

AYGAZ SUSTAINABILITY REPORT 2021



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ABOUT THE REPORT

With this report, we are pleased to present an overview of the sustainability-related activities and the economic, corporate governance, social, and environmental performance of Aygaz A.Ş. (Aygaz) in 2021.

This Sustainability Report, covering the period from January 1, 2021 to December 31, 2021, also provides a look into the developments in 2021 and future plans of Aygaz. This report has been prepared according to the GRI Standards' "Core" option. The report's contents have been shaped by the aspects identified through comprehensive materiality analyses, including a stakeholder analysis.

Please submit all your questions, opinions, and suggestions about the report by email to aygazsurdurulebilirlik@aygaz.com.tr.

AYGAZ



Esteemed Shareholders,

As we left behind a second year impacted by the COVID-19 pandemic, its effects were still felt deeply throughout 2021. Global economies started to recover with accelerated vaccine rollouts while problems such as supply chain disruptions and increases in commodity and energy prices continued to affect all the industries. At times of heightened economic, environmental and social pressures, companies are expected to manage all their risks and opportunities effectively and to improve the positive value they create with their stakeholders by delivering strong financial performance. As seen during such crises, companies that manage their financial and non-financial assets, risks and opportunities with an integrated approach attain success. After marking our 60th anniversary in 2021, we continue to work together with all Aygaz stakeholders to create value and celebrate many more achievements in the years ahead.

According to the Statistical Review 2021 report published by the World LPG Association (WLPGA), global LPG consumption reached 317 million tons in 2021. LPG is a sustainable, low-emission alternative to fossil fuels and it is preferred more widely with the increased carbon neutrality efforts to tackle climate crisis. As a result, the annual

consumption of LPG is expected to exceed 380 million tons in the next ten years. The Turkish LPG market, the second largest in Europe, grew by 1% in 2021, reaching 3.9 million tons.

I am pleased to report that Aygaz completed 2021 with strong financial results despite the challenges and maintained its position as the leader of the Turkish LPG industry. As of year-end 2021, our market share in Turkey was 25.4% with a sales volume exceeding 2 million tons. In 2021, we recorded TL 15.9 billion in consolidated revenues, posting an operating profit of TL 418 million and a net profit of TL 670 million after tax. Aygaz ranked 33rd in Istanbul Chamber of Industry's (ISO) 2021 list of Turkey's Top 500 Industrial Enterprises. We owe this strong financial performance to our agile and dynamic structure and our integrated approach to environmental, social and economic factors. As part of our international expansion strategy, we continue our operations in Bangladesh, where our investments in spherical and cylinder tanks, along with the filling equipment at the Chittagong Terminal are proceeding according to plan. Furthermore, our London branch expanded its portfolio, reaching a physical trade volume of more than 660,000 tons in 2021.

For the whole world, 2021 was a year marked with efforts to tackle climate crisis. The reports published by the Intergovernmental Panel on Climate Change indicate that human activity is the biggest cause of climate change, which will become irreversible if we do not develop radical solutions quickly. Governments, private sectors, individuals, and civil societies all have specific tasks in this struggle. At Aygaz, we recognize our responsibility and strive to improve our environmental performance and contribute to the activities that Koç Holding carries out in line with its Carbon Transition Program. Accordingly, we are in the process of transforming our operations to meet the sub-targets set for 2030 and 2040 to become carbon neutral by 2050. We also work toward Koç Group's targets to reduce Scope 1 and 2 emissions by 27% and 49% by 2030 and 2040, respectively.

Companies that focus on equal opportunity, diversity and inclusion contribute more to society and also become more innovative, productive and successful. At Aygaz, we reviewed our material sustainability aspects in 2021 and included climate change, equal opportunity and diversity among our top priorities. As part of the gender equality campaign that Koç Holding runs, we also set new goals to increase female representation in technology and innovation. Accordingly, we aim to increase the ratio of women working in technology and innovation from 13% to 35%, and the ratio of female managers from 12% to 21%. Our goal is to contribute to gender equality in the technology and innovation ecosystem by reaching 100 thousand women and girls from different age groups through education, mentoring and scholarship programs by 2026. In 2021, we increased the ratio of women in management positions in all departments from 10% to 18%. In line with our recently published Board of Directors Diversity Policy, we aim to increase female representation in the Board to 25% in five years. We will continue to invest in equal opportunity in our workforce and across the value chain and work to ensure that women play more active roles in decision-making mechanisms.

As the industry leader in bringing innovation to our sector, we allocated nearly TL 7 million for R&D in 2021.

As a result of our R&D work on reducing sulfur emissions, we developed GreenOdor, a sulfur-free odorant. With this product, we aim to eliminate 40 tons of sulfur emissions every year. Furthermore, the products developed by our R&D Center continue to be recognized by leading organizations. Born from our research and development activities, Aygaz Mini BBQ won the Good Design Award in the "Sports, Hobbies, Games, Kids Products and Fashion Accessories" category at the Design Week Turkey event in 2021. Furthermore, Pürsu glass bottles received an award at the WorldStar 2021 Competition organized by the World Packaging Organisation (WPO) and won the Gold Award in the Ambalaj Ay Yıldızları (Crescent and Stars of Packaging) competition.

Last year, we also reviewed our corporate policies to improve our corporate governance performance. As a result, the Corporate Governance Rating of Aygaz rose from 9.42 in 2020 to 9.50 in 2021. We continue to be listed in the BIST Sustainability Index. In line with our recently published Board of Directors Diversity Policy, we aim to increase female representation in the Board to 25% in five years.

With a corporate culture built over six decades, we always strive to improve and grow together with our stakeholders by focusing on sustainability. I am pleased to present to you, our esteemed stakeholders, the 2021 Aygaz Sustainability Report, which provides an overview of our environmental, social and corporate governance (ESG) performance in 2021, as well as information on our long-term sustainability vision, goals and practices. I would like to thank all my colleagues and stakeholders for their contributions to the report.

Sincerely,



Gökhan Tezel
General Manager

ABOUT AYGAZ





Aygaz at a Glance

Highlights of 2021

About Aygaz

Aygaz is an integrated LPG company, operating in all LPG processes including procurement, storage, filling and maritime transportation as well as production and the sale of LPG-operated devices.

Aygaz is the first Koç Group company founded in 1961 to operate in the energy sector. Since then, we have grown into an integrated company with extensive operations in the LPG sector, sourcing, stocking, and filling LPG, manufacturing and selling pressurized containers and LPG equipment, and maritime transport of LPG. Our activities range across a wide spectrum from LPG imports and exports to wholesale LPG trade with licensed distributors, distributing autogas to licensed autogas stations, bulk LPG sales and supply to users, cylinder gas distribution, marketing, filling and storage, and cylinder gas inspection, repair and maintenance. As Turkey's first and only publicly traded LPG company for many years, Aygaz ranked 33rd in Istanbul Chamber of Industry's (ISO) 2021 list of Turkey's Top 500 Industrial Enterprises. During the COVID-19 pandemic, our LPG sourcing, production and distribution operations continued seamlessly and thanks to our extensive dealer network, rapid delivery of services and quality LPG products, we maintained our industry leadership with a market share of 25.4% in 2021.

We account for 39.4% of Turkey's LPG imports and provide services with more than 300 tanker trucks, nearly 200 cylinder gas transportation vehicles, and three specially equipped and fully pressurized LPG tanker ships, each with a capacity of 28,800 cubic meters and an average age of 16 years. As part of our international expansion strategy, we also operate with a branch office in London, UK and a joint venture in Bangladesh.



25.4%
market share

Aygaz at a Glance

Founded in
1961

Koç Group's first company
in the energy sector

Integrated
LPG company

The first R&D center in
the sector

Main Fields of Operation

Procurement, storage, filling, and
sales of LPG

.....

Production and sales of
pressurized containers and LPG
equipment

.....

Maritime transportation of LPG

Facilities

6 filling plants

.....

7 distribution centers

.....

5 sea terminals

.....

1 pressurized container and
accessory manufacturing
plant

~4,000 dealers across Turkey

We provide services with three specially equipped and fully pressurized LPG tanker ships, each with a capacity of 28,800 cubic meters and an average age of 16 years.



Aygaz in Figures

317

million tons

global LPG
consumption*

*according to WLPGA 2021 Report

178

thousand m³

The largest LPG storage
capacity in Turkey

287

thousand tons

cylinder gas sales
in 2021

2,259

cylinder gas
dealers

1,781

autogas stations

971

thousand tons

export and wholesale
volume in 2021

28,800

m³

total transportation
capacity of the Beykoz,
Beylerbeyi and
Kuzguncuk LPG vessels

1.20

Current
ratio

5%

share of maritime
transportation by own
fleet in all sea-related
transportation activities

2,2

million ton

Aygaz's total LPG
sales volume

660

thousand tons

Aygaz UK
trading volume

669

thousand tons

autogas sales
in 2021

33rd

largest industrial
enterprise in Turkey*

*in Istanbul Chamber of Commerce's
Turkey's Top 500 Industrial Enterprises
list (2020)

58%

share price
increase
2021 Fiscal Year

6.7

billion TL

2021 year-end
market value

46

average training
hours per person
in 2021

9.50

Corporate
Governance
Rating Score in
2021

~7.8

million units

Pürsu annual
carboy water sales

1,472

average number of
employees in 2021

AA+

(National) long-term credit
rating score

A-1+

(National) short-term credit
rating score

Vision, Mission and Strategic Priorities

VISION

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

MISSION

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

STRATEGIC PRIORITIES

Sustain its market leadership in LPG by:

- Investing in the future with the responsibility of being the industry's highly reputable, reliable and consumer-oriented brand,
- Prioritizing high safety standards and product quality,
- Developing innovative products and services with solutions that place innovation and digitalization at the core.

Ensure sustainable growth to move its current position forward by:

- Following and seizing opportunities for mergers, acquisitions and investments at home and abroad,
- Improving efficiency in all processes from sourcing to selling LPG,
- Aiming to create value for all stakeholders.

Highlights of 2021

As we marked our 60th anniversary in 2021, we made significant strides in environmental, social, and governance topics, transforming Aygaz's six decades of experience into a corporate culture that creates value and impact.

- The Corporate Governance Rating of Aygaz rose from 9.42 in 2020 to 9.50 in 2021.
- We published the Human Rights, Board of Directors Diversity, Anti-Bribery and Corruption, Donations and Sponsorship, Gift Acceptance and Honor, and Supply Chain Compliance Policies.
- In line with the Board of Directors Diversity Policy, we disclosed our commitment to increasing the ratio of female representation in the Board of Aygaz A.Ş. to 25% within five years.
- We participated in an entrepreneurial enterprise maturity assessment to measure the level of innovation culture within the organization in 2021 and received a score above the Turkey average.
- We allocated a budget of nearly TL 7.4 million for R&D activities in 2021.
- Aygaz Mini BBQ won the Good Design award in the "Sports, Hobbies, Games, Children's Products and Fashion Accessories" category at the 2021 Design Week Turkey event.
- Pürsu glass bottles won an award at the 2021 Worldstar Global Packaging Awards presented by the World Packaging Organisation (WPO), for their outstanding design, and the Gold Award at the Ambalaj Ay Yıldızları (The Crescent and Stars of Packaging) competition.
- Pürsu glass bottles' design was recognized with the "Good Design" award in the "Packaging and Fast Consumption Products" category at the 2021 Design Turkey Industrial Design Competition, organized as part of the Design Week Turkey event.
- Leveraging our extensive and effective dealer network, we continued to reach our customers with last-mile delivery services through Sendeo Dağıtım Hizmetleri A.Ş.
- 95% of our total 2,132 suppliers consist of local businesses.
- In line with UN Women's Generation Equality Forum, with Koç Holding as a global leader, we aim to increase female employment in technology and innovation to 35% and the ratio of female managers to 21%.
- The ratio of women in executive management roles increased from 10% to 18% in the last one year. We manage the recruitment process with the "Right candidate for the right position" and "Equality at Work" approaches.
- We delivered 59,835 person*hours of training for employees throughout 2021, with the training time per employee reaching nearly 46 hours.
- In 2021, we achieved an employee loyalty score of 67.5.
- We manage all OHS process in compliance with the ISO 45001 ISO Occupational Health and Safety Management System, applied since 2019. All 12 locations of Aygaz, including the Head Office, the Gebze Plant, and other facilities, hold ISO Occupational Health and Safety Management System Certificates.
- In 2021, we provided 19,801 person*hours of OHS, fire, and emergency response management training for the employees of Aygaz and subcontractors and supported the training programs with drills.
- We delivered 647 person*hours of environmental training in 2021.
- In line with Koç Holding's target of achieving carbon neutrality by 2050, we contribute to the Group's goals of reducing Scope 1 and Scope 2 greenhouse gas emissions by 27% by 2030, and by 49% by 2040.
- We delivered 122 person*hours of Energy Awareness training at Yarımca Terminal and Gebze Plant.
- We saved 4,147 GJ of energy with the projects implemented in 2021, achieving financial savings of TL 569,000 in total.
- With the implementation of the Zero Waste Management System in 2021, Zero Waste Certificates were obtained for the head office, all terminal directorates and filling plants.
- We reduced total water consumption by 5% compared to 2020 with the projects carried out for this purpose in the last three years.
- We have supported a number of projects conducted by the Mediterranean Conservation Society since 2015. These include contributing to the protection of species such as the Mediterranean Monkfish (*Monachus monachus*) and Sandbar Shark (*Carcharhinus plumbeus*) as part of the Gökova Bay Marine Protection Areas Monitoring and Protection Project.

