

**HEAR THE SOUND OF LIFE**

**BURSAGAZ**  
**Sustainability**  
**2011-2013 Report**

**SUS-  
TAIN-  
ABILITY  
REPORT**

**2011-2013**

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**BURSAGAZ**



**AND THE LIFE STARTED  
TO TALK...**



# A STORY OF SUSTAINABILITY

## and Life Bared its Soul...

Nature is a unique work of art... This picture featuring air, water, soil, the best shades of blue and green and the living being is the life scene where we also take our part. It is at our disposal for all our boundless needs with all its resources... Or we used to think so. We have known no bounds for a long time. However, we could not change the picture that much, maybe because we have not had enough facilities to do so. Well, then how much could it meet the boundless needs of the living being, especially needs of the? Although all the needs are abundantly available in nature and can be met generously by the nature. The scream of nature "protect me, and those in me, providing a life source for you" been heard enough? Or, has it only fallen on deaf ears and faded away like a weak sound? Nature has given a lot of messages thus far, and it has spoken out its situation to each of its children living in it:

"Hello Leaf," said nature, "I wish your rustle will never fade away and you will always shine more greener and lush..." "Birds," said nature, "raise your woodnote to the sky, and let everyone, whether they have ever seen you, or not, be a part of this joy..." "Rivers," said the nature, "babble and may your flowing waters bring abundance to all life..." "Wind," said nature, "give life and sound to life with your sough? And let the sun rise with a new hope everyday..." "Butterflies," said nature, "let your wings flutter, let them flutter devotedly more than ever, and may those living grasp the value of a lifetime..." "Stars," said nature, "sparkle, and let your hope illuminate the shining sky and enlighten the future..." And nature turned and looked around and finally said; "Children, laugh together, and let the World have places to live in all the time..." And then, Nature entrusted all of her assets to those who create and shape the future so that they will look after them better than she does...

To be a part of this little story was not a dream but a reality for Bursagaz; to protect what already exists, and to maintain it to be better, to provide benefit. All the steps taken were intended for this, and every breath out was for a better future... 'Cause we were aware of the fact that we hold one of the keys to the future and what actually matters is to use that key as a means of improvement, whenever necessary. We thought, planned, and listened to the sound of life. We turned what we heard into the future, structured it, and checked our impact every so often, just not to say and make say "if only". It was life that takes us further and guided us, and we listened to it and planned the future right now so that it will be the best.

Well, this is our journey of sustainability... Progressing with contributing to life with what we take from it... Always considering... Steering towards every good thing... Not thinking of ourselves, but both society and the environment... And Nature said, "You, Bursagaz, following me on my course, I know you can do better..." So we are walking one step ahead for our future without stopping... This step is our step, towards what we have left on our way without a footprint...



## GENERAL MANAGER'S MESSAGE

Ahmet Hakan TOLA

**“Bursagaz, as one of the leading companies within the industry, is a company that aims to organize the triangle of humans, the World and profit in their operations at an optimum level within both economic, environmental and social fields, by structuring their strategies within the field of sustainable performance.”**

We have been continuing to fulfill the requirements for being a role model within the industry as a company that has also taken many important steps based on social and environmental performance beyond the economic performance since the privatization process in 2004. We are still ranked among the pioneering companies thanks to our quality focus, environmentally friendly approach and sense of service, which is based on ensuring Societal Security all of which supports us in our journey we set out with the goal of being a world-class company as a part of our vision.

With our balance scorecard applications where we integrate our sustainability strategy, we configure our sustainability goals with a more efficient integration into our company and guarantee the measurement of the performance-based results we achieve. While this takes us to the projections we will realize in the short-, mid-, and long-term, it also keeps us one step ahead at the stage of assessments of the impacts we have made. As Bursagaz, at the strategy workshops we hold every year, we determine the efficiency of goals by focusing on the sustainability issues and defining the development-based strategic goals, and follow up their implementation and inquire the developments. Our strategies we determine our strategies on the basis of having an impact on the strategies of the industry, ensuring optimum management of the grid, planning and managing the technical risks. Also raising the awareness of occupational health and safety and environment, implementing innovative projects that meet the stakeholder's expectations for a sustainable future, propagating the corporate perspective of social responsibility, establishing effective communication with the stakeholder, and managing the environmental risks, are actually the key parts complementary to the priority issues we set forth in respect of sustainability, in our business approach where issues such as safety of the energy supply, labor productivity and economic performance, management of stakeholder' expectations, health and safety, employee investment, environmental impact management, are considered to be the priority strategic issues. It actually constitutes one of the important facts of the emphasis we put on, and the efforts we put in, this matter that we include strategic goals of sustainability on our balanced scorecard in the short-, mid-, and long-term. In this sense, the



business approaches we apply at our company are assessed under international standards, and our certificates of the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 10002 Customer Satisfaction and Complaints Handling Management System, ISO 50001 Energy Management System, and ISO 27001 Information Security Management System we have received on the basis of management systems reflect the standards of our operational and managerial perspective.

While the progressions we have achieved in our operational applications, especially in within the fields of energy management, within the last three-year period covering our sustainability reporting have improved our consumption data on the basis of our energy reference line, these have also revealed the improvements in the CO2 levels we release into nature on a location and application basis. In this process, we have focused on the fields of efficiency energy use. We have determined and made improvements in our processes, and we have also provided support with various contests and trainings to raise awareness of both our employees and stakeholders, considering this as a duty of social responsibility. We are increasing the penetration of our ISO 50001 Energy Management System that we have become certified in the last months of 2012 at our

company, and also encouraging the use by our basic suppliers, and thereby we also perform our corporate citizenship duties. Our corporate projects we have been implemented by integrating our sense of project-based management with our sense of sustainability have been the holder of the great breakthroughs not only for us to create operational efficiency, but also in our applications of the safety of energy supply, which is one of our basic priority matters. The SCADA system allows us to monitor it by remotely controlling our grid online, the GIS system allowing simulation of our distribution lines, and our SAP system that constitutes the keystone of the IT infrastructure, has been involved in our business continuity system as a part of the Societal Security.

Bursagaz has implemented many new projects in its business model management process for the last 3 years, and thereby, achieved to raise stakeholder satisfaction to the top ranks. As a company that uses the EWE's synergy for the purpose of challenging with troubles and threats in this process, Bursagaz has restructured its financial position after the industry reorganized and the tariff amendments began to be applied in the system in 2013. It has continued to contribute locally and internationally and achieved to rank among the top 10 in the list of "Economic Value Adders" in Bursa for the last 3 years. This is also involved in our sense of operational and business management as an evidence

for how efficiently Bursagaz evaluates their opportunities and threats, pros and cons, and turns these into projects. We follow up our implementations through our development reports by following up our goals based on our strategic objectives that we position under the sustainability theme every year within our corporate performance management system. In this sense, each of SCADA, GIS and PathFinder projects that we have put into operation for the last three years are assessed in respect of their economic, environmental and social impacts, and are deemed worthy of an award as the role model applications thanks to their gains both within the field of energy efficiency, and also social field. At the same time, considering the main revenue of items our company, they have ensured that the performance we have displayed for the last three years is higher than the goals, and have also brought along the increases up to 16% in our customer satisfaction levels in accordance with the economic increase in our revenue structure.

As Bursagaz, when we assess our short-, mid- and long-term goals, our main target areas in our sense of strategic business management include improving the service portfolio by creating cooperations using the synergy of our group companies especially in order to support the local production in respect of sustainability under the projections we have made; creating economic value for our stakeholder by enhancing the stakeholder's satisfaction; integrating such projects and applications that will increase our energy efficiency levels each year, while reducing down the consumption areas; developing corporate social responsibility projects focused on social benefit; and improving the cumulative performance by making investments focused on our employees. The sustainability goals planned for each new year are also a part of our corporate performance.

As Bursagaz, we aim and aspire to do better all the time... As a company that sees today and feels the results of the motivation created as we render our journey of excellent sustainability in our business models, I would like to state what we have done so far is only the beginning of what we will do.. There is a long way to walk ahead of us...

VISION

MISSION

VALUES

## VISION

Developing role model applications in the energy distribution market with their vision to be a world-class leading company in natural gas distribution, and to gain the customer portfolio that create a synergy for the group companies, Bursagaz aims to leave a business world where more efficient business models are used by the next generations with this goal. Using a business model that create value for their stakeholder's beyond only focusing on their own fields of development within the scope of the triangle of human, world, and profit. Bursagaz also supports the developments intended for innovation within economic, environmental, and social fields.

## MISSION

Undertaking the natural gas distribution service within the license boundaries of Bursa with the mission to provide sustainable and safe natural gas supply and to break new grounds, and to provide quality, environmentally friendly, and solution-centered distribution service in accordance with the legal regulations, Bursagaz makes their mark in the installation of the systems that will provide benefit by continuing to exist in the future with their applications based on business continuity and Societal Security.

## VALUES

### EXCELLENCE

The fact of Excellence that combines the terms technological success, continuity, professionalism and social consciousness constitutes the basis of Bursagaz's business modelling. This value definition consisting of openness to innovation, sharing focus, and development of competences also supports social benefit, economic value production and fields of environmental contribution and rivets Bursagaz's position within the industry.

### RELIABILITY

The fact of Reliabilirt combines the terms corporate, transparency, creating sense of trust, and interaction with stakeholder constitutes the basis of Bursagaz's communication model. This value supports the creation of horizontal and vertical communication platforms, clear corporate knowledge, know-how Exchange, brand reliability, effective waste management, and fields of economic value created locally and raises Bursagaz's corporate brand position.

### ENTREPRENEURSHIP

The fact of entrepreneurship that combines the terms resource planning, integration of new generation technology, and applying the sense of project-based management constitutes the basis of Bursagaz's sense of technology-based project management. This value supports the integration of new technologies, social responsibility-based projects, energy efficiency-centered process applications, economic value production, business fields and project creation fields, and improves Bursagaz's sense of financial and technology-based support.

## PRINCIPLES

### TOGETHER, AHEAD, RESPONSIBLE

Bursagaz determines 3 basic principles based on the Excellence, Reliability and Entrepreneurship values, and positions these principles on the basis of the management approach. These 3 principles as determined to be Together, Ahead, and Responsible contribute to creation of the future strategies of the company.





# BIRDS FLAP AROUND

“Meeting the blue color of the sky with the green color of the rural areas, the World presents beauty for every living being under different conditions...”

