69		Partially
	Emissions	72		
EC3	Remuneration and Fringe Benefits	63		Partially
EC4			Aygaz does not hold a share in the government.	Partially
EC5	Remuneration and Fringe Benefits	63		Partially

GRI	REFERENCE	PAGE	NOTES	RESPONSE
EC6	Supply Chain Management	42,43		Fully
EC7			Percentage of high level managers who are recruited locally is 100 in 2008 and 100 in 2009.	Partially
EC8	Corporate Citizen Aygaz	84	Aygaz donated TL 3, 4 million to charities, foundations and educational institutions in 2009. This amount was TL 1,698,748 in 2008. Budget for social investments during the reporting period is 7,390,565.59 TL. Projects: "Moonlight: Light of health from Aygaz" Project" Support for Diabetic Children, "Safe Motherhood" Project, Theodora Foundation at Aygaz, Free Eye Scans at Aygaz Euro LPG Stations, "Cautious Children Awareness" Campaign, MLMM in 2008-2009 at Aygaz; , Aygaz Diyarbakir Employees founded a library, Gebze Plant Supports Schools	Partially
	Support for Healthy Communities	85,86,87		
	Support for Education	88,89		
EC9	The LPG Markets	8,9		Partially
	Informing Customers:Autogas Awareness Campaign	30		
	Trainings for Dealers, Suppliers and Business Partners	58,59		
	MLMM	89		
EN3	Energy Efficiency, The amount of direct and indirect energy consumed by main energy sources of Aygaz	70		Fully
EN4	Energy Efficiency, The amount of direct and indirect energy consumed by main energy sources of Aygaz	70		Partially
EN5	Increase in Efficiency in Electrical Motor Systems	70		Partially
	Increasing Efficiency in Lightening System	70		
	Energy Monitoring and Tracking	70,71		
EN6	R&D Practices - Aygaz Euro LPG +	35	According to results obtained during the later stages of the tests, Aygaz Euro LPG+ achieved improvements at the rate of 5,13% in vehicle's acceleration, 3,9% in fuel consumption.	Fully
EN7	Energy Efficiency, The amount of direct and indirect energy consumed by main energy sources of Aygaz	70	With the highly efficient fluorescent lighting with reflector, better lightening will be achieved with less energy consumed. This action resulted in approximately 400,000JKW energy conservation per year.	Partially
EN8	Efficiency and Saving in Usage of Natural Resources	73		Fully
EN9	Efficiency and Saving in Usage of Natural Resources	73	There are no water basins seriously affected by the water consumption levels of Aygaz.	Fully
EN10	Efficiency and Saving in Usage of Natural Resources	73	With the project started in 2009, Yarımca Sea Terminal's storm drain for discharge was enlarged which enabled 90 m3 of rain water or cooling water that used during the drills to be transferred back to the fire water storage tanks.	Partially
EN11	Efficiency and Saving in Usage of Natural Resources	73	Within the scope of the Aygaz Quality, Environment and Occupational Health and Safety Policies, Aygaz does not operate in the areas with extensive biological diversity.	Fully
EN13	Sapling Planting Campaign	81		Partially
EN22	Waste Management	74,75		Fully
EN23		75	During the reporting period there has not been a significant leakage incident at the Aygaz Facilities.	Fully
EN25		73	Within the scope of the Aygaz Quality, Environment and Occupational Health and Safety Policies, Aygaz does not operate in the areas with extensive biological diversity. There are no water basins seriously affected by the water consumption levels of Aygaz. There is no water disposal in protected areas.	Fully
EN26	R&D Practices : Aygaz Euro LPG +	34,35,36		Fully
EN27	Waste Management	74,75		Partially
EN30	Budget Breakdowns in 2008 and 2009 for Environmental Issues	69	The amount of budget for environmental issues during the reporting period is TL 1,929,199.	Partially