Shareholding Structure

51.2%

Koç Group

24.5%

Liquid Petroleum
Gas Development
Company (LPGDC)

24.3%

Free Float

Subsidiaries

AYGAZ DOĞAL GAZ

Field of Operation: Natural gas and liquified natural gas (LNG) sales

Participation rate : 100%

Founded in : 2004

Sales volume : 246 million m³ of piped natural gas
82 million m³ of LNG

AKPA

Field of Operation: LPG, fuel products and bottled water marketing and sales

Participation rate: 100%

Founded in: 2001

BAL KAYNAK SU (PÜRSU)

Field of Operation: Drinking water production and sales

Participation rate: %100

Acquired in: 2019

Sales volume: 206 million liters

ANADOLUHİSARI TANKERCİLİK

Field of Operation: LPG transportation by sea

Participation rate: 100%

Founded in: 2010

Number of vessels: 3

Transportation capacity: 28,800 m³

Average age of the fleet: 16

SENDEO*

Field of Operation: Courier and last mile delivery services

Participation rate: 55%

Incorporated in: 2020

* Formerly: Aykargo Dağıtım Hizmetleri A.Ş.

Joint Ventures

UNITED LPG LIMITED

Field of Operation: LPG sourcing, filling, and distribution in Bangladesh

Participation rate: 50%

Formed in: 2021

OPET AYGAZ GAYRİMENKUL

Field of Operation: Property purchasing to operate fuel and autogas stations

Participation rate: 50%

Formed in: 2013

21 stations

Affiliates

ENTEK

Field of Operation: Electricity generation

Participation rate: 49.6%

Total capacity: 436 MW

8 hydroelectric power plants (HEPPs), 1 wind power plant (WPP), 1 natural gas cycle plant

ENERJİ YATIRIMLARI (EYAŞ)

Field of Operation: Energy

Participation rate: 20%

Founded in: 2005

51% shareholder in Tüpraş

Branch Office

AYGAZ UK

Field of Operation: LPG trade

Founded in: 2019

Sales volume: 660 thousand tons of LPG

Financial and Operational Outlook

As the pandemic continued to take hold of the world, 2021 was a successful year for Aygaz in terms of financial and operational performance. According to 2021 Republic of Turkey Energy Market Regulatory Authority's (EMRA) report data, we maintained our leadership in the LPG market in which nearly 80 companies operate. As of year-end, our total market share was 25.4%, with a 41.1% share in the cylinder gas segment and 21.4% in the autogas segment.

The total sales of Aygaz cylinder gas, bulk gas and autogas reached approximately 1 million tons, marking an annual increase of 4% to 2.2 million tons, including wholesale, export and transit sales. By year-end 2021, we recorded TL 15.9 billion in consolidated revenues.

Market Shares* (%)

* According to EMRA's December 2021 Report



LPG Market Share

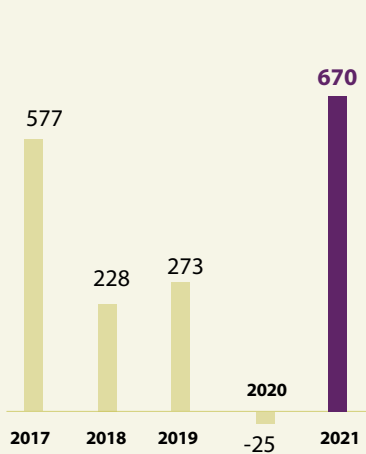


Cylinder Gas Market Share

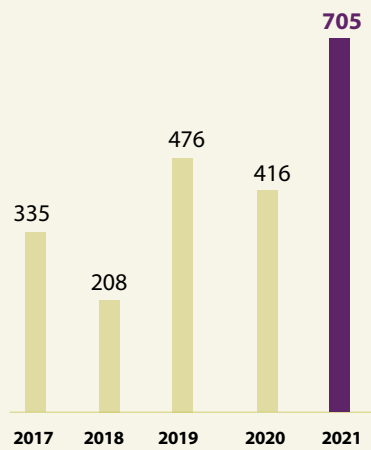


Autogas Gas Market Share

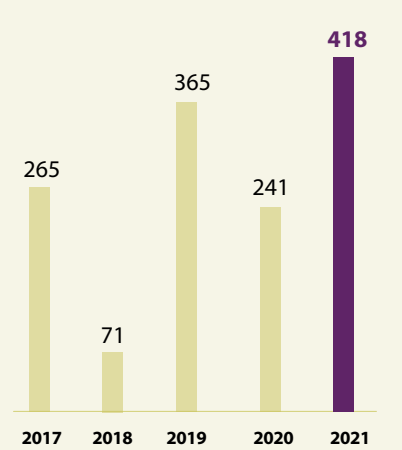
Net Profit* (TL M)



EBITDA** (TL M)



Operating Profit (TL M)

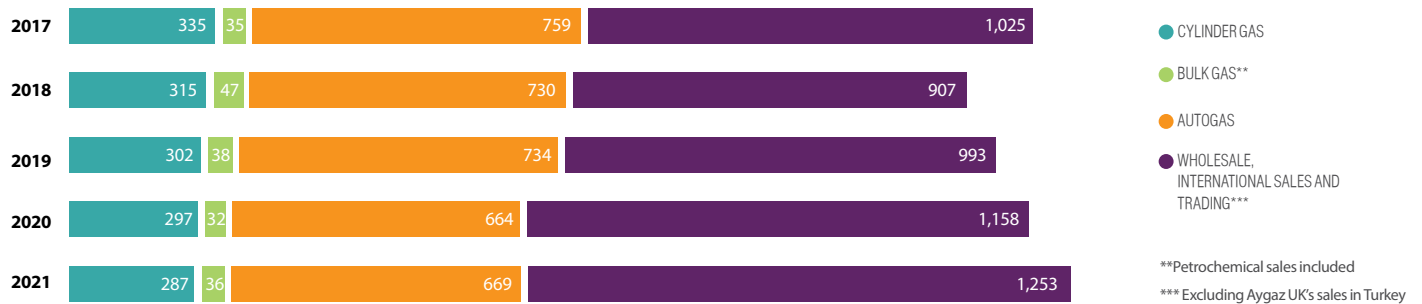


* Parent company's share

** Excluding other revenues and expenses

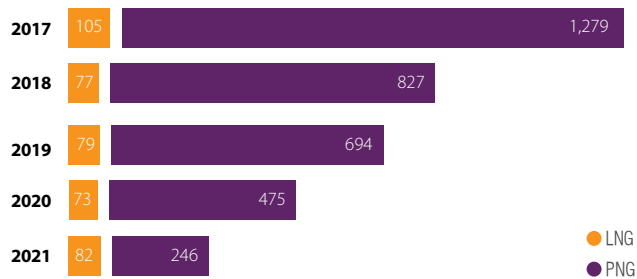
LPG Sales Volume By Segments

(000 TONS)



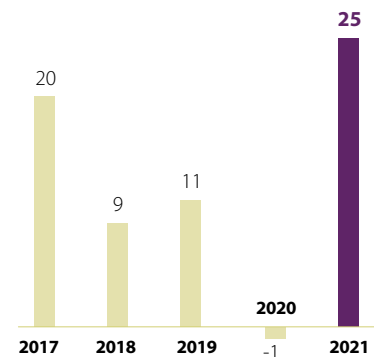
Natural Gas Sales Volume

(mcm)



Return on Equity (ROE)

(%)



Summary Financial Indicators

(TL M)

	2021	2020	2019	2018	2017	2021 / 2020 Change
Sales revenues	15,893	10,145	10,211	9,554	8,469	57%
Gross profit	1,438	912	957	634	741	58%
Operating profit	418	241	365	71	265	74%
Pre-tax profit	697	31	306	250	621	-
Net profit*	670	-25	273	228	577	-
EBITDA**	705	416	476	208	335	69%
Gross profit margin	9%	9%	9%	7%	9%	-
Operating profit margin	3%	2%	4%	1%	3%	1
Net profit margin	4%	-0,2%	3%	2%	7%	4
EBITDA margin	4%	4%	5%	2%	4%	-
Current assets	4,638	2,193	1,589	1,618	1,588	111%
Fixed assets	3,696	3,202	3,366	3,396	3,379	15%
Total assets	8,333	5,395	4,955	5,013	4,966	54%
Short term liabilities	3,869	1,852	1,495	1,484	1,279	109%
Long term liabilities	1,745	1,226	982	1,027	764	42%
Shareholders' equity	2,698	2,317	2,478	2,502	2,923	16%
Total equity and liabilities	8,333	5,395	4,955	5,013	4,966	54%
Return on equity (ROE)	25%	-1%	11%	9%	20%	26
Net debt/equity ratio	32%	26%	24%	30%	13%	6
Current ratio	1.20	1.18	1.06	1.09	1.24	0.02

MATERIAL ISSUES

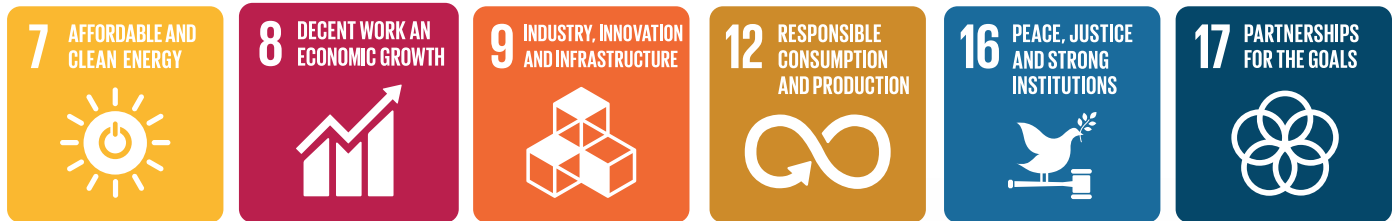




Materiality Matrix

Material Issues

We identified our material sustainability aspects in view of the opinions of the company's executive management and by evaluating strategic decisions, the results of the stakeholder analysis and the external trend analysis.

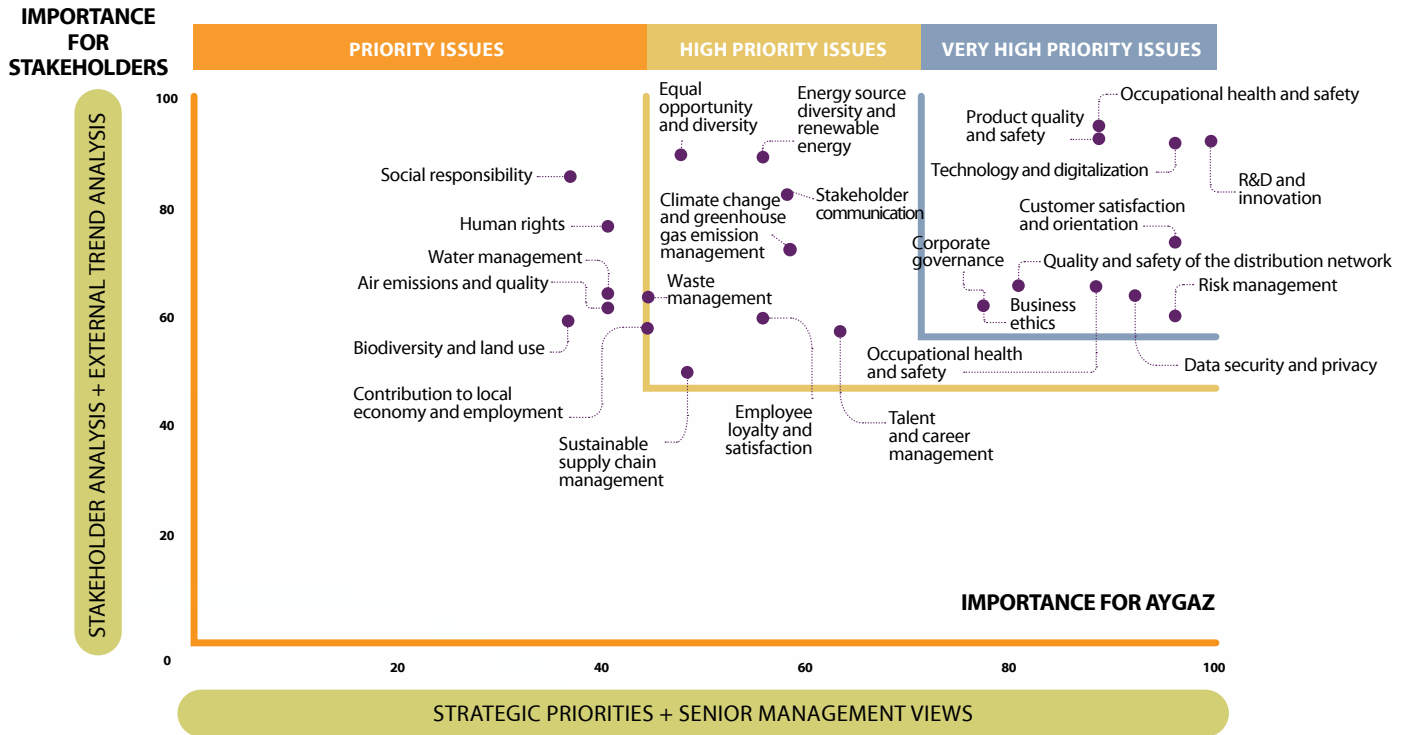


Our sustainability approach, which covers environmental, social, and corporate governance aspects, contributes to effective management of the financial and non-financial assets. We adopt a business model that is based on sustainability and that considers the contributions and interests of all stakeholders.