# ABOUT BURSAGAZ

“The investments in natural gas distribution that began in 1989 in Bursa were integrated with the first gas usage in 1992 at residents, and the story of natural gas usage changed with the privatization of Bursagaz in 2004, and began to be reshaped by the role model company...”

Bursagaz was privatized in 2004 as Bursagaz Bursa Şehiriçi Doğalgaz Dağıtım Ticaret ve Taahhüt AŞ under the project of privatization of the natural gas distribution companies, and offered natural gas distribution service within the urban area of the Bursa Metropolitan Municipality as the license area.

Bursagaz has a natural monopoly company in respect of the privatization method and regulatory structure, and there is no other natural gas distribution within its license area. In accordance with this limitation, it is not made possible as per the Natural Gas Market Law No. 4646 regulating the market and to which the company is subject that Bursagaz provides service within a different license region, therefore Bursagaz's business styde is restricted with a single product and natural gas distribution as their only service as per the regulations. Bursagaz's tariff is defined by investment and operating expenses and also its grid investments and operating expenses are fixed by the the EMRA Energy Market Regulatory Authority as the legal regulatory of the market in tariff period basis.

Bursagaz Head Office is located at the Grid Management and Control Center in Niluferkoy, Niluferkoy premises also accommodate Niluferkoy RMS-A as one of the 2 main inlet stations and Mudanya Urban Station (145.000 m3/h) as one of the urban stations within its location. While Nilüferköy RMS-A Station is the largest main inlet station in Turkey, with its capacity of 800.000 m3 /h, Gürsu RMS-A station is another pressure reducing station with its capacity of 500.000m3/h, which is actively used by Bursagaz and has a connection to the national line. Bursagaz reduces the natural gas they receive from the national line at 70 bar to 40 bar at these city gate stations at the first stage and provides supply for energy

**WE IMPROVE OUR  
PERFORMANCE  
EVERY YEAR WITH  
OUR INNOVATIVE  
BUSINESS MODELS  
AND PROVIDE  
CORPORATE  
CONTRIBUTIONS**

New Customers  
2013 BBS **42.278**

Cumulative Customers  
2013 BBS **818.522**



New Gas Users  
2013 BBS **50.467**

Cumulative Gas Users  
2013 BBS **700.201**

## TL 579.5 million net sales in 2013...

generation within the organized industrial zone, and then reduces down to 19 bar through Veysel Karani (240.000 m<sup>3</sup>/h), Kestel (220.000m<sup>3</sup>/h) and Hamitler (160.000 m<sup>3</sup>/h) RMS stations other than Mudanya City (140.000 m<sup>3</sup>/h) stations, and then to 4 bar through the regional regulators, and after the service boxes, to 1 bar, 300 bar and provides for the end usage at 21 mbar.

Providing service within Bursa license region, Bursagaz carries out their Customer Services management as a part of their distribution service on the basis of their call center organization. These are located at Niluferkoy premises, and Customer Center located within Ihsaniye region, and the collection office at Ihsaniye Customer Center incorporates the departments where the legal proceedings and gas cutting procedures, billing and measurement, process analysis and data management, inhouse installation operations are managed. Considering the shareholding structure of Bursagaz not operating in a different city or country location, 10% of the shares are held by Bursa Metropolitan Municipality under privatization, another 10% is held by Calik Enerji, and 80% controlling shares are held by EWE AG, as one of the largest German Energy Companies. Bursagaz carries out the operations of manufacturing and commissioning of the distribution lines, operating the main inlet and local pressure reducing stations, managing the subscription and contract processes, providing gas supply under the contract for gas use after the approval and on-site inspection of the internal installation projects, reading the gas meters and billing and collection in its follow-up, managing the gas opening and cutting operations and executing the customer feedbacks based on all these processes through call center for 3 main customer levels in the districts of Nilufer, Osmangazi, Kestel, Yildirim, Mudanya and Gursu within the boundaries of Bursa urban area. The customer fractions on the basis of 1st Level 0-100.000 m<sup>3</sup>, 2nd Level 100.000-10.000.000

m<sup>3</sup> and 3rd Level 10.000.000 m<sup>3</sup> and above annual consumption values as determined by the EMRA regulations constitute the consumer portfolio of Bursagaz, and those consumers with an annual consumption over 300.000 m<sup>3</sup> for 2013 are determined to be eligible consumers within this portfolio, and they can procure the gas supply from the wholesale companies that they have determined based on their preferences using Bursagaz's distribution line. Providing service for this branch of customers with their 258 personnel in 2011, 242 personnel in 2012, and 263 personnel in 2013, Bursagaz achieved a net sales figures valued at 441.2 million TL in 2011, 516.7 million TL in 2012, and 579.5 million TL in 2013.

Bursagaz has not experienced any organizational change for the last 3 years, and there has been no change to the shareholding structure since 2008. It has implemented the developments in the business processes in the light of technology-based projects. In this sense, in 2012 as the 20th year of natural gas use in Bursa, the "Grid Management and Control Center" located in Bursagaz Niluferkoy location opened, and the applications related to SCADA system were shared with the industry. In the same period, with Bursagaz Call center having been selected as the most praiseworthy call center in Turkey, Officeless Service Business Model, which is an innovative approach in customer center organization has been taken into operation as of July, 2013, and Osmangazi, Yildirim, and Sehrekustu customer centers which used to be actively operated in 2011, 2012 were closed. The service provided for the customers have been continued to be managed online and through call center. With an annual 2.4 billion m<sup>3</sup> gas volume that provides natural gas distribution service for 818.522 bbs customers and 700.201 bbs gas users today, Bursagaz continues their operations through a 5.156 km grid as committed to supply continuous and safe natural gas to their customers.

# 1989

The Authorization for Natural Gas Distribution Operation in Bursa was Granted to Botaş

# 1992

First Residential Natural Gas Usage in BURSA.

# 2003

Bursagaz was privatized

# 2004

Transfer of Bursagaz on 19th April to Çalık Group and Start to Change Management Applications

# 2005

ISO 9001, ISO 14001 ve OHSAS 18001 Certifications  
Collaborations with Local Dynamics  
Enterprise Resource Planning Applications with SAP

# 2006

Mobility Strategies  
Balanced Scorecard Integration of Sustainability Strategies  
Bursa Local Quality Award

# 2007

ISO 27001 Information Security Management System Certification  
Energy Efficiency Application

2008

Transfer of Shares to EWE AG (%80)  
EFQM European Quality Award

2009

Optimization for Stakeholder Management  
Turkey's Highest Capacity RMS-A Station  
Construction

2010

Transition to Organizational Business Model  
Localisation Approach for Supply Chain Management  
Hierarchic Evaluation of Waste Management  
Social Media Approach

2011

Project Management Methodologies  
Grid Management and Control Center Construction  
Compliance Reporting  
CSR Projects on Basis of Education

2012

GIS ve SCADA GIS and SCADA Systems Activation  
ISO 50001 Energy Management Certification  
Special Education Classrooms Rehabilitation Project  
Greenhouse Gas Emission Reduction Applications

2013

ISO 22301 Business Continuity and Social Security Projects  
Officeless Service Management  
Great Place to Work Approach  
CNG Vehicle Applications  
Applications for New Business Models

# MILESTONES

# STRATEGIC COMPANY MANAGEMENT

“Bursagaz’s strategic company management model was developed based on their corporate structure, also incorporates an important integration that ensures the propagation of vision, mission, values and ethical modelling in addition to structuring the company’s strategies.”

Bursagaz has adopted a transparent and stakeholder-centered management approach in their corporate governance perspective, and applies an integrated modelling in strategy and operation management from integrity, validity and expansion perspectives. Focusing the whole plan that they have created in principle on their vision, mission core values and ethical management approach, Bursagaz grounds all the projects and operations they have implemented on these primary facts. Operating within the scope of corporate integration, this structure includes the stakeholder in the main focus area, and internalizes the feedback within the system as an input assessed at a maximum level. The analysis-based assessments, strategic plan, change plan and risk management plans, which are the 4 main dimensions of Bursagaz Management model, also constitute the strategic business continuity plan of Bursagaz. This basic field reveals management philosophy of Bursagaz. The action plans received on the basis of these fields constitute the basis for the operational and strategic decisions of the company. Bursagaz has determined the fields of creating value and satisfaction for stakeholder, supporting the innovation and creativity and ensuring sustainable company management as the basic critical success factors, and focuses their strategic perspective accordingly and turns these into initiatives. The strategic planning model that constitutes the strategic company management model

indicates the matching processes and strategies of Bursagaz, and brings along risk planning and the sense of project management. Bursagaz’s strategic planning processes are conducted by the Self-assessment Team where employees working in different processes at the company are involved. All the prepared operations are submitted for assessment of the management team, and accordingly, feedback is given after they have been reviewed from start to finish.

The most important feature of Bursagaz’s strategic planning process is that it includes suggestions created by employees and is submitted to the management for the last approval and assessment. This constitutes one of the most important factors in the process’ being adopted by the employees. Thus, the strategic planning analysis studies and scorecard studies renewed every year conducts that the feedbacks received from the base are fully involved and more effective initiatives are put forth. Bursagaz first starts their strategic planning process, which they operate every year as a cycle, with a research analysis ensuring that the vision, mission, and core and ethical values are reviewed. In the application, which more than 50% of the employees contribute to every year. The assessment of the company’s perception of achieving the vision and mission, the correspondence level of the

## CORPORATE STRATEGIC MANAGEMENT MODEL

### Strategic Planning



values to company strategies and the strong/improvable strategies are made from the view of the employees. Following to this process, the internal and external data processes are analyzed. The vision, mission, values and code of ethics, as determined by Bursagaz, reflect a formation including each location of Bursagaz, and the employees from each location contribute to this work assessment. Bursagaz uses 3 different analysis including the analysis of balancing stakeholder's expectations, advanced Porter competitor analysis and PEST (politic, economic, social, and technological environment analysis) in external data analysis planning.