GRI	REFERENCE	PAGE	NOTES	RESPONSE
LA1	Career at Aygaz	53,54		Partially
LA2	Career at Aygaz: Employee Turnover Rate	54		Partially
LA3	Remuneration and Fringe Benefits	63		Fully
LA4	Right to Unionize: Percentage of Trade Union Members among Employees	62		Fully
	Number of Trade-union Members among Employees	62		
LA5	Career at Aygaz	53	By law, the minimum notice period concerning important operational changes is 6 days.	Fully
LA7	Employee Health and Safety: Accident Severity Ratio, Accident Frequency Rate	61		Partially
LA8	Employee Trainings	56,57,58		Partially
LA9	Right to Unionize	61,62		Fully
LA10	Employee Trainings	56,57,58		Partially
LA11	Employee Trainings	56	Koç Academy	Partially
LA12	Aygaz Employees Table	53	All the white collar female employees's performances are evaluated. This ratio is 16,4 in 2008 and 16,9 in 2009.	Partially
	Performance Evaluation	54,55		
LA13	Working Life at Aygaz	52,53,54	Aygaz Annual Report 2009 - pg. 6,7	Partially
LA14	Renumeration and Fringe Benefits	sf.62,63	The ratio of female employees' salary to male employees' salary is 1.	Fully
HR1	LPG procurement security and logistics	25	Aygaz does not supply LPG from countries that Turkey and International organizations apply provision limitations and/or embargoes.	Partially
HR2	Supply Chain Management	43	Issues like environment, work safety and work ethics will be included in supplier selection criteria in 2010.	Partially
HR3	Employee Trainings	58	During October 2009, with the participation of employees from 13 different plants 70 man*hour of Global Compact Principle internal training was organized. During this training employees were informed about the foundations, principles and application criteria of the Global Compact. Ensuring that employees are being treated under the principle of equality and within the changing legislations is essential.	Partially
HR4	Equal Opportunity	52	There has been no incidence of discrimination during the reporting period at Aygaz.	Fully
HR5	Right to Unionize	61,62		Partially
HR6	Ethical Principles of Aygaz	50		Partially
HR7	Ethical Principles of Aygaz	50		Partially
HR8	Facilities of Aygaz	21	The physical security of the facilities is provided by private security personnel, under the 5188 "The Law of Private Security Services". Thus, all of the security personnel has received training on human rights determined by the law.	Fully
HR9			During the reporting period, there has been no breach of rights of local communities' rights.	Fully
HR 10	Internal Auditing	51		Partially
S01	Moonlight: Light of health from Aygaz" Project	85		Partially
	"Safe Motherhood" Project,	86		
	Blood Donation Campaign	87		
	Organ Donation of Ambarlı Terminal Employees	87		
	Free Eye Scans at Aygaz Euro LPG Stations	87		
	Aygaz Diyarbakır Employees' library	89		
	Gebze Plant Supports Schools	89		
S02	Internal Auditing	51	All the units under the responsibility of Internal Audit go through audits against the risk bribery / corruption.	Partially
S03	Internal Auditing	51		Partially
	Working Life at Aygaz	56,57,58		
S04	Internal Auditing	51		Partially
S06	Ethical Principles of Aygaz	50	Aygaz does not provide financial support for any political party and it engages in transparent relationships with governmental bodies.	Fully

GRI	REFERENCE	PAGE	NOTES	RESPONSE
PR1	Product Safety	33		Partially
	Waste Management	74.75		
	Urban Air Quality	76.77		
PR3	Stakeholder Groups: Method of Communication: customers	15	Product information that is required by law is shared by the consumers.	Partially
	Product safety: Blue Cylinder Information Card	33		
PR5	Facilities of Aygaz	21	Facilities of Aygaz: The physical security of the facilities is provided by private security personnel, under the 5188 "The Law of Private Security Services". Thus, all of the security personnel has received training on human rights determined by the law.	Fully
PR6	Responsible Advertisement	31		Partially
PR8			During the reporting period, there has not been any breach of customer privacy or the security of customer information.	Fully

Disclaimer

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Aygaz 2008-2009 Sustainability Report is prepared for our stakeholders.

Please contact Aygaz Corporate Relations Directorate for your opinions and suggestions.

e-mail: skr@aygaz.com.tr

Aygaz Anonim Şirketi
Büyükdere Cad. No: 145/1,
34394 Zincirlikuyu/ İstanbul

Consultant

Kıymet-i Harbiye Yön. Dan. Tic. A.Ş.
info@kiymetiharbiye.com

Design: Demirbağ Yayın ve Tasarım

Print: Gezegen Tanıtım Hizmetleri

Paper: Repap Recycled Paper



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www.aygaz.com.tr