We work with our stakeholders to identify materiality issues by considering global trends such as transitioning to a low carbon economy, climate change, equal opportunity and diversity, information security, demographic changes, increasing energy demand, and the rising importance of sustainable energy resources as key factors that closely concern the industry. We identified our material sustainability aspects in view of the opinions of the company's senior management and by evaluating strategic decisions, the results of the stakeholder analysis and the external trend analysis. Material aspects of highest priority that will create value for both Aygaz and the stakeholders were determined through analyses. Aygaz also contributes to the Sustainable Development Goals with its efforts in these strategic areas.



Materiality Matrix



Very High Priority Issues

Contribution to SDGs

R&D and Innovation

We place great importance on R&D and innovation, investing in this area to manufacture products and provide services that create value for all stakeholders to better manage evolving customer demand in rapidly changing and highly competitive market conditions.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Technology and Digitalization

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



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Customer Satisfaction and Confidentiality

We closely track customer expectations and needs to ensure ultimate customer satisfaction, which is at the core of our business culture. Accordingly, we facilitate the communication of all kinds of feedback from customers to our company via various channels. We ensure the confidentiality of customer data in all activities through non-disclosure agreements we sign with third parties.



Goal 12: Ensure sustainable consumption and production patterns

Data Security and Privacy

Customer data privacy is a global trend that increasingly gains prominence. We assure the confidentiality of customer data in all activities through the non-disclosure agreements we sign with third parties.



Goal 12: Ensure sustainable consumption and production patterns

Risk Management

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



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Very High Priority Issues

Contribution to SDGs

Occupational Health and Safety

Concerning occupational health and safety (OHS), we take measures that go beyond the legal requirements with the goal of Zero Work Accidents. We create production conditions that eliminate the risks inherent to our sector.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Operational Excellence and Safety

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



Goal 12: Ensure sustainable consumption and production patterns

Product Quality and Safety

In all processes from production to delivery to the customer, we adopt an integrated management approach and ensure product quality and safety in international standards.



Goal 12: Ensure sustainable consumption and production patterns

Quality and Safety in Distribution Network

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



Goal 12: Ensure sustainable consumption and production patterns

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Corporate Governance

The principles of equality, transparency, accountability and responsibility as part of our corporate governance approach facilitate our efforts to reach our long-term corporate goals. As a result, we create sustainable value for our stakeholders, in particular our shareholders. With a Corporate Governance Rating of 9.50 in 2021, we are included in the BIST Corporate Governance Index and the BIST Sustainability Index.



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Business Ethics

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



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

CORPORATE GOVERNANCE AND BUSINESS ETHICS





Anti Bribery and Corruption

Risk Management and Internal Control

- *Risk Management Committee*
- *Internal Auditing and Internal Control*

Sustainability Governance

Corporate Governance and Business Ethics

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

There is a steadily growing need for effective corporate governance mechanisms to improve governance, manage organizations better by identifying financial and non-financial risks, and gain more reliability and reputation in financial and capital markets. At Aygaz, we comply with international standards through Corporate Governance Principles, create sustainable shareholder value, secure funding from foreign markets, and achieve consistent growth. We also contribute to sustainable transformation at Aygaz by establishing transparent, traceable and integrated management systems and deliver value for our stakeholders. As a result of evaluations by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., providing corporate governance rating services under license from the Capital Markets Board (CMB), Aygaz's Corporate Governance Rating, which was determined as 9.42 in 2020, was upgraded to 9.50 in 2021. Publishing the "Donations and Sponsorship Policy" in 2021 was a key contributing factor to the increase in our Corporate Governance Rating Score.

Please click to access Aygaz Donations and Sponsorship Policy.

We carry out all our operations and activities in line with the ethical principles that apply to the Aygaz culture and values, and adopt transparency as a core principle. To ensure that ethical values are extended to all employees and passed onto the next generations, Aygaz published its "Code of Ethics and Implementation Principles" in written form in 2010 and the Code of Ethics and Implementation Principles Policy in 2018. The Ethics Committee, established to better evaluate any violations and ensure alignment of practices, is composed of the General Manager, senior executives, Chief Human Resources Director, and Legal and Compliance Director. The "Code of Ethics and Implementation Principles" booklet is provided to all the employees, including the newly recruited ones. We also deliver ethics training during the recruitment and onboarding

9.50

The Corporate Governance Rating Score in 2021



processes. The Workplace Responsibilities and Implementation Procedure provides information on the actions to take when ethical rules are violated. Notifications about any impropriety that threatens the interests of Aygaz and society and violates business ethics can be communicated to the company in confidentiality via the Koç Holding Ethics Line.

Please click to access Aygaz Code of Ethics.

A Compliance Program roadmap has been created to build a culture of compliance across the Koç Group and monitor compliance with the local

and international legislation and the resolutions and regulations imposed by relevant administrative authorities. The Compliance Program lays out a comprehensive framework for the employees and stakeholders regarding topics such as ethical principles, human rights, anti-bribery and anti-corruption, preventing conflicts of interest, economic sanctions, protecting privacy and confidential information, and occupational health and safety.

The Code of Ethics and Compliance Policies, created and updated as part of the Compliance Program, have been redefined

The Human Rights, Board of Directors Diversity, Anti-Bribery and Corruption, Donations and Sponsorship, Gift Acceptance and Honor, and Supply Chain Compliance Policies were approved and published in 2021.





and implemented according to the sectoral and geographical presence of Aygaz and in line with universal best practices after the approval of the company management. The Human Rights, Board of Directors Diversity, Anti-Bribery and Corruption, Donations and Sponsorship, Gift Acceptance and Honor, and Supply Chain Compliance Policies were also published in 2021.

We made the latest versions of all the ethical principles and compliance policies available to the employees on the company intranet and website. To raise awareness, we started to show announcements about the Compliance Program on digital screens within the company and on screen savers.

Please click to access Aygaz Compliance Policy.

More information on corporate governance and business ethics can be found in the 2021 Aygaz Annual Report.

With the Board of Directors Diversity Policy published in 2021, we prioritize women during the Board membership nomination process among candidates with the same qualifications in terms of knowledge, experience and competence. Aygaz has also committed to increase female representation on its Board of Directors to 25% within five years.

Please click to access Aygaz Board of Directors Diversity Policy.

Anti-bribery and Anti-corruption Efforts

At Aygaz, we engage in anti-bribery and anti-corruption efforts within the

framework of the Compliance Program and address this topic as a critical issue. In 2021, we published the Anti-bribery and Corruption Policy and expanded the scope of our activities in this area. In addition to carrying out extensive work within the organization, we also expect all our stakeholders, including the suppliers and dealers, to adopt the same approach. All notifications regarding bribery and corruption are communicated to the Koç Holding Ethics Line. In 2021, no incidence was reported to us through the Ethics Line.

Please click to access Aygaz Anti-bribery and Corruption Policy.

Risk Management and Internal Audits

Identifying potential risks in advance and anticipating their impact according to different scenarios form the basis of

the corporate risk culture at Aygaz. We manage corporate risks in integration with the company strategies and targets and aim to create value for all stakeholders, including business partners. With effective corporate risk management, we review the developments from a strategic perspective with updated processes and action plans and implement systematic policies. As part of the corporate risk management activities carried out through the year, we update and prioritize the company's risk inventory and focus on solutions to mitigate or eliminate the risks. We then consolidate the updated risks and action plans and inform the internal stakeholders. Accordingly, the departments review their own risk assessments, enabling us to raise awareness about corporate risk management across the organization.

In addition to managing the financial risks, which include foreign currency, interest, liquidity, commodity, loan,

collection, and capital risks, we incorporate operational and cyber risks into our risk management processes. We also align these activities with the Integrated Management Systems Policy and sustainability principles.

Please click to access Aygaz Integrated Management Systems Policy.

We consider alternative methods to ensure systemic integration with the business processes and monitor them regularly. Based on the results of the assessments, we review the internal operating procedures and roadmap and update all our plans. These efforts allow us to build a risk management structure compliant with international standards. The policies approved and strategic targets set by the Board of Directors, which takes into account feedback from relevant departments starting with the Risk Management Committee and Executive Board, play a key role. Given especially the financial, operational

With the Board of Directors Diversity Policy, we have committed to increase female representation on Aygaz A.Ş. Board of Directors to 25% within five years.



In 2021, the Internal Audit Department started to work on adapting to the changing conditions due to the pandemic that took hold of the world and Turkey and utilizing resources efficiently.

and legal risks encountered due to the nature of the industry, the risks are managed -within the framework of corporate risk management- with a systematic approach. Implementing these processes across the organization and making them a part of corporate culture are essential in terms of business operations. With effective risk monitoring, we prioritize these risks according to their potential impact and manage them accurately.

More information on risk management can be found in the 2021 Aygaz Annual Report.

Risk Management Committee

Risk Management Committee was formed pursuant to Article 378 of the Turkish Commercial Code No. 6102 and the Capital Markets Board's (CMB) Corporate Governance Communiqué to ensure effective functioning of the Board committees. The committee carries out activities for early detection and effective management of risks that may jeopardize the company's existence, development and continuity, taking necessary measures against these risks and managing risks.

The committee, which convened eight times in 2021, assesses the risk management process at Aygaz and the principles and data of risk reporting, evaluates the periodical reports prepared within this scope, and offers recommendations regarding the necessary measures against the issues that do not comply with the limits defined in the risk management process. The reports and committee assessments are presented to the Board of Directors.

Internal Control System and Internal Audits

Aygaz has an effective internal control

system to provide sufficient assurance regarding the efficiency of operations and the financial reporting system's compliance with applicable regulations. The internal control system refers to all controls such as standard definitions included in financial transactions, reports and workflows, job descriptions, authorization/ approval system, policies, and written procedures.

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

In 2021, the Internal Audit Department started to work on adapting to the changing conditions due to the pandemic that took hold of the world and Turkey and utilizing resources efficiently. Accordingly, the department remained in active communication with divisions through physical and online audits and managed this process effectively. As usual, the company's terminals, plants and distribution facilities across Turkey underwent routine and/or necessary financial and operational inspections throughout 2021. The department also continues to provide support as Aygaz subsidiaries design their processes and takes an active role in the planned activities.

The Internal Audit Department conducts audits in areas that have room for improvement or are considered risky and reports its findings to the executive management. The department also follows up the action plans related to the issues and complaints reported





through various channels and monitors how they are resolved. In 2021, a reporting and notification line was implemented in all company locations and shared with all the employees.

Sustainability Management

The sustainability approach of Aygaz is an integral part of managing the company's financial and non-financial assets. This approach and in conjunction, sustainability management form the basis of the long-term relationships we build with our stakeholders to provide benefits and create value. We focus on the environmental, social and governance (ESG) aspects and contribute to the sustainable development of Aygaz's

organizational structure. We continue to be listed in the BIST Sustainability Index, which consists of publicly traded companies in Borsa Istanbul (BIST) with high corporate sustainability performance, for our effective and strong sustainability management efforts.

Sustainability management at Aygaz is built upon the Integrated Management Systems Policy, which is created in alignment with the sustainability strategy and goals. The Board committees, which are actively involved in the company's corporate governance, play a key role in sustainability management. The Sustainability Working Group, which consists of the

Corporate Communications, Finance and Risk, Quality System, ESG-S and Industry Relations, and Human Resources departments, is responsible for following and monitoring the sustainability-related activities. The Working Group reports to the General Manager, who in turn reports to the Board of Directors as needed. The sustainability strategy and targets are defined based on the evaluations of the Board of Directors in line with business processes.

Please click to access Aygaz Integrated Management Systems Policy.

An aerial photograph of a two-lane asphalt road winding through a dense, lush green forest. A white car is driving on the road, positioned towards the right side of the frame. The text is overlaid on the left side of the image, reading:

**RESPONSIBLE
PRODUCTS
AT HOME, ON
THE ROAD AND
EVERYWHERE**



Innovation Culture

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

New and Innovative Products and Applications

Customer Focus and Satisfaction

- *Customer Communications*
- *Privacy and Information Security*

Responsible Products at Home, on the Road and Everywhere

We introduce product, service and process innovations for customer needs in all our fields of operation and continue to invest more. In addition to developing business models in existing and new areas, we also support innovative ideas.