The stakeholder's expectations analysis, all the defined stakeholder's are reviewed and classified as a strategic basis. The expectations of each stakeholder and the codes set forth for the stakeholder on the stakeholder's expectations balancing table the stakeholder's expectation balancing table is where the expectation receipt method is placed into the impact importance matrix, and actions are determined and created. The stakeholder is to be observed, managed, satisfied and informed. In the competitor analysis, the competitors to be monitored not only under the product category, but also through business and technological management approaches, and the competitors and their applications for which actions will be taken, and which will be monitored in the short- and long-term. For the calculations made for this determination, the competition coefficients defined based on the influence area of the competition are used. PEST analysis is a research study prepared on the industrial and global basis, and the impact-importance matrix is classified into 5 main groups on the

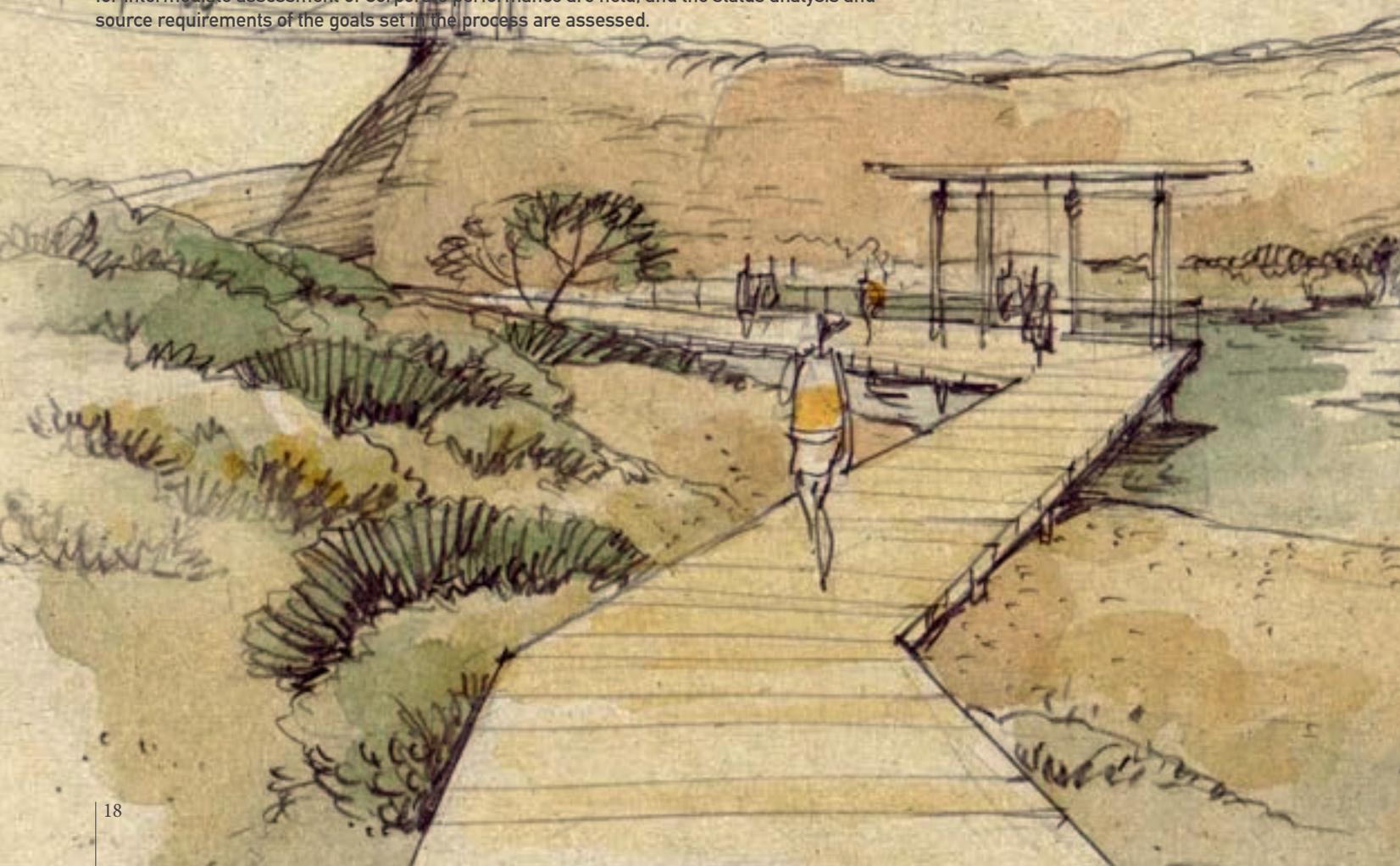
basis of priority, impact, and action. All of the in-house performance data are reviewed in internal data analysis conducted following the assessment of external data analysis result, and the strengths and improvable fields are prepared to be studied. The findings self-assessment study performed under the EFQM Excellence Model are determined as a process following to the internal data analysis are also collected, and this internal analysis creates inputs to be assessed at the stages of Self-assessment, internal data and external data analysis, and SWOT. Bursagaz Corporate SWOT analysis is created through the integration of the department swots by the self-assessment team constituted by the representatives from each department and preparing the strategic Planning process. Each of the 4 dimensions of the SWOT analysis prepared, is used as the main data in shaping the corporate strategies and strategic objectives. At the workshop held each year in the planning processes, in order to offer corporate strategy suggestions by assessing the data and analysis, the corporate perspectives are also updated based on the critical success factors of the relevant period. The critical success factors also include the factors effective process managements as well as in planning and assessment of the critical and key processes, and allow for the objectives defined for the perspectives created accordingly to be directly associated with the processes.

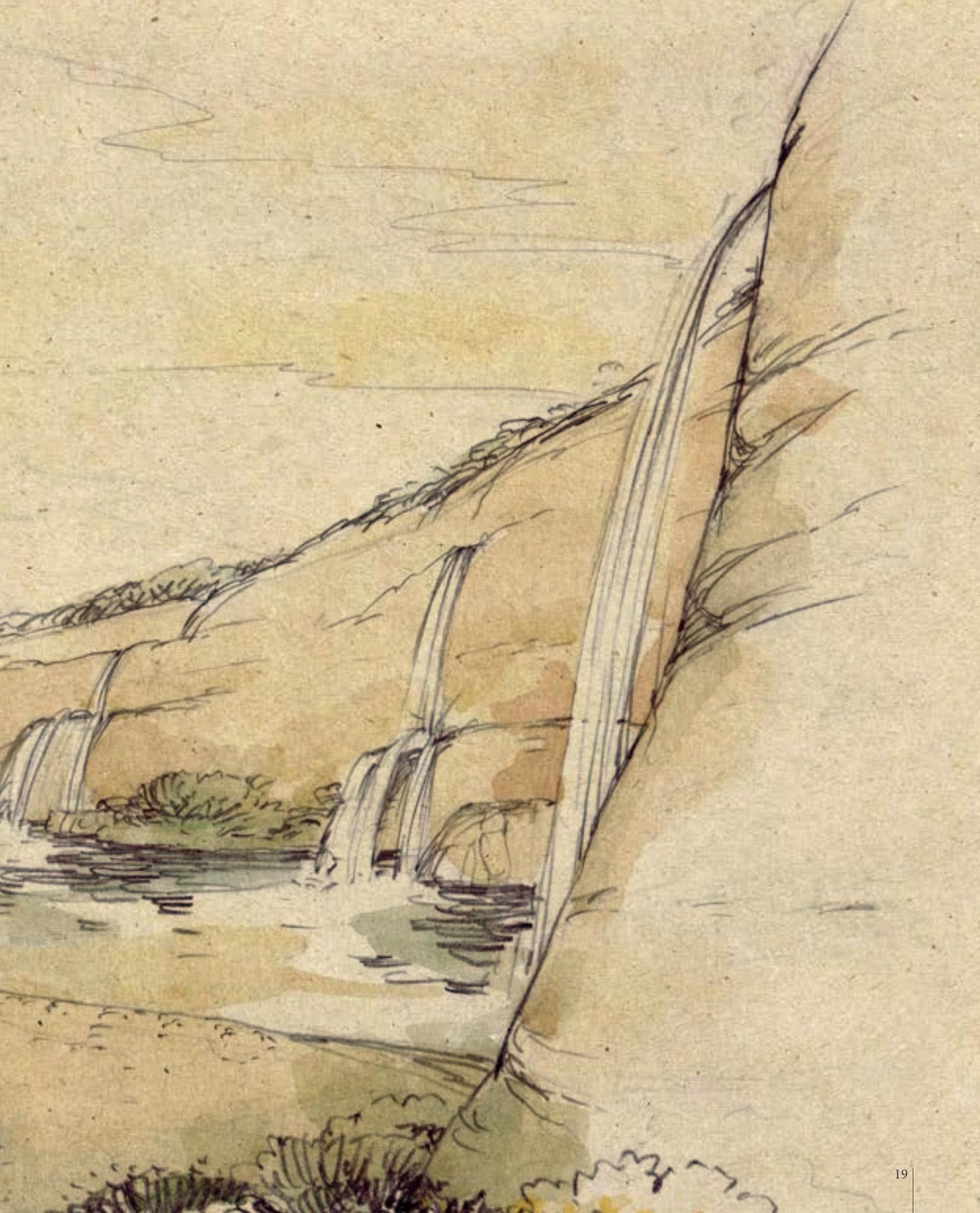
The primary strategies for 2011, 2012 and 2013 have been determined in three fields, and these include enhancing corporate reputation, increasing the corporate performance and managing the corporate risks. In addition to the standard corporate scorecard

application, such perspectives that are determined based on the critical success factors have been developed, and these have been determined to be financial, customers, technological progress, operational continuity and social motivation. The perspectives are developed and changed based on the periodical planning requirements. 31 strategic objectives have been determined in total in the corporate scorecard on the basis of system, and with their fractions, in a total 10 scorecards, 58 balanced scorecard key performance indicators, and 136 department key performance indicators at the company are defined to the departments. For every strategic objective involved in the balanced scorecard, at least one key performance indicator has been defined, and these indicators constitute the corporate cockpit value. After the scorecard has been created, the departments carry out studies on their own key performance indicators, and with the participation of the whole management team and department employee representatives, a Consultation and Assessment meeting convened outside the company is held to assess the scorecard and analysis. In the meeting held out of city for approximately 3 days, all the objectives and goals are revived and compared to the previous years, and a consensus is achieved on the final goals. All the scorecards are updated on the basis of consensus and management systems are added into the scorecard portfolio.