As a leading player of the Turkish LPG market, we strive to meet customer needs and expectations by offering responsible, innovative and safe products. We value the importance of complying with environmental, safety and efficiency standards and leverage digital technologies in our work processes. The COVID-19 pandemic brought about risks, vulnerabilities and uncertainties, driving companies to change and innovate and accelerating transformation in business models. The pandemic was also instrumental in worldwide adoption of digitalization and new technologies, bringing along both risks and opportunities. As transformation in the energy sector, like many other industries, gains momentum, we adapt to change with our agile and dynamic structure and proactively generate solutions to evolving customer demand. In addition to developing strategies to improve satisfaction by focusing on the customer, we build on our innovation capabilities to keep offering quality and safe products. Driven by our vision of sustainable innovation, we support and encourage innovative ideas in existing and new areas, including product, service, process, and business model. Recognizing our responsibility as an industry leader in Turkey, a major global LPG market, we always strive to deliver products and services of the highest quality. Therefore, high product quality and safety are our top priorities. We aim to build an innovative ecosystem by offering technological solutions to our customers and all stakeholders. In line with Koç Holding's carbon neutrality target across the value chain, we carry out innovation activities at our R&D center.

Innovation Culture

We introduce product, service and process innovations for customer needs in all our fields of operation and continue to invest more. In addition to developing business models in existing and new areas, we also support innovative ideas.

We aim to spread our innovation culture across the organization and extend it to our business partners while raising awareness and

TL 7.4 million

the budget allocated for research & development in 2021



encouraging innovation. This is why we leverage the transformational effect of R&D and innovation as we improve efficiency through digitalization processes. Our sustainable innovation culture, as a key driver of organizational transformation, is built on our employees and their creative ideas.

In line with our mission of creating value, we consider unique and new ideas received from all stakeholders. Therefore, we apply an Innovation Management Process to transform ideas into viable

projects. And we make action plans for projects that materialize these ideas and create value. We believe that project ideas that create value for all of our stakeholders and Aygaz can only emerge through the active participation of our employees.

At Aygaz, we aim to strengthen and expand our intrapreneurship ecosystem and pioneer a progressive intrapreneurship culture to help drive Turkey into the future. Therefore, we invest in innovative products and services in our

main lines of business and focus areas, creating value for the national economy and the company. As part of the intrapreneurship program running since 2016, Aythink Platform and Design Thinking workshops are still offered to the employees. The ideas submitted by the employees are reviewed and those that align with the innovation strategies of Aygaz are developed into business ideas with the Lean Startup methodology. To date, 1,126 ideas have been collected with these methods and six of these have been accelerated.

We participated in an entrepreneurial enterprise maturity assessment to measure the level of innovation culture within the organization in 2021 and received a score above the Turkey average.





Aygaz R&D Center, the first in the industry, operates with a team of 29 researchers as of 2021.

Aygaz is also a corporate member of the Mobility/ Internet of Things Vertical at the Istanbul Office of Plug and Play, the largest global innovation platform for startups and companies of Silicon Valley. With this cooperation, we aim to create opportunities for projects, partnerships, and investment by accelerating information and experience exchange within the ecosystem. We have already signed the first agreement for a pilot project with Plug and Play. We will remain focused on exploring new ideas and initiatives, seeking creative solutions, and offering technology in the sectors where the company and our affiliates operate.

Aygaz employees are the key stakeholders of the innovation culture. Therefore, we engage in continued communication activities and build on Aygaz's innovation culture. As part of these efforts, we participated

in an entrepreneurial enterprise maturity assessment to measure the level of innovation culture within the organization in 2021 and received a score above the Turkey average.

R&D Center

Aygaz R&D Center, launched in 2018 and certified by the Ministry of Industry and Technology, continued to carry out activities to expand the usage areas of LPG and improve its efficiency in 2020 and 2021.

Aygaz R&D Center, the first in the industry, operates with a team of 29 researchers as of 2021. The R&D Center houses an Engine and Fuel Technologies Laboratory, a Chemicals Laboratory, an Automation and Design Laboratory, an Embedded Systems Laboratory, a Manufacturing Workshop, and Prototype and Test Lines. With the addition of a Valve and Regulator Laboratory, a

Device Laboratory, and the R&D Park, the Center's total area has expanded from 772 m² to 1,437 m².

The R&D Center's ongoing projects include enhancing existing and developing new LPG-powered products and improving the quality of LPG. Improving efficiency through automation systems and modernization, researching alternative and clean energy sources, and digitalization with intelligent products are among the Center's focus areas. The experienced team at the R&D Center aims to develop new technologies to contribute to business processes and create value for stakeholders. In addition to positioning us at the forefront of the industry, the R&D Center also delivers financial benefits and helps us increase our competitiveness in the market with projects designed to create value for society and the environment. With the Center and the participation of all stakeholders, we aim to launch exemplary projects in the LPG industry.

At Aygaz R&D Center, we highly value university – industry collaborations. Accordingly, we collaborated with eight universities and cooperated with TÜBİTAK (The Scientific and Technological Research Council of Turkey) in 2021. Three projects, run as part of the TÜBİTAK TEYDEB 1501 Industrial R&D Projects Grant Scheme (TEYDEB -Technology and Innovation Grant Programs Directorate), were completed last year. The R&D Center currently runs two projects within the scope of the TÜBİTAK TEYDEB 1707 On-demand R&D Projects grant scheme.

Aygaz Mini Barbecue: We monitor consumer expectations and conduct various surveys for this purpose. In addition to the Aygaz Mini cylinders we introduced and the practical and modern cooktops and stoves we developed for use with Aygaz Mini, we also launched Aygaz Mini Barbecue

in 2021. Designed by our R&D Center, the Mini Barbecue features a ceramic-coated die-cast structure to distribute heat evenly. Cooking the foods without wood or coal fire also serves to reduce environmental impact. This product, which works with Aygaz Mini Cooktop Extra, was recognized with the Good Design award at the 2021 Design Week Turkey event.

Technology and Digitalization

At Aygaz, we strive to accurately analyze the requirements of digital transformation, which accelerated during the COVID-19 pandemic, and follow the global and industry trends closely. We identify risks with an agile working culture and a proactive approach and determine our digital transformation strategies accordingly. As a company with 60 years of history, we focus on digital transformation and innovation in the LPG sector. To us, technology and digitalization are important tools for swiftly responding to customer expectations.

We use advanced technologies and data analytics to ensure customer satisfaction and leverage process

Aygaz Mini Barbecue won the Good Design Award in the “Sports, Hobby, Game, Kids Products and Fashion Accessories” category at the 2021 Design Week Turkey event.



On the employee and business operations side, digital transformation projects continued in many work processes with the participation of business units across Aygaz where we apply an Integrated Digital Transformation concept. Every year, we seize new transformation opportunities with an integrated approach.

optimization to improve efficiency and transform business models. We recognize that using the right technologies is required to achieve success in the digital transformation and innovation processes. We regard the digital transformation and innovation ambassadors that carry out these processes as key stakeholders. We also work to develop and launch projects that accurately utilize these processes and technology together.

With guidance from the IT department, we leverage technology and digitalization to enhance the employees' existing work processes. We developed the digital transformation and innovation ambassadors program for this purpose and selected representatives from all business units. Our goal with this program is to spread the digital transformation process and cultural transformation across the organization. We also aim to elevate the knowledge level of business units by organizing awareness days, technology-focused training programs and seminars throughout the year to support idea generation to develop the processes further. Following the launch of the ambassadors program, the number of ideas generated nearly doubled year on year while the savings and revenues achieved through the projects we implemented increased 2.2 times. The heightened awareness about digital transformation across the company also reflected on employee satisfaction and loyalty. We plan the ambassadors program annually and update it as needed based on our observations. We review the results at the end of each year and revise the program for the following year. We organized nearly 100 events throughout the year to ensure that cultural transformation continues without losing momentum.

We launched Aygaz E-Commerce Transformation Project to offer different payment options to the customers, manage campaigns effectively, and create a marketplace platform for the dealers

to sell. Accordingly, all digital channels, including the mobile app, website, IVR (Interactive Voice Response), and Chatbot were refreshed and upgraded. In order and delivery management, we continuously enhance the customer experience end-to-end by developing new applications such as digital dealer systems, call center order management, self-service customer transactions via IVR, and orders. We continue to expand our e-commerce channels. Following keyiflibahce.com, more e-commerce sales channels were added to the marketplaces of Aygaz with the opening of digital stores on Hepsiburada.com, Koctas.com.tr, and Kampkaravanmarket.com. Furthermore, five store-in-store areas were created at the Koçtaş stores in Kartal, Istanbul, Bodrum, Muğla, Forum Istanbul, Balçova, Izmir, and Ankamall, Ankara, which accounted for 78% of all consignment sales. We also partnered with Macrocenter and Migros to sell barbecues, heaters, and devices in their stores.

On the employee and business operations side, digital transformation projects continued in many work processes with the participation of business units across Aygaz where we apply an Integrated Digital Transformation concept. Every year, we seize new transformation opportunities with an integrated approach. With the continuous improvement and development of mobile platforms and applications, we enable Aygaz employees to work efficiently and effectively, any time, anywhere. Thanks to our strong information technology infrastructure, we have ensured the rapid adoption of a digital and agile work culture among our employees. On the other hand, the Robotic Process Automation projects involve software robots carrying out 33 business processes, resulting in seamless operational management and high efficiency.

We added big data technologies and the IoT platform to the data-driven





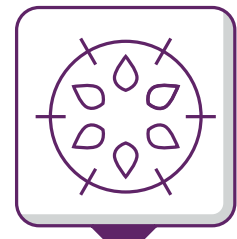
technologies that form the basis of our decision-making processes while work is ongoing to develop analytics and artificial intelligence applications in sales, facility, production, and sourcing processes. In 2021, we also carried out autogas and cylinder gas sales prediction and autogas sales management projects within this scope.

Online Sales Platform: As seen during the pandemic, online sales channels are becoming increasingly prominent. Recognizing this trend, we started to provide services to our customers through online platforms, leveraging our extensive network and strong technological infrastructure. Accordingly, we launched the Aygaz Online Sales Platform as a first in the industry and made it possible to place orders and pay on the Aygaz website. As a result, the customers are now able to purchase not only cylinder gas products but also devices such as Aygaz Mini cooktops, regulators, and hoses online. We offer various campaigns and deals on the online sales platform to meet customer demand.

Autonomous Filling Plant: In line with Aygaz's digitalization, autonomous plant, and Industry 4.0 vision, we developed Autonomous Filling System as an automation project, which includes filling lines using advanced sensors and visual check technologies, to enable different types of cylinders to be filled in the same process. The objective of this system is to achieve technological transformation of all processes, starting from filling the cylinders to ensuring the safety of end-users and loading the cylinders on to the trucks. The R&D Center utilizes state-of-the-art technologies and patented automation systems to improve filling safety and efficiency, ensuring that high quality cylinders are safely delivered to the consumers.

Product Quality and Safety

Continuously enhancing quality and safety in all our production processes is always a top priority for us at Aygaz. We manage all processes from the production of the products we offer to our customers to after-sales in accordance with our





Corporate Total Quality Management approach and Aygaz Integrated Management Systems Policy. For this purpose, we periodically check the products, systems and processes for compliance and perform internal and external audits at the affected locations.

Please click to access Aygaz Integrated Management Systems Policy.

We continue to improve and expand the scope of our Total Quality Management approach. In line with our Integrated Management Systems Policy, we aim to manage all our operations with a holistic approach and integrate all systems involving quality, environment, occupational health and safety, customer satisfaction, energy, and information security under one umbrella. In 2021, we updated the Integrated Management Systems Policy to align with the latest needs. We always keep the handbook, created to provide information and guidance, up to

date. We assured compliance of the management systems through internal and external audits, which we conduct as part of the part of the periodic ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road) inspections and as a Customer Friendly Organization and a Customer Friendly Brand. The management systems we audit and enhance include quality, environment, occupational health and safety, energy, and customer satisfaction. In 2021, internal audits were performed online and on site by determining samples under the pandemic conditions, and field inspections were conducted by 37 internal auditors in 47 business units. In addition to the enhancement efforts, we worked with a team established under the Koç Group Quality Board to support the activities to improve the management systems. In 2021, no adverse health and safety issues were detected in our products according to the internal guidelines or applicable legislation.

New and Innovative Products and Applications

We adopt an innovative approach to developing products, services, and solutions. Accordingly, we collaborate with communities from the industry and strategic partners and develop innovative business models and products to promote solutions that address stakeholder needs. As we expand available digital content, we continue to accurately analyze the data and information we receive. Furthermore, we ensure that the products and services we offer are protected by intellectual property rights. As a result, the number of patents we hold constantly increases. We obtained one more patent in 2021, bringing the number of our patents to 61.

We regard creating benefit by touching the lives of customers in the areas we operate, starting with clean energy supply, drinking water and last mile delivery as an important

Pürsu glass bottles won an award at the 2021 Worldstar Global Packaging Awards presented by the World Packaging Organisation (WPO), for their outstanding design, and the Gold Award at the Ambalaj Ay Yıldızları (The Crescent and Stars of Packaging) competition. Their design was also recognized with the “Good Design” award in the Packaging and Fast Consumption Products category at the 2021 Design Turkey Industrial Design Competition, organized as part of the Design Week Turkey event.

responsibility. With this awareness, we continued to implement new and innovative practices by following global trends while also launching improvement and enhancement projects for existing applications.

Working to ensure sustainable water production and expand distribution through dealers, Pürsu, an Aygaz subsidiary, continued to develop new products in 2021. Pürsu aims to extend its success in the carboy segment to the plastic and glass bottle groups.

Addressing the rising interest in outdoor activities and the growth potential in this segment, we developed Aygaz Cartridge Cooktops and Aygaz Cartridge products. The Cartridge Cooktop features an automatic locking system with a single cartridge and foldable legs, standing apart from similar products. We also launched fixed regulator-and-hose sets for a safer customer experience. Furthermore, we developed regulators, hoses, and adapters specifically for boats. In 2021, Aygaz also started to produce and sell screw-on regulators with different outlets, bringing the total number of products to 200 in the accessory and toy categories.

The short-term heater rental service, we have offered since 2019, expanded with the addition of long-term heater rental option in 2021, enabling Aygaz to provide an all-inclusive service package for the customers.

Sendeo: Sendeo, the last mile delivery company, was born in 2018 with the



name “Aykargo” as a business idea from the intrapreneurship activities at Aygaz. The intrapreneurship platform aims to seize the opportunities that the last mile delivery sector offers as it develops in parallel with the rapidly growing e-commerce and economy and create value for the shareholders and dealers by leveraging Aygaz’s strong brand recognition, dealer network, facility infrastructure, and experience in delivering to address. Aykargo was registered in 2020 as Aygaz Aykargo Dağıtım Hizmetleri A.Ş., and following the branding activities in 2021, the company was renamed Sendeo Dağıtım Hizmetleri A.Ş. in line with the new brand identity. As a startup with a bold and innovative vision to meet customer needs and expectations, Sendeo aims to create ultimate satisfaction by making life easier. Sendeo made significant strides last year and began to cover all the provinces across Turkey.

GreenOdor: LPG is a colorless and odorless gas that is typically odorized

with sulfur components worldwide.

This odorization process, which enables detection of leaks, causes the release of sulfur oxides after burning. We launched a project at the R&D Center to develop a sulfur-free odorant as a first in the world to eliminate the release of sulfur oxides with the support of TÜBİTAK TEYDEB and Istanbul University’s Technocity. Once the research and development, and field work phases of the project were completed, we patented the product. We started using GreenOdor at the Dörtüol and Yarımca terminals in 2021. By launching the internationally registered GreenOdor product onto the market, we aim to prevent 40 tons of sulfur emissions every year.

Customer Focus and Satisfaction

We quickly respond to the evolving customer behaviors and accurately analyze customer needs to provide reliable answers and build lasting relationships. With a business culture that puts the consumer at its core, we



offer sustainable solutions and services to improve customer satisfaction and loyalty. According to the results of independent surveys conducted since 2003, we continue to ensure high customer satisfaction in the cylinder gas and autogas segments.

In the customer loyalty survey, cylinder gas maintained its industry average of the previous year with a score of 87. Meanwhile, Aygaz brand improved its score in the customer loyalty survey year on year, reaching 92 points. Our other brand, Mogaz, maintained its upward trend since 2017 by receiving 89 points in 2021.

According to the results of the autogas customer satisfaction survey conducted in 27 provinces with the participation of 3,825 respondents: Aygaz Autogas outperformed the sector's loyalty average with a score of 92, maintaining its leadership. On the other hand, Mogaz Autogas continued its ascent in the recent years, ranking within the sector average with 89 points.

At Aygaz, we have maintained our leadership in customer loyalty and satisfaction since 2003 in the cylinder gas and autogas segments as our two key areas of operation. We continue to deliver our products and services quickly and safely in line with customer demand.

With Aygaz Express that we upgraded in 2021, we improve the dealership management processes and provide dealers with information and tools to manage their businesses better. With our digital customer and order tracking system, we aim to offer personalized services and deals by building a customer database in compliance with applicable legislation and contribute to the sales and customer satisfaction goals of the company.

Communicating with the Customers

We closely follow the changing media consumption habits of the customers and engage in communication activities in conventional national and local

channels. We strengthen customer communications and engagement through various digital platforms, starting with social media. We also use accessible and efficient digital channels as an integral part of our communication activities. Furthermore, we facilitate customers' access to Aygaz and accelerate the processes with digital applications.

As usual, we ran campaigns in collaboration with business partners from different industries in 2021. We launched credit card campaigns with partnering banks, local supermarket campaigns in various cities, and digital campaigns based on changing consumer behavior by considering both national and local needs and preferences of customers. We continue to make strides toward company targets by enhancing the brand image and service quality of Aygaz through the campaigns we launch.

We rigorously monitor all opinions and complaints received through all the communication channels and take action as needed. In line with the ISO 10002 Customer Satisfaction Management System and internal policies, we manage customer complaints in international standards. The practices within the scope of our complaint process encompass all of our products. In 2021, we received 25,522 complaints via all our communication channels.

Please click to access Aygaz Customer Complaints Management Commitment.

Data Privacy and Information Security

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

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

We ensure system continuity by performing internal and external audits according to the ISO 27001 Information Security Management System. We also organize meetings where we review the Management Systems applications for effectiveness, compliance with the strategic goals and adequacy to raise awareness. Last year, we started working on internal expectations and actions by holding coordination meetings with all process owners to address effective process management.

Please click to access Aygaz Information Security Policy.

Protecting the information that our customers provide is critically important to us. Therefore, we sign non-disclosure agreements to ensure information security and we respect the data privacy of our stakeholders. We value the importance of properly using the information and data belonging to the people working for our organization, our customers and all other stakeholders. As part of the personal data protection efforts, we process data in accordance with the applicable laws and principles. Furthermore, we restrict access to the Koç System servers for information security purposes. Accordingly, the dealers are granted access to limited information. With Dealer Agreements, renewed every five years, we ensure that the dealers' information is under legal protection. We have not received any complaints in 2021 regarding the confidentiality of customer information, breaches or loss of customer data.

As Aygaz, we have maintained our leadership in customer loyalty and satisfaction since 2003 in the cylinder gas and autogas segments as our two key areas of operation.



SUSTAINABLE OPERATIONS





Supply Chain Management

Quality and Safety in the Distribution Network

- *Logistics*

Sustainable Operations

At Aygaz, we regard the concept of sustainability as a pillar of our operational processes.

The rising demand for low-carbon fuel as a result of heightened climate change risks has led to an increase in global LPG consumption. Therefore, LPG will continue to be consumed at a faster pace and play a key role in the energy sector in the future as it does today. The momentum seen in LPG consumption also intensifies our focus on sustainable operations. At Aygaz, we regard the concept of sustainability as a pillar of our operational processes. As the prolonged COVID-19 pandemic still caused disruptions in 2021, we continued our LPG sourcing, production and distribution operations seamlessly. We prioritize operational excellence and safety by considering quality, ethical principles, environmental and social conditions across the value chain. At Aygaz, our operations include a broad range of processes such as LPG sourcing, delivering products to the end-consumer and collecting the used products. These operations require us to manage the value chain with an integrated model. We operate with an extensive dealer and logistics network across Turkey and strive to ensure that all consumers have easy access to Aygaz products while we also work to achieve high quality and safety in distribution operations.

Supply Chain Management

The uncertainties encountered in the sourcing processes in the recent years created significant vulnerabilities in many companies' supply chain management. We follow the practices that apply to the entire value chain and mitigate the risks and integrate them into our supply chain management processes.

Supplying LPG, other services and goods constitutes the first link in the value chain of Aygaz. Therefore, the safety measures we implement in each link of the supply chain are critical. We use our Supplier Portal to provide transparent, fast and accurate purchasing processes. We work with a total of 2,132 suppliers, 95% of which are local. Except for LPG, all services and products are procured locally.

2,132
suppliers



Our “Centralizing Supply Processes” project, which makes it possible to run all supply processes on a single system, increases efficiency. As of 2021, the centralized procurement ratio within Aygaz Group rose to 83%.

We consider several criteria including human rights, working conditions, occupational health and safety, anti-corruption practices, and the

environment when selecting our suppliers. We are also committed to complying with the criteria of the United Nations Global Compact, of which we are a signatory. We do not procure products and services from suppliers that do not meet these criteria. In 2021, we conducted audits in 181 suppliers.

In 2021, we published the Supply Chain Compliance Policy on the Public

Disclosure Platform and the corporate website to share the core principles and values of Aygaz Group with our business partners and provide guidance on the standards with which they are expected to comply.

Please click to access more information about the Supply Chain Compliance Policy.

We published the Supply Chain Compliance Policy in 2021.





Quality and Safety in the Distribution Network

Every day, we deliver cylinders of Aygaz and our other brands to approximately 40 thousand homes while nearly 200 thousand autogas-powered vehicles fill up their tanks at our stations. With our sustainability efforts, we aim to achieve product and distribution safety in world standards. Therefore, we use the most advanced technological infrastructure in LPG distribution and the production of LPG cylinders, tanks, valves, and regulators.

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

build the infrastructure that will deliver efficiency in both logistics and quality management. The legislation regulating transparent tracking will become effective at the end of 2023.

To date, we have labelled 17.7 million cylinders with QR codes and logged more than 120 million cylinder movements in the cylinder gas sector. The project that has laid the foundation for big data makes it possible to monitor our cylinders more effectively during their lifecycles. We own the intellectual rights to this application and lead the industry in terms of transparency and efficiency as we will start issuing licenses to other players in the sector in the near future.

Dealers: Our strong dealer network plays a critical role in our success and achieving high levels of customer satisfaction throughout the country.

We serve our consumers through 2,259 cylinder gas dealers and 1,781 autogas stations across Turkey with our Aygaz and Mogaz brands. We expect all our dealers to provide services in the highest standards and to fully comply with quality and safety requirements. The training we deliver to the dealers and the close relations we build with them ensure that we achieve the targeted quality and customer satisfaction levels.

We engage in two-way communication using the Dealer Hotline, dealer portal, campaigns, regional dealer meetings, and dealer visits. We assess complaints and suggestions received through various communication channels. The dealers may submit feedback regarding any practice, application, or new products and services via the portal. We use the suggestions and complaints we collect to improve customer satisfaction

levels and enhance products and services. We also reward successful practices. The satisfaction surveys conducted via Koç Holding help us measure the satisfaction and loyalty levels of our dealers.

As part of the training programs, the Aygaz Training Bus would travel all around Turkey, providing service and safety training for dealers and dealership employees in the pre-pandemic era. Due to the pandemic, these programs continued on digital platforms in 2021. All dealer employees were regularly informed about hygiene and social distancing rules within the preventative measures implemented during the pandemic

The enhancement work on Aygaz Express, our order tracking system, continued in 2021. With the updated Aygaz Express, we aim to improve the dealership management processes and provide dealers with information and tools to manage their businesses better, offer personalized services and deals, and contribute to the sales and customer satisfaction goals of the company.

Logistics

The COVID-19 pandemic proved how crucial it is to maintain logistics operations. At Aygaz, we take measures against many potential global risks in the post-pandemic era and accelerate our efforts to ensure sustainability in transportation activities. Accordingly, we implement the highest safety standards while carrying out the logistics operations. LPG is an explosive and flammable substance; therefore, we never compromise quality and safety in our logistics operations from sourcing to distribution by land and maritime transport. We optimize our logistics network using digital systems and data analytics based on the distribution and volume of our sales by considering vehicle capacity, distribution routes

and numbers. We have the largest LPG road fleet in Turkey with more than 300 tanker trucks and nearly 200 autogas tanker trucks. We use the Station Inventory Management and Tanker Routing Systems when we supply LPG to more than 1,700 autogas stations. These systems enable automatic order creation and managing the distribution network with optimal routes without the need for human intervention, thus improving efficiency and improving dealer satisfaction.

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

In addition to road transportation, we also engage in maritime transportation. In imports and exports, ships account for a significant part of maritime transportation of LPG between sea terminals. As well as accounting for 37% of Turkey's LPG imports, we also run the country's largest maritime logistics operations. In 2010, Aygaz assigned the management of its LPG carriers to its subsidiary Anadoluhisarı Tankercilik A.Ş. The fleet currently has a total capacity of 28,800 cubic meters with three specially equipped, full-pressure carriers with an average age of 16 years. In 2021, Anadoluhisarı Tankercilik accounted for 5% of Aygaz's maritime procurement and transportation activities.

As with all stages of our operations, meeting high quality and safety standards in our storage areas is one of our top priorities. We have the largest LPG storage capacity in Turkey

with five sea terminals equipped with state-of-the-art technologies that meet international standards and have a capacity of 178,400 cubic meters. In addition, we have six filling stations, seven distribution centers, and one production facility that manufactures pressurized containers and accessories.