**“Turning the company goals into department and individual goals with their balanced scorecard application, Bursagaz maximizes the company competences and keeps the performance tracking at an optimum level...”**

After the strategies, objectives and goals have been determined for the new period, the risks on the basis of these strategies are included in the risk plan and the innovative projects are included in the change plan, and the analysis and comments related to the course of affairs are followed in the progress reports issued quarterly. While an employee exchange meeting planned for the employees to ensure the produced results are spread, a press meeting is held to inform the society, suppliers and customers. In addition to all these propagation principles, the web site and social media tools are also used for the purpose of spreading the new strategies. With the implementation of this cycle, the strategic planning process in each period is closed. For the purpose of reviewing the achieved results, developments reports are produced quarterly, and at the same time, to assess the semi-annual results, meetings for intermediate assessment of Corporate performance are held, and the status analysis and source requirements of the goals set in the process are assessed.





# SUSTAINABILITY STRATEGIES

**“Matching their economic, social and environmental sustainability strategies with the vision, mission and values of the company, Bursagaz also develops short-, mid- and long-term objectives and turns the initiatives into action...”**

Analyzing that the companies positioned on the global sustainability strategies raise their performance management to the optimum level, Bursagaz has been developing objectives accordingly for the last 3 years, and begun to integrate these into their corporate governance model. They have begun planning priority actions for the issues within the fields of energy management, taking the greenhouse gas emissions under control, supporting the sociocultural activities, planning innovative projects for the future, providing support for the development of the local suppliers and reviewing and balancing the stakeholder expectations, and they review and plan these activities under the strategic plan every year.

Bursagaz has determined their strategic objectives to expand the use of natural gas in order to provide clean and safe gas supply within the scope of determining the corporate sustainability strategies; to develop innovative projects that meet the stakeholder expectations for a sustainable future under technological progresses; to ensure the optimum grid management in ensuring operation continuity; to provide safe natural gas supply as well as to raise the awareness of occupational health and safety and environmental awareness in risk management; to expand the corporate social responsibility perspective for the purposes of social motivation; to establish effective communication with the

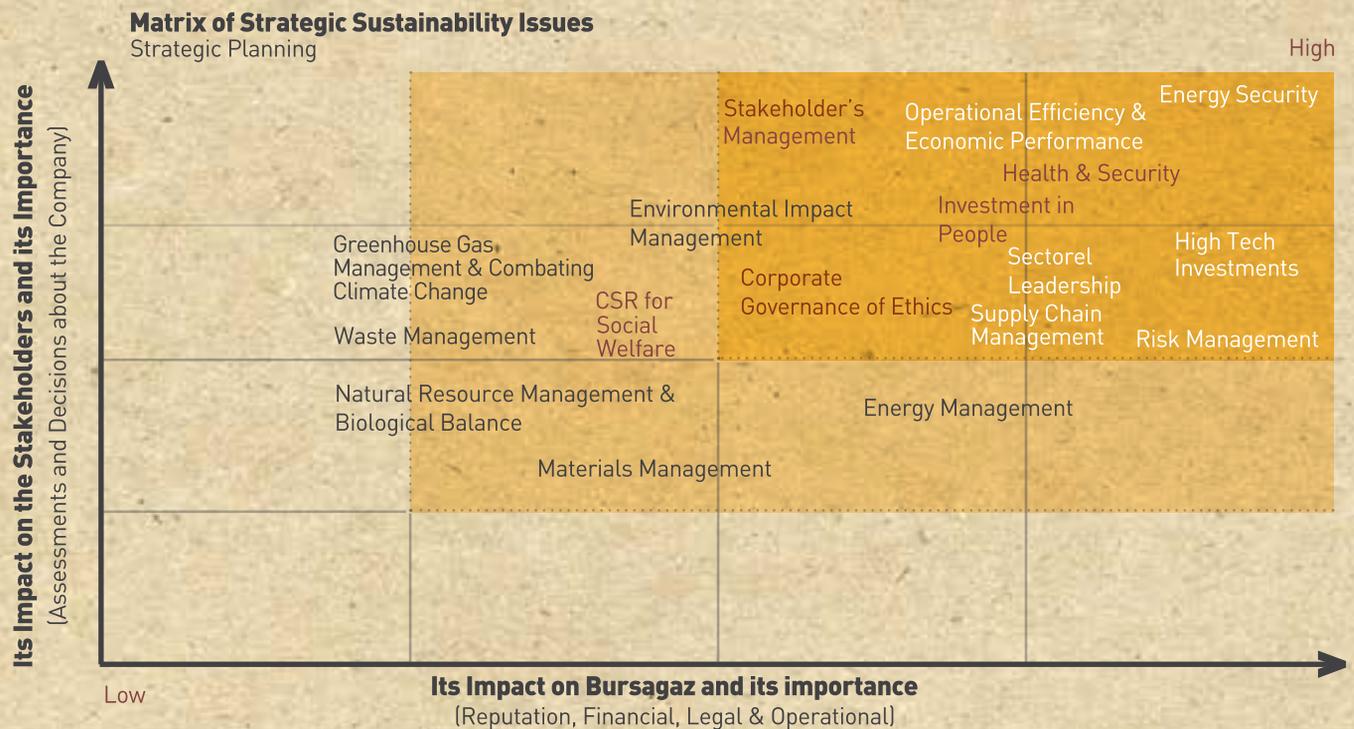
stakeholder, to enhance social satisfaction, and to manage the environmental impacts in ensuring corporate loyalty. Bursagaz carries out their sustainability works through their Sustainability Team, and provides support related to applications from other committees at the company such as the Energy Management Team, Social Media Team, SOKAK (Social Clubs) Clubs, Life-Respect Committee, etc. For the purposes of developing and supporting the sustainability strategies, 75 man-hour training was completed in 2011 with respect to environmental sustainability, and 55 man-hour training in 2012 and 120 man-hour training in 2013 with respect to general sustainability. Raising the awareness of their employees, as one of the most strategic partners of them with these trainings completed given, Bursagaz has also provided support for the sustainability applications to be a part of their employees lives.

Distributing natural gas that provides an apparent impact in natural and environmental protection, Bursagaz has taken their first step within the field of Sustainable Development, as a change process where the consumption of resources, investment decisions, technological development and corporate change occur in harmony, and the potential of human needs and wishes to be met now and in the future are increased. It is seen that the sustainability provide benefits in many areas such as creating the opportunity to create

a vision and a strategy, encouraging innovation, reducing the use of resources, taking advantage of competition and leadership, and increasing the company's value, etc. Distributing natural gas that provides an apparent impact in natural and environmental protection, Bursagaz has taken their first step within the field of Sustainable Development, as a change of process where the consumption of resources, investment decisions, technological development and corporate change occur in harmony, and the potential of human needs and wishes to be met now and in the future are increased.

Like many leading large companies, Bursagaz also creates strategies to contribute to sustainable development, to leave an inhabitable world to the next generations, and to make efficient and effective use of the resources, and accordingly implement awareness practices to increase and maintain life quality. In this sense, having broken ground within their industry with their ISO 50001 Energy Management Systems work they have certified in

the sustainability expectations have been assessed. In this sense, we have worked through the priority stakeholder, and the strategic management issues have been determined within the scope of the data obtained from these stakeholder, and the company has rated based on the critical success factors and status of priority, and the impact areas have been created. On the basis of this approach, the energy supply safety, health and safety, labor productivity and economic performance areas that have a great importance within Societal Security and business continuity have been integrated with the sustainability strategies and taken place in the matrix as the strategic matters with top level importance. A SWOT analysis on the basis of sustainability issues has been conducted, and the strengths and weaknesses, opportunities and threats have been assessed and the input basis has been created for the SWOT analysis. Depending on the sustainability strategies where the environmental factors are intensely evaluated, they have achieved a 21% improvement in 2013, as a result of the assessments conducted on the basis of the energy reference line of the energy



2012 for the purpose of supporting both the protection of natural resources, and also greenhouse gas emissions within the field of energy efficiency, Bursagaz has classified the areas of energy use and implemented such projects as the use of CNG vehicles, vortex installation that will reduce the fuel consumption and the consumption of natural gas used in process at the stage of minimizing the consumed energy values. In the last 3-year process where Bursagaz has been concentrating on sustainability work, Bursagaz has held special sessions with respect to sustainability in the strategy formulation workshops they hold, and the workshops related to determine the partners have been completed. In the studies to which the sustainability team contributes, Bursagaz's stakeholder matrix has been reviewed on the basis of sustainability criteria and SEC factors (Social And Economic Environment), and

efficiency level, and with the contribution of various projects carried out, 14 trees in total has been prevented from being extinct. For the purpose of raising environmental awareness in the society, it has been aimed to convey the sustainability approaches to younger generation with the knowledge contests held for the school-age adolescents.

With all their applications including SCADA and GIS that increase the traceability of the grid, Bursagaz has minimized the loss-leakage ratios in social resource consumption, and also reduced natural resource consumption. Focused on raising the awareness of their stakeholder with their sustainability practices within every field, Bursagaz develops mid- and long-term initiatives and implements different practices.