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EMPLOYEES





Equal Opportunity and Diversity

**Integrated Career and Talent
Management**

**Employee Loyalty and Efficiency
at Work**

Occupational Health and Safety

Employees

Qualified human resource is the most important stakeholder that shapes the present and future of Aygaz.

We adopt a human resources management approach focused on employee satisfaction, continuous improvement, and two-way open communication to encompass all stakeholder groups. Guided by the words of our founder Vehbi Koç, "Our most valuable capital is our human resource," we base our human resources policies on the principles of modernity, transparency and equality.

In 2021, our total workforce reached 1,472 employees with an average age of 39 while the average term of employment at the company was 8.7 years. 70% of all employees on indefinite employment contracts hold graduate, undergraduate and associate degrees while this ratio reaches 91% among office employees.

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

Please click to access Aygaz Human Resources Policy.

Equal Opportunity and Diversity

We promote gender equality and diversity in the LPG and energy sector and participate in the efforts to increase women's active participation in the workforce. We apply equal opportunity in recruitment, performance management, remuneration, training and development processes and strive to improve diversity further.

Aygaz became a signatory of the United Nations Women's Empowerment Principles in 2016. In 2022, we joined the movement for equal opportunity for women's employment in technology and innovation, as part of UN Women's Generation

1,472
employees



Equality Forum, with Koç Holding as a global leader. We believe that we drive our work on inclusivity forward with commitments that contribute to female representation in technology and innovation. Accordingly, we aim to increase female employment in technology and innovation from 13% to 35% and the ratio of female managers in this field from 12% to 21%. In addition to these commitments, we aim to launch projects that will contribute to the transformation of all our stakeholders and society. Our

goal is to contribute to gender equality in the technology and innovation ecosystem by reaching 100,000 women and girls from different age groups through education, mentoring and scholarship programs by 2026. At Aygaz, women account for 15% of all employees, and men for 85%. The ratio of female managers in decision-making positions rose from 15% in 2020 to 17% in 2021. Meanwhile the ratio of women in executive management roles reached 18% in 2021, up from 10% the previous year.

We disclosed our commitments to promote equal opportunity and improve diversity within Aygaz. We aim to increase female employment in technology and innovation to 35% and the ratio of female managers to 21%.

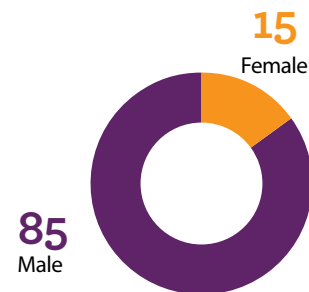
The ratio of women in executive management roles reached 18% in 2021, up from 10% the previous year.



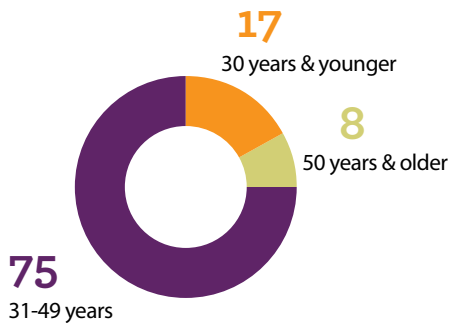
Employees by Category (%)



Employees by Gender (%)



Employees by Age (%)



Integrated Career and Talent Management

Qualified human resource is the most important stakeholder that shapes the present and future of Aygaz. In hiring skilled employees who will serve the company's vision, we apply various selection and placement processes, which include group interviews with participation from all management levels, case studies, presentations, foreign language assessments, numerical and verbal aptitude tests, personality inventories, and reference checks. Candidates are assessed for prospective roles without considering concepts such as fair competition, religion, language, race, ethnicity, and gender while the recruitment strategies are adjusted annually to align with global trends.

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

We manage the recruitment process with "the right candidate for the right position" and "equality at work" approaches. Starting from the moment the candidates accept an offer, they undergo a comprehensive, interactive and digital onboarding program. We designed the technology-driven onboarding program to enable the newcomers to adapt to the company processes and their duties as quickly as possible. We also help the employees map their careers by considering both their existing knowledge, skills and competencies and also their career aspirations.

Performance System

With the performance management system, we aim for a transparent and objective assessment of the employee's performance. Accordingly, we introduced the Koç Dialogue performance system, based on objective and critical results with dialogue placed at the core in 2021. With a completely updated flow and digital infrastructure, this system provides an environment where the employees can set their targets, get the necessary approvals, and access anywhere anytime digitally. With the Koç Dialogue process, 3,500 OKR (Objectives and Key Results) and 11,824 KR (Key Results) were created in 2021.

In the new dialogue-focused system, the conversations between the managers and the employees during check-ins strengthened team communications, resulting in an efficiency score of 4.7/5. On the other hand, the satisfaction score of the system rose from 44.17 to 60.03 according to the employees' assessments. The training programs, prepared in collaboration with some of the best in the corporate training world, including Emeritus, NeuroLeadership Institute (NLI), and Columbia Business School, were first introduced in 2020 and made available to all Aygaz office employees in 2021. Furthermore, the Koç Dialogue Online Awareness Webinars, organized to promote the system and ensure its adoption, are ongoing.

Competency Assessment Process

In 2021, we designed a 360-Degree Competency Awareness Form to define the skill sets of the employees at all levels and support them throughout their careers at Aygaz. With the 360-Degree Competency Assessment process, the employees recognize their

strengths and development areas on their personal leadership journeys and identify their development areas more accurately. In the first year, 250 employees participated in the competency assessment process, which we plan to expand in scope in the years to come.

Agile Recognition and Rewarding System

We launched the “You Are Part of the Success” System as an agile project to encourage the employees to work toward the company’s goals while developing themselves and to motivate them by recognizing their success and efforts. We designed this system, which is based on agile project management principles, to include four processes: Good Job, Bright Star, Supporting Us, and Driving Our Success. The Good Job category recognizes the successes of the employees every week following the achievement. The Bright Star category celebrates instant successes of the employee/team and aims to create opportunities for recognition and rewarding based on a flexible schedule. In this category, we rewarded 200 employees throughout the year. The Supporting Us category aims to identify the employees who make a difference within the Aygaz Group, and recognize, appreciate, and reward their achievements. This approach increases loyalty and promotes exemplary behaviors across functions. The Driving Our Success category aims to recognize, appreciate and reward the outstanding achievements of the employees identified in the “Supporting Us” category and that make significant contributions to the company.

Training and Development Programs

We organize a range of training and development programs and activities to

continuously develop the employees, build future competencies, and improve their leadership skills. With a wide range of video training content from technology and personal development to wellness, family, and hobbies, the employees learn and develop remotely on the Koç Academy online video training platform. Important information, useful suggestions, and tips that may be necessary for the changing daily routines that were affected during the pandemic are added to Koç Academy every week by Koç Holding, and the contents are communicated to all the employees by the Human Resources department. Additionally, training content of nationally and internationally recognized experts and organizations available at the TISK and MESS Academy, a digital learning resource, are also offered. The employees easily access and take the training programs on these platforms on topics ranging from leadership to technical subjects as well as required subjects. In 2021, total training time was 59,835 person*hours while the average training time per person reached nearly 46 hours.

Koç Dialogue Training Programs:

The training programs designed in partnership with Emeritus to build on the knowledge and skills that the employees would need throughout the Koç Dialogue performance process develop the employees and the teams in various areas such as next-generation goal setting, learning agility, feedback culture, and quality and proper communication, while contributing significantly to cultural transformation. This year, all office employees were included in the program, which was completed by 92% of Aygaz employees.

Koç Holding Education Collaborations:

Managers from all levels may attend

We manage the recruitment process with “the right candidate for the right position” and “equality at work” approaches.

The New Competencies at Aygaz Group Basic Competencies:

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

Functional Competencies:

- Innovation
- Perfectionism
- Commercial Focus

Leadership Competencies:

- Inspiring
- Managing Talent

In 2021, total training time was 59,835 person*hours while the average training time per person reached nearly 46 hours.

PDP (Personal Development Program), AMP (Advanced Management Program), MAP (Management Acceleration Program), LSI (Leading with Strategic Impact), and LEAD programs that Koç Holding prepares and customizes for different levels of potential employee groups in collaboration with some of the world's leading educational institutions. Employees and managers are also encouraged to take the HBX, Udacity, MIT, and Code Academy digital transformation programs that develop digital skills online as well as Koç University Executive MBA, Modular and Technical MBA programs.

AyLearn Training and Development Catalogue: We regularly review and update the training and development catalogue, which contains training programs to develop the employees' knowledge and skills with theory and practice and prepare them for the future with improved competencies. The training programs are grouped into core, functional and leadership competencies. In total, 534 office employees attended

the training programs, which they rated with an overall score of 4.6 on the 5-point training assessment scale. As a result, the training category score in the employee assessment survey rose from 84.33 to 86.23.

Leadership with a Coaching Approach: With this program, designed to support leadership competencies with a coaching approach, we aim to enable Aygaz managers to address the development process from a holistic perspective and coach their teams during the OKR check-ins. The program consists of six sessions and 92 leaders in total have participated in the first session.

Foreign Language Education: We highly value the importance of improving the foreign language skills of the employees and offer them online, classroom, and one-to-one English language education. As part of these activities, English Ninjas, a platform where employees from all around the world can practice speaking with native English instructors in video and audio calls on mobile or



web, continued during the year. To date, 93 employees have benefited from this platform.

MentHall, the Meeting Point: In 2021, we reorganized the ongoing mentoring programs under the “Meeting Point for Learners – MentHall” umbrella structure. MentHall uses tools such as the pairing survey to ensure that the mentor-mentee pairings fully meet the expectations and the career inventory to help the employee recognize his/her needs for mentoring purposes. Once the application and pairing processes were completed, all the paired mentors and mentees in the mentoring and reverse mentoring programs received online training from a mentoring training firm. The program enables the interviews to be conducted online and all the processes to be monitored on a digital platform. Common experiences are shared with the participants and Human Resources during supervision meetings. In 2021, 36 employees participated in the “Ask Someone Who Knows” mentoring program and 8 employees participated in the “Learn From Someone Young” reverse mentoring program.

Next-generation Internship Experience: At Aygaz, we quickly adapted to the changing conditions that the pandemic brought about and redesigned the internship programs offered to the students to take place online. After engaging with the students in the Koç Holding online career fair, we revised the entire process to run online. The interns, who are regarded as future Koç employees, went through an end-to-end employee experience that involved orientation, presentations, project work, career development, and performance assessment. 21 students took part in the online Internship programs in 2021 and the intern experience survey conducted at the end of the internship resulted with a high NPS score of +73 points.

Employee Loyalty and Efficiency at Work

At Aygaz, we strive to provide a work environment where the employees feel happy and efficient and that their development is supported. Accordingly, we address the employee experience with a holistic approach and place it among our priorities. We develop strategies to create an employee experience that promotes learning, change and being open to development, embrace the digital transformation processes, improves the work environments, and unlocks the employees’ potential. For these purposes, we apply agile transformation processes. Accordingly, we transformed the action planning processes to increase the participation of colleagues from different groups while remaining focused on improving the quality of planned actions. To achieve this goal, we formed an “Employee Experience Agile Team” at Aygaz, making sure that it would have a representative from each unit to consider specific needs. We care about improving two-way communication with the employees and encourage them to share their experiences.

Every year, we conduct employee loyalty surveys through an independent research firm. The outputs of these surveys are used to analyze the strengths and development areas, review human resources policies, create action plans, and increase loyalty. In 2021, the employee loyalty score of Aygaz was 67.5.

In addition to the annual employee loyalty survey, we conducted monthly mood surveys to better understand the needs and feelings of the employees and introduced other practices such as HR Break to enable the employees who are in remote areas to share their expectations and experiences. Throughout the year, we organized various activities, including a Talk with



In 2021, our employee loyalty score was 67.5.

We manage all the OHS processes in compliance with the ISO 45001 Occupational Health and Safety Management System, which we have applied since 2019. We operate at 12 locations, including the Head Office, the Gebze Plant, and other facilities, all holding ISO 45001 certification.



the Workplace Physician, Yoga Day, and Breathing Workshop. Furthermore, we created Teams groups to bring together Aygaz employees with similar interests. All employees can contact the Human Resources team by email, quickly seek and find support.

Remuneration, Benefits and Flexible Working

The remuneration policy, determined in line with the company's current wage structure, position in the market, competition, and financial means, is applied fairly without any bias for gender, language, religion, and race, and is based on the "equal pay for equal work" approach. Remuneration for unionized employees is determined according to the collective bargaining agreements with MESS (Turkish Employers Association of Metal Industries) and the Turkish Metal Union for the employees working in the metal business lines or Turkish Seamen's Union for the seafaring employees. Employees are paid 12 salaries + 4 bonuses per year, while all employees are offered comprehensive fringe benefits of Koç Group, standard or varied depending on the position.

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

Occupational Health and Safety

Providing a healthy and safe work environment for our employees is a key priority for us. The LPG sector, as our primary field of operations, is known to contain many OHS risks, which we strive to manage most effectively. For this purpose, we deliver training programs to raise OHS awareness among the employees and the subcontractors. We ensure that the measures implemented against the OHS risks we have identified

in accordance with our zero accident target are maintained. We manage all the OHS processes in compliance with the ISO 45001 Occupational Health and Safety Management System, which we have applied since 2019. We operate at 12 locations, including the Head Office, the Gebze Plant, and other facilities, all holding ISO 45001 Occupational Health and Safety Management System Certification. The Quality System, HSE-S and Industry Relations Manager reports the OHS actions taken and planned in the business units and the OHS performances to the Assistant General Manager - Technical Affairs and Investments, the highest level executive responsible for OHS.

The facilities and work sites have OHS committees, which consist of members representing the employees in those locations. We regularly monitor and report our OHS performance. Furthermore, the committees consisting of employer representatives, occupational safety experts, workplace physicians, employees, employee representatives, and union representatives in some facilities address the OHS issues on a monthly basis and draw up improvement plans.

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

In 2021, we delivered a total of 19,801 person*hours of training to the employees of Aygaz and



subcontractors to raise awareness on OHS, fire, and emergency response and supported some of the trainings with drills. Furthermore, we provided 165 person*hours of online training to raise awareness about emergency and near-miss situations. On August 17, we used the online training platform to raise earthquake awareness. We also organized an "Illustration Competition" to draw the attention of office and field employees to occupational health and safety violations in the workplace. The competition, held on an open platform accessible to all employees, aimed to highlight the potential violations in the work environment and alert them to the risk of becoming injured to the dangers.

In addition to ensuring business continuity, protecting the health of all the stakeholders, including the employees, dealers and transporters remained our priority during the pandemic. We regularly followed the decisions announced by the ministry and the governor's office and prepared the required documents, implemented

quarantine and isolation measures, and performed field inspections. We also carried out awareness-raising activities about the precautions that should be taken to inform the employees to implement these measures both in the workplace and also in social life.

The COVID-19 practices and measures were reviewed with on-site inspections at the Gebze Plant, Yarımca Terminal Directorate, and the company's affiliate in the water business, Bal Kaynak Su İnegöl Plant. As a result of the inspections, the validity of these sites' COVID-19 Safe Production Certificates was extended. As part of the digitalization process, WorkSafe software was integrated with SAP in 2021, enabling access to the latest employee lists while migration of the basic occupational health and training program and the employees' period health checks to the system continued.

Thanks to our extensive OHS activities, no employees, including those of the subcontractors, had any occupational

diseases or fatal accidents in 2021.

The subcontractor accident frequency rate was 9.35 and lost day rate 0.07.

We continue to raise OHS awareness among the workforce by delivering OHS training programs for both our own and the subcontractors' employees.

In 2021, we delivered a total of 19,801 person*hours of training on OHS, fire, and emergency response to the employees and the subcontractors and supported some of the trainings with drills.

ENVIRONMENTAL RESPONSIBILITY





Climate Change and Energy Management

- *Climate Performance of the Products*
-

Waste and Water Management

Biodiversity

Environmental Responsibility

We apply the environment and energy management system with a holistic approach together with the other management systems.

Environmental responsibility is one of the main pillars of our sustainability approach. Therefore, we adopt minimizing the negative environmental impact of our products and activities as a principle. We also provide environmental training programs to raise awareness about environment-related issues. In addition to the training programs delivered by environmental officers, we also pay monthly visits to our locations and report on their environmental status. We then take the necessary actions based on the development areas pointed out in these reports. In 2021, we did not receive any environmental fines.

We do not limit environmental awareness to our employees and we aim to extend this culture to their families and friends as well through informative activities and events.

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

Climate Change and Energy Management

Climate change is among the most serious challenges of this era. Climate change causes extreme weather events and the changing conditions impact many sectors directly and indirectly in different ways.

In 2021

647

person*hours of environmental training



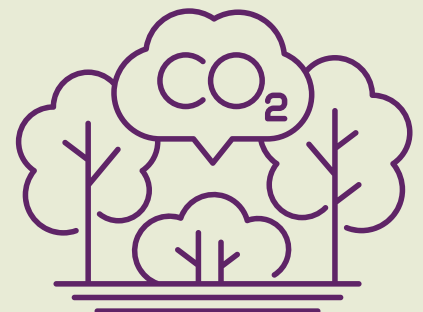
As LPG is used more and more around the world and encouraged in many countries, it also stands out as an alternative energy source during the transition process in order for companies to reach their carbon targets. At Aygaz, we recognize the impact that fossil fuels have on climate change; therefore, we assess the risks and opportunities for our business and plan the necessary actions. Our Climate Change Strategy guides our activities to reduce energy consumption and

greenhouse gas emissions and raise awareness among our stakeholders across the value chain from sourcing to the end product.

Koç Holding has joined the companies supporting the Task Force on Climate-Related Financial Disclosures (TCFD). With this, Koç Holding aims to manage the risks and potential opportunities created by climate change according to TCFD, regularly disclose them to its stakeholders, and spread them in its

ecosystem. At Aygaz, we align with this approach, regard climate change as an important risk with significant environmental and socioeconomic consequences, and analyze our risks to build a sustainable business model. As we move toward a low-carbon economy, we develop our products and services with this approach and place sustainability at the core of this development process. At Aygaz, we closely follow the international standards, and the global and local

At Aygaz, we are working toward Koç Holding's 2050 carbon neutrality target, aiming to reduce Scope 1 and Scope 2 greenhouse gas emissions by 27% and 49% by 2030 and 2040, respectively.

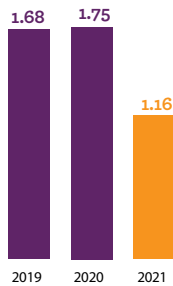




Yarımcı Terminal and Gebze Plant provided 122 person*hours of Energy Awareness Training to the employees. Renewable energy sources play a critical role in reducing carbon emissions. In line with the Carbon Transition Program that Koç Holding launched, we focused on data analytics, assurance, and efficiency projects to manage and reduce emissions throughout the year.

Greenhouse Gas Intensity

(ton CO₂ / TL million)



developments, and apply an effective environment and energy management in line with our Climate Change Strategy.

Please visit the corporate website for more information on Aygaz Climate Change Strategy.

In 2021, the impact of the energy efficiency projects implemented in six Aygaz locations was 20 MWh in electricity savings and 14,700 cubic meters in natural gas. On the other hand, the impact of the five energy efficiency projects at the Gebze Plant was 87 MWh in electricity savings

and 111,000 cubic meters in natural gas. Annually, energy savings of 99 TEP (4,147 GJ) and 293 tons of CO₂e reduction were achieved.

Arinna Project: As part of the Arinna Project, we installed a solar energy system on the roof of the Gebze Plant Administration Building. With this power generation equipment, which has a total capacity of 75 kW and combines three different solar panel technologies (polycrystalline, monocrystalline, and thin film) each with a capacity of 25 kW, we generate electricity while searching for the ideal solution by comparing different panel technologies. In 2021,



this project generated 203 GJ of solar energy at the Gebze Plant.

Low-carbon Products

Climate change occurs not only during production but also when we use products with environmental impact. Therefore, we need to generate solutions to ensure that products function in a way that minimizes this impact.

With a lower carbon-hydrogen ratio among fossil fuels, LPG causes less carbon emissions as well as lower particulate matter (PM) and nitrogen oxide emissions (NOx).

GreenOdor: LPG is a colorless and odorless gas that is typically odorized with sulfur components worldwide. This odorization process, which enables detection of leaks, causes the release of sulfur oxides after burning. We launched a project at the R&D Center to develop a sulfur-free odorant as a first in the world to eliminate the release of sulfur oxides with the support of TÜBİTAK TEYDEB and

Aygaz Climate Change Strategy

includes the following focus areas:

Working to minimize the potential environmental impact of our operations

Organizing training programs and activities that contribute to the employees and social awareness

Innovating to develop new business lines and business models by considering climate change related factors in all our operations, including R&D activities

Leading the way in drafting regulations and standards on environmental management, starting with tackling climate change in our field of operation and collaborating with NGOs and relevant platforms

Using energy efficient technologies and identifying material aspects according to the sustainability principle

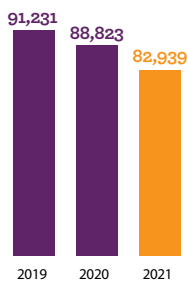
Raising awareness among the potential and existing consumers about the environment-friendly features of autogas compared to other fuel types

Defining and implementing ecofriendly purchasing criteria

Informing the public and consumers about climate change to promote the use of LPG



Water consumption (m³)



We implemented the Zero Waste Management System in all terminal directorates and filling facilities and also received Basic Zero Waste Certification for the Head Office in 2021.

Istanbul University's Technocity. Once the research and development, and field work phases of the project were completed, we patented the product. By launching the internationally registered GreenOdor product onto the market, we aim to prevent 40 tons of sulfur emissions every year while improving the reputation of Aygaz.

*More information can be found in the **New and Innovative Products and Applications** section of this report.*

Waste and Water Management

In compliance with our waste management approach, we monitor our impact across the value chain and reduce waste starting at the source and either recycle the waste materials or ensure their safe disposal when recycling or recovery is not an option.

As part of the Zero Waste Project, launched in 2018 to reduce the quantity of waste sent to landfills to

zero, we implemented the Zero Waste Management System in all terminal directorates and filling facilities in 2021.

With our water management approach, we aim to maximize recovery by ensuring that water is used as efficiently as possible. The total quantity of water recycled, recovered and reused amounted to 188,095 cubic meters in 2021.

Biodiversity

Biodiversity plays a critical role in sustaining the ecosystem and creating a healthy environment. We identify our priorities in this area and monitor the impact and risks of our operations on biodiversity, managing these in line with the Biodiversity Policy, developed in cooperation with Koç Holding and the Nature Conservation Center.

We adopt a protective approach to ecosystems and all their different components, habitats, ecosystem services and all species.

- In the investment processes, we address potential impact with environmental impact assessments in new fields of operation and take the necessary precautions if impacts on biodiversity are identified.
- We do not operate in locations identified as natural conservation areas according to the regulations and international agreements or in the Ramsar Convention's protection areas.
- No land or water resources are affected by our operations in terms of biodiversity.
- In addition to considering the negative impact on biodiversity, we also enter into partnerships and support various projects to protect biodiversity.

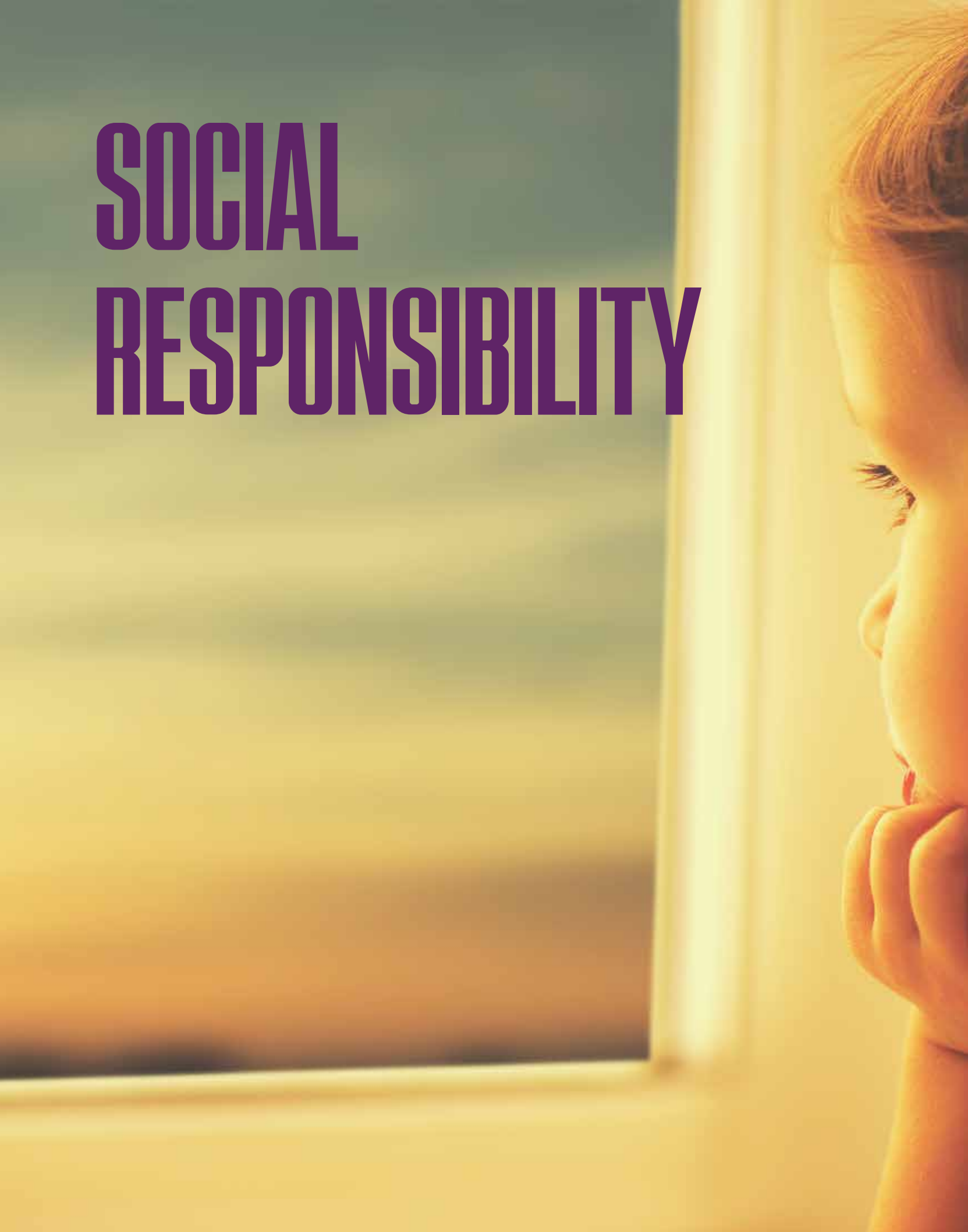
We have supported a number of projects conducted by the Mediterranean Conservation Society since 2015. These include contributing to the protection of species such as the

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

We have supported various projects of the Mediterranean Conservation Society since 2015 and contributed to the protection of species such as the Mediterranean Monkfish (*Monachus monachus*) and Sandbar Shark (*Carcharhinus plumbeus*) as part of the Gökova Bay Marine Protection Areas Monitoring and Protection Project.