SUS-  
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ABILITY  
GOALS

| Materiality Issues                                 | Goals   | Date of Completion |
|--|---|--------------------|
| Environmental Impact Management                    | Renewal and Organization of Authorization Processes of RMS Stations         | 2014-2015          |
|  | Domestic Customer Satisfaction Level 90%                                    | 2014               |
| Stakeholder' Expectation Management                | Industrial Customer Satisfaction Level 92%                                  | 2014               |
|  | Social Benefit Satisfaction Level 90%                                       | 2014               |
|  | Telephone Satisfaction for Overall Customers Level 95%                      | 2014               |
|  | Structuring Emergency Line 187 at Call Center                               | 2014-2015          |
| Human Investment                                   | IIP Standard Certification  | 2014               |
|  | Great Place To Work Trust Index %90   | 2014-2015          |
|  | Employee Satisfaction Level 78%   | 2014               |
|  | Employee Development Planning   | All Going          |
| Health and Safety                                  | Operational and Competence-Based Performance Management                     | All Going          |
|  | Monthly Board Meetings and Monthly Site Visits                              | All Going          |
|  | Industrial Accident Level Zero  | 2014               |
|  | Near Miss Level Zero  | 2014               |
| Greenhouse Management and Fighting Climate Change  | Occupational Health and Safety Training Hour per Capita min 4,50            | 2014               |
|  | Greenhouse Emission Reduction Level 250 tonCo2e                             | 2014               |
|  | Activation of Leakage Search System   | 2014               |
|  | Planned hydrocarbon emission 150 m3   | 2014               |
| Waste Management                                   | Works for Reduction of Heater Consumptions                                  | All Going          |
|  | Waste Reduction Level 4%  | 2014               |
|  | IT Waste Management with Disc to Disc Back Up                               | 2014               |
|  | Revision of Waste Landfill  | 2014-2015          |
|  | Structuring Waste Management Protocols                                      | 2014               |
| Corporate Governance and Code of Business Conduct  | Abacus Project ( New Methodologies in Waste Management)                     | 2014-2015          |
|  | Propagation of Respect Life Committee Practices                             | All Going          |
|  | Pole Star Project: Propagation of Values and Principles                     | 2014               |
| Advanced Technology Invesments                     | EWE AG Code of Conduct Practice   | 2014-2015-2016     |
|  | Scada EBT Integration & Alarm Management                                    | 2014-2015          |
| Risk Management                                    | Virtual Office Application  | 2014-2015          |
|  | Risk Management Project   | 2014               |
|  | Control Tests Applications  | All Going          |
| Energy Management                                  | ISO 22301 Certification Process   | 2014               |
|  | Energy Efficiency Level 4%  | 2014               |
|  | Leed Certification Process – New Head Office Building                       | 2014-2015          |
| Natural Resource Management and Biological Balance | Renewable Energy Use Planning – New Head Office Building                    | All Going          |
|  | Water Consumption Reduction Level 5%  | 2014               |
| Material Management                                | Contribution to Air Quality by Expanding the Use of Natural Gas             | All Going          |
|  | Material Delivery with QR Code  | 2014               |
| Labor Productivity and Economic Performance        | On-site Online Production Data Integration                                  | 2014-2015          |
|  | 2.6 bcm Gas Volume in their License Region                                  | 2014               |
| Energy Supply Safety                               | Support of Opening New Business Fields under Cooperation with the Suppliers | All Going          |
|  | Scada Disaster Configuration  | 2014               |
|  | Shut-off System Installation in Customer Stations                           | 2014               |
| Supply Chain Management                            | Actuator Installation in RMS Regulation Lines                               | 2014               |
|  | Providing Support for the Sustainability Work of Suppliers                  | All Going          |
| Increase for Corporate Performance                 | Providing the Continuity of Common Material Development Works               | All Going          |
|  | Mobile Workforce Management   | 2014-2015          |
| Social Responsibility                              | Educational Volunteers Foundation Special Education School                  | 2014               |





# LIFE WHISPERS

“Turning each color into reality, and  
allowing each breath to be taken  
deeply, who knows what differences  
life incorporates in it...”

# MARKET PIONEERING

**“With their Scada, PathFinder, GIS, officeless service, home call center, s-Online, social media management and many other applications, Bursagaz not only improves their own performance, but also continues to adopt a sense of management that creates added value for their stakeholders...”**

Bursagaz has implemented corporate projects that make a difference with their innovative perspective having been put forth for the last 3 years, and thus, they have contributed to the economic performance of their country, to social employment and safety, and also to the reduction of the environmental impacts. In this sense, many innovations have been realized accomplished with SCADA (remote grid management) and GIS (Geographical Information System) applications on the basis of stakeholder. While the GIS system provides both infrastructure, and the integration of customer information, facilitates the management of other service grids such as electricity, water and telecommunication supplied to the public, it also allows ensurance of gas output reduction and Societal Security by enabling early positional response in case of the 3rd party line damages. The system which is integrated with other systems has also allowed for making the gas simulations on the lines, and making the line transitions with minimum resource so that these will cause the least damage to the vegetation and environmental diversity.

As a part of the Integrated Grid Management, SCADA allows for management of the grid equipment and stations without an operator. The system operating at the level of alarm codes determined for every situation can be continuously monitored

24/7 with the multicomunications support, and thanks to the full system integration, the grids traceability level has achieved 100% in 2013. Beyond being a part of grid management, SCADA also has the capability of cutting the gas flow in case of emergency, and is an important part of the approach of ensuring Societal Security. Minimizing the gas output with its speed of cutting the gas flow, the system also prevents the formation of environmental waste. Managing the filter pollution level in the most effective way from this aspect, the system contribute the optimum management of the hazardous waste management providing temperature control along with the gas flow, the system heaters keep the operating performance at an optimum level, and support minimizing the heater resource consumption, therefore, managing the consumption on the basis of area of energy use.

Bring in a role model sense of management in emergency notice management within the industrial field with PathFinder they have developed in 2012 and 2013, Bursagaz has enabled faster access to the notices and performed optimization in fuel consumption. With faster access to the notices, the notice response time has been reduced and therefore, an important improvement step has been taken in respect of Societal Security. With this application the Piri Reis award was granted in 2013. Bursagaz has been



ranked among companies that make the most efficient use of infrastructure information systems. Founded in 2006, Bursagaz Call Center makes progress every year with the same business perspective, and as a result they have been granted the most praiseworthy call center award in Turkey in 2012. The change management process started in the call center's structure, and officeless service application was put into operation in 2013. In this sense, all of our customers are allowed to perform their transactions via telephone and online without going to the call center, and especially for disabled and older people of Bursa, an added value has been created. The scope of this project has accelerated the economic value creation locally, not only in its social aspect but also allowing for the inhouse installation companies within the region to operate as a customer center.

Bursagaz has also continued to be among the companies that first reflect their management system applications to their operations for the last 3 years, as with each integration process. In this sense, Bursagaz has made ISO 10002 Customer Complaint Handling System certification that activates the management of customer expectations in 2011, and ISO 50001 Energy Management System certification in 2012, and has achieved the position of the first company which holds ISO 50001 certification within the industry of energy. The energy use levels followed up at the company within the scope of energy management system applications have been enabled to be followed up on the basis of reference line and by prioritizing certain areas of energy use, while the natural gas consumption has been reduced using the energy created by the inlet and outlet pressure differences at the stations through the vortex management applied in heaters in connection with the reduction of the process consumptions.

With the Cloud project started within the scope of virtualization of 12 physical servers within the scope of Green IT applications, these servers have been enabled to be installed on 4 hosts. Internally partitioned cool air corridors have been created taking into consideration the energy efficiency in cooling systems used at Data center, and energy consumption has been optimized. In this sense, the generator installed for the purpose of sustaining the system during grid power cuts has been selected as natural gas powered-generator, and a fuel with a lower emission value has been enabled to be used. Within the scope of Green IT applications, integration has been enabled between the mobile systems, waste consumption has been minimized, and paper waste formation has been prevented through shared printer application. Minimum paper use has been ensured on site through this application, and the fuel oil consumptions have been reduced through directing the mobile teams through GPS, thanks to S-Online, PathFinder and inhouse installation online applications.

Steering the industry with their Social Media applications, Bursagaz makes efficient use of the channel management, and shares the information and opinions about the efficient and sage use of natural gas, and receives the customer feedbacks through their social media applications. Today managing more than 30 different social media channel, Bursagaz carries out these awareness raising works as conscious of corporate citizenship responsibility. While Bursagaz creates their sense of strategic management with the sustainability issues that they manage within economic, social and environmental fields, they steer the industry with the projects designed and undertake the role of being a benchmark organization. The implemented projects bring along different awards every year, and take their place on the success page of Bursagaz as role model applications.



# ACHIEVEMENTS OF BURSAGAZ



### Çağada Vardar Altensis Leed Consultant

Environmental disaster news that we have begun to hear frequently now shows that danger is not so far away through serious events. The world population is quickly increasing, the natural resources are being consumed, and our life quality is impaired so fast that it gives danger alarms. Our belief, that small steps can turn out to be large waves has never ended. In this sense, it will be not a preference but a necessity to minimize our damage to the environment and to make efficient use of our resources in the steps we take to have new settlements, living and working areas.

Within the scope of LEED certification process we take into consideration accordingly, the applications performed in Bursagaz's Head Office Building will have such large and significant positive contributions both to emphasising and expanding the important of building environmentally friendly green buildings in Bursa, and also environmentally. The project is located within an intensely settled area. With this feature, it is easy to access to the public transport facilities such as rail system, bus, etc. around it. This also reduces vehicle usage, and contributes to the reduction of carbon emission. The objective has been set to keep the Car park capacity at, a minimum and to minimize individual vehicle use by providing

### Nihat Uçar Gemsat General Manager

Today when the natural resources and environmental awareness tend to go down, of course, it positively affects us as their partners that Bursagaz act on their sustainability approach. Considering from this perspective, it is pleasing to see that the opinions of such natural gas equipment manufacturers as we are always involved and the suggestions turn out to be strategies. With the common issues we have developed not only as a manufacturer but also from a participative perspective, today we can manage our station installations so as to minimize the environmental impacts. At this point, of course Bursagaz's awareness raising and information achievements cannot be disregarded.

We try to integrate our own sustainability goals by trying to internalize the management approaches of Bursagaz on the basis of role model applications. Particularly their sense of investment

### “Bursagaz Aims for a Greener Work Environment with their New Head Office Building...”

shuttle service for their employees, and therefore, with this project where we display a balance that reduce the carbon emissions, a charging point has been created for electric vehicles under the project so as to encourage the use of electric vehicles which has been getting more important today and is considered to get more popular in the future.

In addition, many social facilities such as grocery stores, pharmacies, hospitals, schools, restaurants, banks, etc. where the employees can meet their social needs are close enough to walk there. Bicycles parking areas, showers and locker rooms have been designed for employees under the project, and they are encouraged to ride bicycle.

Now its been made less possible for Bursagaz personnel to make carbon footprints... In this whole process, it has been aimed to provide the supply of materials largely from the area with a maximum 800 km diameter, and therefore, support the local production and reduce the carbon emission caused by transportation. The project shall be positioned as a model building within the industry both with carbon emission reduction, and also with other factors.

### “Bursagaz's Sustainability Strategies have an Impact on the Dynamics of the Industry...”

in the future have become a keystone of our company as a supplier. We have got the ability to analyze the social and environmental dimensions of the products, while also taking the economic dimensions of the products from Bursagaz's approaches, and today we follow the steps taken by our company in the way of development. Therefore, we can put forth an effective communication approach through preventive actions before the problems occur. Bursagaz is a company that also creates economical and socially added value, beyond only providing a partner communication approach. We can say that the shared activities, shared product development achievements are only a part of this. As a local manufacturer company, Bursagaz is an economically appreciated company in respect of supporting the local manufacturers. We see that in the Economic Value Adders Awards held every year at BTSO and we are sure that we will to see the same.



A night sky filled with stars and a meteor streak, with a silhouette of a desert landscape at the bottom.