SOCIAL RESPONSIBILITY





Culture and Arts

Environment

Sports

Education

Social Responsibility

At Aygaz, we carry out and support various projects in areas such as culture and arts, environment, sports, and education to contribute to the development of society.

We lead the industry with pioneering works in our fields of operation and also undertake value adding projects in issues that concern the community and the environment. At Aygaz, we recognize our responsibilities as a corporate citizen and support several projects in areas such as culture and arts, environment, sports, and education, many among the UN Sustainable Development Goals, investing in the future. We value the importance of developing our local communities and the regions where we operate and contribute to environmental, social and cultural development through social responsibility projects.

Culture and Arts

Excavations in the ancient city of Sagalassos

Since 2005, we have supported the excavations at the Sagalassos Ancient City, located at the foothills of the Taurus Mountains, with traces of the first settlement dating back to 4200 BCE. The archaeological work in the Upper Agora, which Aygaz has supported since 2017, has been completed. In 2021, the scope expanded with the addition of the previous anastylosis projects undertaken in Sagalassos to the target area, which includes the Upper Agora. The impact of the COVID-19 pandemic and limited availability of financial resources forced the project to limit the work in 2021 to a smaller scale than planned. The architectural documentation, conservation, and restoration activities in and around the Upper Agora focused on three objectives: Architectural documentation, research and conservation, feasibility studies for future anastylosis projects, restoration, and structural reinforcement.

Iznik Tile Kilns Excavation

In 2021, we added the Iznik Tile Kilns Excavation as a new archaeological excavation to the projects we support. Iznik Excavations, focused on the whole and various aspects of Iznik's historical and cultural heritage, took place in two periods. In the



first period between 1963 and 1969, the Orhan Imaret and Hammam was unearthed. The second period of excavations started in 1981 and focused on kilns, firing technology, and analyses. In phase II excavations between 1981 and 2021, approximately 10,000 finds were unearthed, analyzed, and indexed in technical records. Many more findings were archived as study material for future excavation seasons.

Istanbul Theatre Festival Sponsorship

At Aygaz, we have supported the theater since 2004. In 2021, Aygaz continued to be a co-sponsor of the Istanbul Theatre Festival. The 25th edition of the festival took place in a hybrid format combining physical and online stages and featured 25 plays, attracting nearly 8 thousand viewers to the theaters and approximately 7 thousand to online shows.

Books on the History of Ottoman Diplomacy

History of Ottoman Diplomacy is among the many cultural activities of Aygaz. With this project, documents and information curated from the Ottoman archives are published in book form. With seven more books added in 2021, the total number of published works now stands at 93.

Environment

“What will the weather be like tomorrow?” Project

This project, launched in 2010 in cooperation with the Regional Environmental Center (REC), is ongoing with support from the Ministry of Environment and Forestry. Meanwhile, educational programs are offered at the Rahmi M. Koç Museum since 2012. The Climate Change Awareness Workshop hosted in the museum’s Discovery Globe was attended by 1,635 students from 35 schools in the January – December 2021 period. To date, 101,209 students from 2,335 schools have attended these workshops.

Sports

Sports Club Sponsorships

Sports is another social field that we support. Since 2013, Aygaz with its Mogaz brand has sponsored the Beşiktaş Handball Team. This sponsorship by a private sector company as a first in the handball discipline has continued with the Aygaz brand since the 2019 season through 2021. Beşiktaş Aygaz Handball Team successfully represents Turkey in the European Handball Federation (EHF) Champions League. As we continued to extend our support to other sports disciplines, we became a sponsor of the Fenerbahçe Sports Club Professional

Football A Team. In addition to handball and football, we also began to sponsor Tofaş Basketball Team in the 2019-2020 season.

Education

Aygaz Firefly Education Unit

At Aygaz, we have supported the education of children and young people in partnership with the Education Volunteers Foundation of Turkey (TEGV) since 2001. As part of the Firefly Education Unit Program, we reached 13,391 students at 67 locations in 31 cities across Turkey remotely via the TEGV Digital Education Platform in the 2019-2020 period.

At Aygaz, we value the importance of developing our local communities and the regions where we operate and contribute to environmental, social and cultural development through social responsibility projects.

At Aygaz, we have supported the theater since 2004. In 2021, Aygaz continued to be a co-sponsor of the Istanbul Theatre Festival.



STAKEHOLDER COMMUNICATIONS





Memberships and Affiliations

Stakeholder Communications

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

Please click to find out more about Aygaz Disclosure Policy.

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

Memberships and Affiliations

We engage with several organizations in our stakeholder ecosystem through memberships and affiliations to undertake various joint projects and programs.

- Adana Chamber of Commerce
- Aegean Region Chamber of Industry
- Aerosol Manufacturers Association
- Aliğa Chamber of Commerce
- Ankara Chamber of Commerce
- Ankara Chamber of Industry
- Antalya Chamber of Commerce and Industry
- Association of E-Commerce Operators (ETİD)
- British Chamber of Commerce in Turkey (BCCT)
- Bursa Chamber of Commerce and Industry
- Business Council for Sustainable Development Turkey (BCSD Turkey)
- Chemical Petroleum Rubber and Plastic Industries Employers' Association of Turkey (KİPLAS)
- Corporate Communications Association
- Corporate Governance Association of Turkey (TKYD)
- Deniz Temiz Association - TURMEPA
- Denizli Chamber of Commerce
- Diyarbakır Chamber of Commerce and Industry
- Dört Yol Chamber of Commerce and Industry
- Erzurum Chamber of Commerce and Industry
- Eskişehir Chamber of Commerce
- Eskişehir Chamber of Industry
- European LPG Association of (AEGPL)
- Foreign Economic Relations Board (DEİK)
- Gaziantep Chamber of Commerce
- Gebze Organized Industrial Zone Manufacturers Association
- International Chamber of Commerce (ICC)
- Iskenderun Chamber of Commerce and Industry
- Isparta Chamber of Commerce and Industry
- Istanbul Chamber of Commerce (İTO)
- Istanbul Chamber of Industry (ISO)
- Istanbul Foundation for Culture and Arts (İKSV)
- Istanbul Mineral and Metals Exporters' Association
- Izmir Chamber of Commerce
- Kayseri Chamber of Commerce
- KEİRETSU- Angel Investors Network
- Kırıkkale Chamber of Commerce and Industry
- Kırıkkale Provincial Employment and Vocational Education Board
- Kocaeli Chamber of Industry
- Koç Group Executives Association
- Körfez Chamber of Commerce
- Körfez Petroleum Products and Manufacturers Association
- Lüleburgaz Chamber of Commerce and Industry (LTSO)
- Mersin Chamber of Commerce and Industry
- Nazilli Chamber of Commerce
- People Management Association of Turkey (PERYÖN)
- Safranbolu Chamber of Commerce and Industry
- Samsun Chamber of Commerce and Industry
- Technology and Licensing Executives Association
- Trabzon Chamber of Commerce and Industry
- Turkish Association of Advertising Agencies
- Turkish Chamber of Shipping
- Turkish Confederation of Employer Associations (TİSK)
- Turkish Employers' Association of Metal Industries (MESS)
- Turkish Foreign Trade Association
- Turkish Industry and Business Association (TÜSİAD)
- Turkish Investor Relations Society
- Turkish LPG Association
- Turkish Quality Association (KalDer)
- Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- World Energy Council Turkish National Committee
- World LPG Association (WLPGA)

Environmental Performance Indicators

ENERGY CONSUMPTION (GJ)	2019	2020	2021
Renewable energy consumption	260	331	409
Indirect non-renewable energy consumption	88,866	147,182	81,323
Purchased electricity	63,733	60,451	74,614
Total energy consumption	152,859	207,964	156,346
Energy savings	990	1,633	4,147

*Total energy consumption value of 2020 has been recalculated and revised.

GREENHOUSE GAS EMISSIONS (tons CO₂)	2019	2020	2021
Scope 1	5,268	5,793	6,499
Scope 2	9,173	8,633	8,970
Total	14,442	14,425	15,469
Carbon Footprint Intensity (tons CO ₂ /TL million)	1.68	1.75	1.16

*Carbon Footprint Intensity has been calculated according to total revenues.

**2019 data is assured; 2020 and 2021 data has been calculated but not assured.

AIR EMISSIONS (kg/hour)	2019	2020	2021
NOx	3.67	0.76	4.27
SOx*	1.25	0.05	0.17
Volatile Organic Compounds (VOC)	25.8	19.9	63.3

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

WATER CONSUMPTION (m³)	2019	2020	2021
Groundwater	40,146	28,249	30,380
Municipal water	32,304	41,820	52,559
Rainwater	250	4,326	0
Other	18,531	14,438	0
Total water consumption	91,231	88,823	82,939
Recycled water	186,834	208,630	188,095
Wastewater	37,494	42,326	36,979

WASTE (ton)	2019	2020	2021
Hazardous waste – recycled	588	420.12	515.07
Non-hazardous waste – recycled	7,165	5,716	3,501
Hazardous waste – disposed	10	30	144.2
Non-hazardous waste – disposed	0.02	0	0.03

Social Performance Indicators

EMPLOYEES BY GENDER AND CATEGORY	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Office employees	122	467	121	476	189	651
Field employees	25	520	28	529	25	607
Total employees	1,134		1,154		1,472	
Unionized employees	18	223	22	234	17	295

EMPLOYEES BY TYPE OF WORK	2019		2020		2021	
	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Employees	79	1,125	32	1,154	0	1,472

EMPLOYEES BY AGE	2019	2020	2021
>50 years old	64	86	117
31-49 years old	906	903	1,109
<30 years old	164	165	246

MID-LEVEL AND SENIOR MANAGERS BY GENDER	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Senior managers	1	7	1	8	2	9
Mid-level managers	11	60	12	59	18	94

EMPLOYEES TAKING PARENTAL LEAVE BY GENDER	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Employees taking leave	7	0	6	0	8	0
Employees returning to job	5	0	5	0	6	0

TRAINING (Employees)	2019	2020	2021
Total training time (person*hours)	48,217	25,817	59,835
Training time per employee	37.09	19.94	45.64
Total OHS training time (person*hours)	11,740	11,684	11,090
OHS training per employee	9.03	9.02	8.46

TRAINING (Subcontractors)	2019	2020	2021
Total training time (person*hours)	8,845	7,619	8,826
Training time per employee	15.74	13.60	16.25
Total OHS training time (person*hours)	3,121	4,407	4,487
OHS training per employee	5.55	7.87	8.26

All training data is recorded retrospectively and updated regularly.

Social Performance Indicators

EMPLOYEE TURNOVER BY GENDER	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Employees who left the company	22	82	12	50	16	124
Newly recruited employees	25	74	4	53	93	377

EMPLOYEES SUBJECT TO PERFORMANCE APPRAISAL BY CATEGORY	2019	2020	2021
Office employees	560	575	840
Field employees	279	301	385
Total employees	839	876	1,225

OHS PERFORMANCE (Employees)	2019	2020	2021
Fatal accidents	0	0	0
Occupational diseases	0	0	0
Total accident frequency rate (IR) ¹	19.38	13.51	22.29
Lost day rate (LDR) ²	0.4	0.11	0.34

OHS PERFORMANCE (Subcontractors)	2019	2020	2021
Fatal accidents	0	0	0
Occupational diseases	0	0	0
Total accident frequency rate (IR) ¹	12.48	9.46	9.35
Lost day rate (LDR) ²	0.04	0.05	0.07

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

² Lost day rate (LDR): Lost days due to work accidents x 1,000 / Total person*hours

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