# STARS SHINE

“Just as the stars shining in the  
darkness of the night, life  
itself also incorporates  
shining differences...”

# CORPORATE GOVERNANCE

## Structure of the Board of Directors

The largest shareholder of Bursagaz A.S. is EWE AG, holding 80% of the shares, and the other shareholder's are Bursa Metropolitan Municipality with 10% of the shares and Calik Enerji with the other 10% of the shares. Holding 80% of the shares of Bursagaz A.S., EWE AG is represented at the Board of Directors of Bursagaz at the position of the Chairman of the Board of Directors, and Bursa Metropolitan Municipality and Calik Enerji are represented on the basis of the Members of the Board of Directors. The Board of Directors consists of 7 people, and there has not been any female members on the board for the last 3 years. The mean age of the Board of Directors was 53.85 in 2011, and 40% of the members were Turkish and 60% were foreigners, and in 2012, the mean age was 52.75, and 37% of the members were Turkish and 63% were foreigners, and in 2013, the mean age of the members was 54.6, and 43% of the members were Turkish and 57% were foreigners. The Board of Directors is the highest governance body, and is defined to be the senior decision-making authority. Bursagaz General Manager performs the executive task within the structure of Corporate Governance, and he also provides support to the functioning of the governance mechanism by offering recommendations to the Board of Directors, and puts the directives he receives from the Board of Directors into practice. The shareholder's submit their expectations to the board of directors as per Bursagaz's Balancing Stakeholder' Expectations approach, and through the information meetings held, and create initiatives in implementing the decisions.

The members of the Board of Directors at Bursagaz are selected by the General Assembly, and they convene to assess each quarter in a year with a prior notification, and assess the results achieved by Bursagaz. The members of the Board of Directors are selected from the senior level people whose competence levels are predominant within technical and financial fields. The success of the

composition of the Board of Directors includes the performance of commissioning the projects within the period as decided and planned in accordance with the decisions taken on the basis of goals, and this application value has been realized by 100% in 2011, 2012, and 2013.

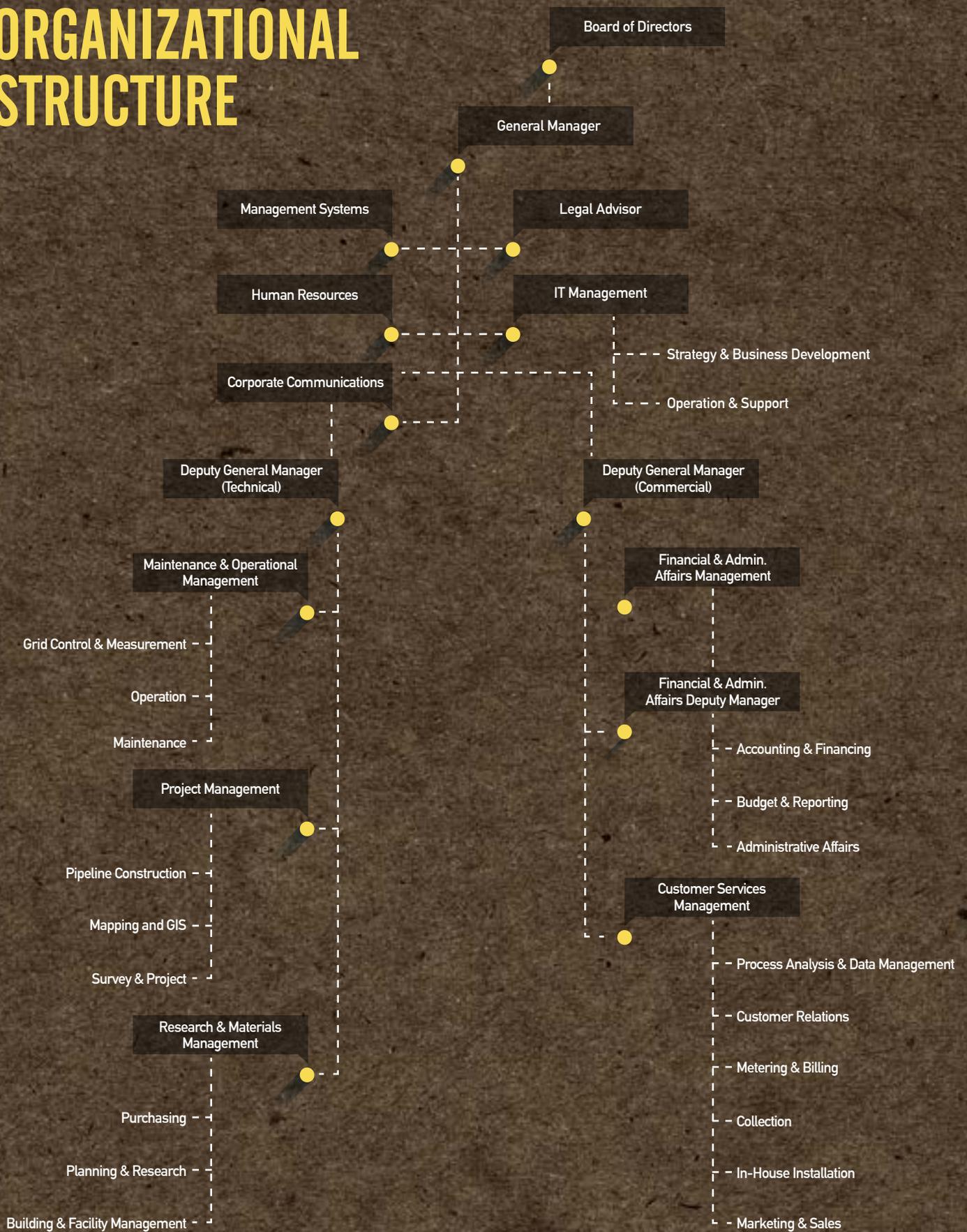
Another board operating as directly subordinated to the General Manager to manage Bursagaz's operations is the Management Team Committee. This Committee consists of department managers, vice-managers and a legal consultant, and had not has any female member for the last 3 years. The Management Team Committee convenes weekly, and the meeting is called the department managers coordination meeting. Corporate Performance and Department Performance are monitored and assessed on the basis of performance management process application. This application is also a part of the Strategic Corporate Management approach. The success of the strategic management model includes the success of the corporate and department balanced scorecards on the basis of each individual goal and the level of employees' belief in this sense of management. Bursagaz has achieved a result of 100% in their goal-based management in 2011,2012, and 2013, and the employees' belief in the strategies was measured to be 89%. The strategic planning process, including the corporate balanced scorecard as a part of Bursagaz Strategic Company Management, also includes the sustainability strategies, and the goals related to the economic, social and environmental paramters as determined within this field. There is no application for providing any personal rights package for the members of the board of directors at the company. Only an attendance fee is paid. All the information is shared with the members 2 weeks before meetings of the board of directors to prevent the conflicts of interest among the members of the board of directors, and attendance to the meetings is elicited through consensus.

**“Corporate governance takes its place among the company processes as the most important part of Bursagaz's operational, business sustainability...”**

### Governance Structure

1. Directives of the Board of Directors
  - BoD Resolutions
  - Conditional Decisions
2. Clarity & Transparency
  - Information Management
  - Information Sharing
3. Risk Performance Management
  - Risk Reporting
  - KPI and Process Performance
4. Code of Business Conduct
  - Core Values and Code of Ethics
  - Process Applications
5. Monitoring Reporting
  - Performance Assessment
  - Internal & External Reports
6. Communication
  - Social Communication
  - Internal Communication
7. Legal Regulations
  - Market Regulations
  - Common Regulations

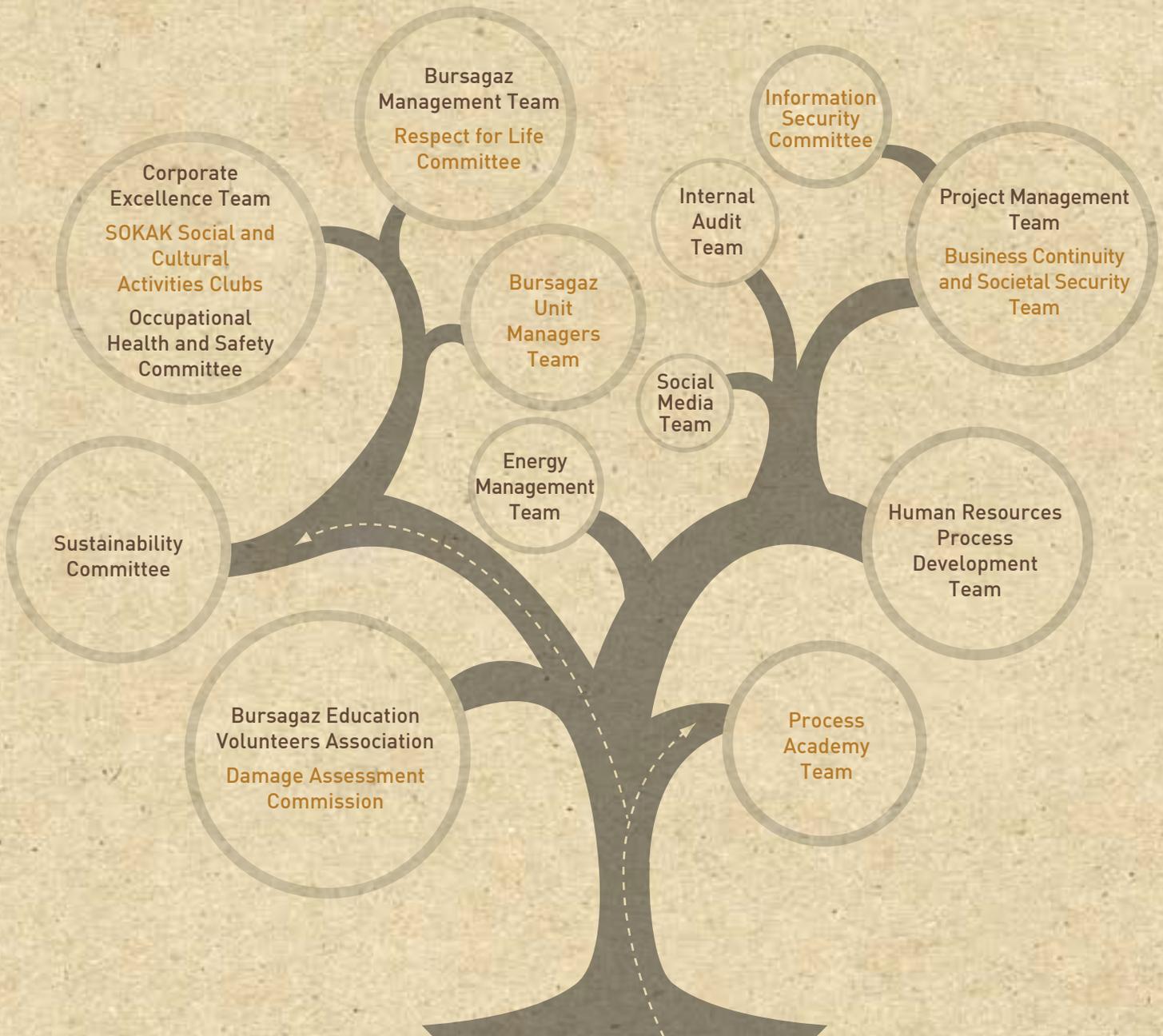
# ORGANIZATIONAL STRUCTURE



## Structures Supporting the Corporate Governance Structure

Bursagaz configures committee, board and club compositions for the purpose of carrying out different operations every year to support the functioning and deployment of the governance approach. In this sense, 17 different structures have been actively operating at Bursagaz for the last 3 years. Each of these structures actively develop projects to improve the processes within the a governance dimension, and carries out process engineering tasks. In accordance with the scope of all these

boards, teams and committees, the project teams conduct the annual projects and contribute to the improvement of performance. Thus, 5 projects in 2011, 21 projects in 2012, and 12 projects in 2013 were defined as corporate projects and they are extremely monitored by top management. The performance of these teams is measured based on their level of attendance to the meetings, project performances, and the levels of achievement of the goals related to the team.



## Corporate Governance Dimensions

Bursagaz's sense of corporate governance consists of a structure built on 7 basic dimensions, 3 main frames and 2 supporting principles. The resolutions of the Board of Directors, transparency declarations, risk and performance management, business modelling and ethic values, monitoring and reporting, internal and external communication applications constitute these 7 basic dimensions and outline the frame. These 7 basic dimensions constitute the main elements that strengthen the vision, mission, values and system policies, strategic management model and governance mechanism, which all complete the main frame.

## Bursagaz Governance Organization

Bursagaz's main decision mechanism is constituted by the Resolutions of the Board of Directors, and accordingly, the functioning of the internal financial and corporate governance at the company is clearly specified in the list of authorized signatures. The major area of the company's management style includes the business manner and code of ethics. The core values as defined in every process category at Bursagaz constitute the ethical approach, and the employed personnel's compliance with this is ensured. Transparency is an outcome of the business manner of Bursagaz, for which they are responsible as a social company. The statements made through press cover the right to information via corporate web site, and for any information getting beyond this, Solution Point and Call Center organizations have been established. Press, society representatives, employees, customers, suppliers, and other partners are classified based on their strategic impact level, and also, horizontal and vertical communication channels have been defined to enable effective communication regarding these fields. Risk assessment and performance management are one of the most important elements that enables the continuity of Bursagaz's management mechanism. Risk plans intended for the budget and physical risks every year are restructured and activated through the inferences from the swot analysis. As a part of the risk and performance management, the monitoring and measurement methodology is assessed under Bursagaz reporting mechanism, the operability is reviewed and the necessary improvement opportunities are monitored at the systematic meetings. Bursagaz, subject to the Natural Gas Market Law No. 4646, maintains all business and operational functions. The amendments to the legal regulations are reviewed in three different dimensions including financially,

technically and systemically, and the amendments to the financial legislation are reviewed through digital legislation, and the systemic and technical amendments are monitored through the official and in case of amendments, these are reported by the concerned system supervisors. The sense of excellence management reflecting on the strategic business plan includes Bursagaz's leadership model, employee participations, process-based team work operation-based

**Matching their Integrated Management Systems applications and processes with their strategies, Bursagaz ensures their operational functioning through the inspection mechanism they have established.**

organizational structuring, strategic process management, change and risk management, corporate social responsibility projects, and technology-based project management. For the purpose of assessments and review of the improvement and development opportunities for this management mechanism gathering different dynamics in a single area, various platforms have been created. Weekly meetings held with the management team, monthly meetings held with the head of departments, quarterly meetings held with the employees, management review meetings where the system audit results are negotiated, employees' sharing meetings and self-assessment works are the most important ones of these created platforms. ISO 9001 Quality Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System, ISO

Equipped with the company's sustainability practices and reputation management modelling, this sense of management defines Bursagaz is responsibility towards the internal and external partners, and also is built on balancing the demands received from the partners. In planning and management of the performance, these elements complementing the programs within many areas from creating the improvement approaches by reporting to creating the communication plans by defining the social data as publicly available are all a part of the governance philosophy established by Bursagaz.

10002 Customer Satisfaction and Complaints Handling Management System, ISO 27001 Information Security Management System, ISO 50001 Energy Management System, which have been obtained under Integrated Management System Applications, are subject to 1 external audit and 1 internal audit every year, and during these audits, such issues that include guarantee the continuity of the system as how the risks of the system are managed, how the improvement projects are organized, how the relevant data is recorded, and how the system functioning programs are put into operation are audited.

Bursagaz not only provides operational performance, it also optimizes the process management with the objectives beyond these by defining the compliance periods as specified in the legal regulations. The ethic values defined based on the vision, mission and values have taken their place within the framework of the corporate management model as the main reflection of Bursagaz's business manner. While 6 core values as determined by the company includes the employees behavior, at the same time, they also include the validity, integrity and confidentiality dimensions of the service offered to other partners. The structure focusing on many basic fields such as the integrity of the business processes, the confidentiality and sharing principles of the 3rd parties, transparency applications to elicit the partner loyalty, dimensioning the change management, and acting as responsibility-conscious is supported with the elements of adopting and differentiating beyond being a necessity. As a whole with all the principles, Bursagaz Corporate Governance Mechanism, derives gain in respect of development and continuity for the company as an area where the basic functions of the company are assessed in terms of business.

# SENSE OF ETHICAL MANAGEMENT

“Having implemented the values and principles of the company with ethical management applications at an equal level at each location, Bursagaz has been also improving the service quality that they provide to their customers, employees and all other partners by further increasing every day...”

The sense of ethical management constituting corporate governance principles has been built on supporting diversity at Bursagaz and the employees' compliance with the living values. In this sense, Bursagaz has not made any structural change within the last 3 years, and has preferred to be renewed in respect of their vision, mission and core values, and created the current vision, mission and values. In 2010, large-scale integration technological projects such as SCADA and GIS, for the purpose of steering the change within the field of compliance with the standards, by the training-based system certifications through Bursagaz Education Volunteers regarding implementing their 6 core ethic values developed and expanded at the company. Thus, reputation management has been also strengthened.

Bursagaz has conducted employee surveys for the purpose of assessment of the sense of ethical management, and the level of belief in the corporate governance approach measured by Bursagaz in 2011 through employee satisfaction was expressed to be 75%, and the compliance with the ethic aspects and values achieved a 82% level of belief in the survey conducted in 2012, and this value achieved a level of belief by 89% in 2013. This also shows the power of the connection of Bursagaz's ethical values with their strategies and corporate vision, mission and values. The code of ethics are enabled to be expanded by offering them with the corporate goals and strategies within the scope of 1-hour training period in the Employee exchange meeting held every year with the participation of all the employees, and in 2013, in addition to the foregoing, the ethical values were shared with the employees as a training class delivered through QDMS system, and enabled to be monitored by 236 of 263 employees. Bursagaz sorted ethical management among other objectives, for the purpose of their strategic objective as specifically defined to be enabling the compliance of the employees with the living values in 2013, and thus, made it enabled through different

**INCORPORATING  
OUR VISIONS  
AT CORPORATE  
VALUES WITH OUR  
ETHICAL VALUES,  
WE ARE MOVING  
FORWARD ONE  
STEP AT A TIME...**

subordinated committees. Established in 2013, the Respect Life Committee undertook the duties of the management team featuring as the ethics committee, and also brought along the new practices. In the committee, consisting of 5 people, Bursagaz's employees who are qualified with all properties as being a legal advisor, consultant and personnel are involved. One member of the committee has as a female employee. The most important characteristic of the committee members, who have fully independent job descriptions from their job positions, is that they are authorized to make objective assessment. The committees job description has been determined to include protecting Bursagaz's code of ethics considering the code of ethics of EWE Turkey Holding and expanding the same among the employees. By communicating them; taking measures and actions to pay regard to the compliance with the code of ethics and to prevent the discrepancies by defining the Equal Opportunity team at Bursagaz and expanding this to the employees; receiving feedback directly from employees in violations of the ethics and equality of opportunity and assessing and reporting them to the senior management, also enabling the follow up of the issue, and expanding the equality

of opportunity applications among the employees; expanding the positive applications regarding the human rights at the company, and preventing the troubles; offering the applications about the equality of opportunity to the female employees, planning such trainings that inform the employees about equality issues and follow-up of the same, and contributing to the development of the equality strategies convenes quarterly and loyalty preparing assessment report. Within the scope of whole approach, there has not been any notice of troubles at Bursagaz in 2011, 2012 or 2013 in the sense of ethic management. At Bursagaz that has determined the rules with respect to anti-corruption for the purposes of the sense of ethical management under the responsibility principle, there is not any case that has occurred in 2011, 2012 or 2013, and there are not any pending actions proceeded in this respect. Drawing up a compliance report every year under corporate governance approach, by Bursagaz audits the level of compliance with the procedural practice at the company through the audits performed for the purpose of management. As a result of these audits, corrective action closing performance has been 100% for the last 3 years.

| ETHICAL ASPECT            | RELEVANT PRINCIPLES  | ETHICAL MANAGEMENT STYLE  |
|---------------------------|--|---|
| Acting in Harmony         | Integrity,<br>Accuracy,<br>Coherence                         | <b>Integrity:</b> Reliability of the information provided for the partners<br><b>Accuracy:</b> To show determination in the commitments<br><b>Coherence:</b> Conducting the information provided in the business processes and all the operations performed in accordance with each other   |
| Ensuring Loyalty          | Confidentiality,<br>Unity of Benefits                        | <b>Confidentiality:</b> Protecting the information of the stakeholder and Not disclosing to the 3rd parties except required by the legal provisions<br><b>Unity of Benefits:</b> Adopting an attitude looking after the benefits of all the stakeholder while performing the business operations  |
| Accountability            | Accountability,<br>Care,<br>Corporate Citizenship,<br>Equity | <b>Accountability:</b> Ability to prove that the work carried out is in accordance with all social benefits<br><b>Care:</b> That each individual make necessary efforts meticulously at every job level, that they protect the common benefit of all other partners including stakeholder, employees and customers.<br><b>Corporate Citizenship:</b> Taking actions to protect the environmental and work environments in every operation performed<br><b>Equity:</b> Developing applications that create equality of opportunity among the employees |
| Tolerant Approach         | Respect,<br>Social Responsibility                            | <b>Respect:</b> Adopting the approach of listening to the partners' demands and balancing their expectations<br><b>Social Responsibility:</b> Creating benefit in the operations within the fields of training, environment, health and culture with the awareness of social development  |
| Compliance with Standards | Legal Compliance   | <b>Legal Compliance:</b> Ensuring to provide service in accordance with all the relevant regulations as defined with the license territory  |
| Steering the Change       | Awareness,<br>Innovative Thought                             | <b>Awareness:</b> Being aware of the global technological and social developments and cooperating with a team following the innovations<br><b>Innovative Thought:</b> Developing the projects that have an impact on the energy industry and pionnering in the groundbreaking projects  |

# CORPORATE RISK MANAGEMENT

**“The Strategic company management model was developed based on Bursagaz’s corporate structure also incorporates an important integration enabling the expansion of vision, mission, values and ethic modelling beyond restructuring the company strategies...”**

The basis of Bursagaz’s risk management planning is constituted by the corporate risk management model. Within the scope of this modelling, there is an integration consisting of the governance, risk and compliance issues, as well as the management systems applications. The governance risk, and compliance applications include the system called GRC and managed through SAP on the basis of EWE AG Holding, all of the management systems are analyzed and reported on local basis. In this sense, the risks taken into consideration under strategic planning within this portfolio; the risks obtained from the processes as a result of the business impact analysis, and the risks obtained through the management system analysis are managed under the application steps of risk management procedure. All the risks are assessed and monitored under the compulsory risk catalog categories in the SAP-GRC system moderated by EWE AG under the methodology as specified.

In the management model, built on the SAP GRC system’s expansions, the risks depend on the criticism and compulsory risk catalog assessments made through the processes. The risk categories in the compulsory risk catalog set forth by EWE AG every year are reviewed on the basis of each process, and the risks as defined under the strategic planning process are assigned. Each risk is matched with a process, and also each risk has a control

in the system, which matches with its process. The processes determined every year are entered into the GRC system by the system risk holder and risk expert. For these entries, the detailed definition of each risk, validity period, its financial and nonfinancial impact and realistic, positive and worst case scenario values of these impacts in 4-year projection, are performed on the system. Thus, the analysis of the comparisons regarding past and future projections of the risks and those achieved are made possible.

There is a control element for every risk created at Bursagaz, and these as control areas are matched with the processes and defined in the GRC system. Each risk is assessed within each quarter period, and the assessments of the conditions that have occurred in the risks are created in the system, and the factors that increases and decreased the risk level are tested. In the system where the control in connection with each risk is also assessed, the follow-up plans are created and reported based on the impact levels of the controls. In this methodology, each risk is calculated within certain tolerance intervals and a Bursagaz Risk Management Procedure has been created to define the general risk management template. In addition, it is allowed to report the unexpected sudden changes to the risks by drawin up an emergency risk report in cases of potential emergency risk assessments.

The risks can be not only defined as standard risks, but also they can be defined as strategic risks within the category of apparent risks.

The local risk manager at Bursagaz carries out this methodology, and all of the received and entered data are globally managed by EWE AG, and their total budget impacts are calculated and added to the system. In this methodology, the levels of probability and impact are set globally for all the group companies, and the risk amount and probability factors constitute the impact levels. The whole system that allows for instant reporting is in English. The process matching is performed by Bursagaz to ensure integration during the identification of the risks. In the system, there were 24 defined risks in 2013, and 24 different controls connected with these were defined.

In the system where the local risk manager is determined, the risk experts make the entries and approves them for the first stage, and grants the approval for the appraisal of risk holders. A control can be defined to more than one risk under this methodology, and the relations of the risks with each other can also be tracked from this aspect. In case of emergency risks, changed entries are made to the system. There were no emergency risk status notification event that acted in 2011, 2012 and 2013 as a result of Bursagaz's risk appraisals.

The risks were allowed to be qualitative in the system which involves not only the numerical results, but also the reputation indicators and impacts, and Bursagaz has not notified any risk level increase in their reputation level within the last 3 year period, also no risks have occurred which have caused any impact on reputation. When Bursagaz's risks for 2013 were taken into consideration, there were not any negative deviations from the risk levels, and it has been observed that the risk control level efficiency was 83%.

Their GRC application methodology underlies Bursagaz's risk management model, and it also involves the system-based ISO 27001 applications regarding the assessments of the risks of the

information assets, the applications regarding the assesment of the environmental risks under ISO 14001; the applications on the basis of Occupational Health ad Safety analysis under OHSAS 18001, and the applications on the basis of ISO 22301 Risk assessment methodology. Each system is assessed in accordance with the impact extent analysis of their own standard, and the highest one of these 736 defined risks are added to GRC system on the basis of factor. In Bursagaz's corporate governance planning, the change planning and risk management fields come up as an extremely significant element, and they include the strategies defined from the impacts created in the weaknesses and threats in swot analysis of risk management, and the change management includes the change projects that come up in the integration of the opportunities and strengths.

The projects implemented within both fields, focus on the total top strategies, and also are involved in the strategic business continuity of the company and contribute to the creation of the business recovery goals and operations. Considering from this perspective, it is seen that the management model is a model fed by the inputs and based on the short-, mid-, and long-term strategies, and it is also observed that its impacts are classified in the short-, mid-, and long-term and reflected on planning. In the assessment of the risk management portfolio, especially in the environmental impact analysis, the risk analysis are performed by assessing the soil pollution, emissions to air, and water pollution fields depending on the climate changes. Having had the certifications of ISO 14001 Environmental Management System as of 2005 and ISO 50001 Energy Management System as of 2012 have ensured that these risk analysis are reviewed and published by the environmental consultants assigned by the management and environmental officials, and the systematic reviews are performed every year, and the results are included in the agenda in the meetings. The strategic objectives to minimize the environmental impacts and to raise the environmental awareness within the scope of Strategic Planning are directly focused on the impacts within these areas.



# SENSE OF PROCESS-BASED MANAGEMENT

“Developing and using the strategic process management model, Bursagaz associates their strategic objectives with their process management structure, and supports the sustainability projects to be more effectively involved in the business continuity plans...”

Carrying out their business and operational activities under their process-based management structure, Bursagaz has organized their process structure under the main fraction including the service development processes, organizational processes and business processes, and 11 sub-processes have been determined. While the service development processes include the customer services and grid functioning within the operational field, the organizational processes include the processes that provide resource for the operational processes, and the business processes are built on the management of the company competences. The processes including Bursagaz’s basic operations are associated with the horizontal and vertical positions, and each process has basic cards describing the relevant operations, and the partners of the process are also defined by this method.

The performance parameters associated with each process are measured monthly and assessments are made by the management systems based on the expected level of the process performance. The improvements in the processes are assessed and determine the priority order of process scores, requirement order and 3 factors (labor, financial resource, and time) as specified on the basis of critical success factors, and their periodicity is also taken into consideration based on their business impacts and involved in the initiative parts of the business plans. In 2011, 2012, and 2013, 28 process performance indicators were defined and tracked in service development processes, 28 process performance indications in organizational processes, and 13 process performance indicators in business processes.

**IN SERVICE  
DEVELOPMENT  
PROCESSES, 69  
PERFORMANCE  
INDICATOR FOLLOW-  
UPS HAVE BEEN  
PERFORMED WITHIN  
THE LAST 3 YEARS...**

| ETHICAL ASPECT              | MAIN PROCESS                    | SUB-PROCESS   |
|-----------------------------|---------------------------------|---|
| Service Development Process | Grid Process                    | Grid Design<br>Piping Fabrication<br>Mapping and Grid Update<br>Station Operation<br>Notification Management<br>Grid Maintenance Management   |
|                             | Customer Development Process    | Customer Gaining and Retaining<br>Interior Piping Use and Active Use<br>Consumption Management<br>Receivables Management<br>Customer Experience Management  |
| Organizational Processes    | Technology Management Process   | Online Services<br>Green IT<br>Internal Consultancy Services  |
|                             | Material Management             | Material Management<br>Purchase<br>Material Acceptance and Storage  |
|                             | Human Resources Management      | Labor Management<br>Career and Development Planning<br>Training Planning<br>Appreciation and Recognition<br>Internal Customer Personal Rights and Demand Management   |
|                             | Financial Resource Management   | Accounting Management<br>Payment and Fund Management<br>Budget and Reporting  |
|                             | Facility Management             | Building Maintenance and Management<br>Internal Customer Services   |
|                             | Corporate Identity Management   | Sustainable Social Responsibility<br>Social Media Management<br>Internal Communication<br>Reputation Management   |
|                             | Corporate Competence Management | Information Security<br>Process Management<br>Strategic Planning<br>Change and Innovation<br>Risk, Governance and Compliance<br>Environmental Impact Management<br>Occupational Health and Management<br>Corporate Project Management<br>Cooperation Management |
| Business Processes          | Perception Management           | -   |
|                             | Performance Management          | Corporate Performance<br>Process Performance<br>Individual Performance  |





# WIND BLOWS

"Each blowing breeze  
brings us word of life, and  
strengthens us to take a  
new step further..."

# STAKEHOLDER EXPECTATION MANAGEMENT

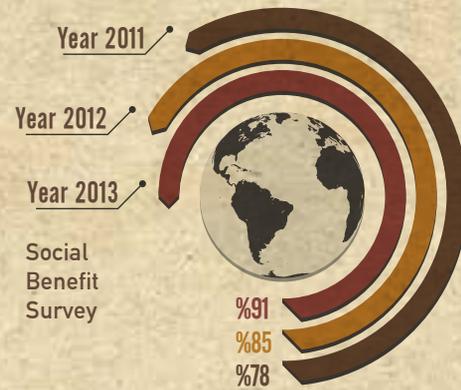
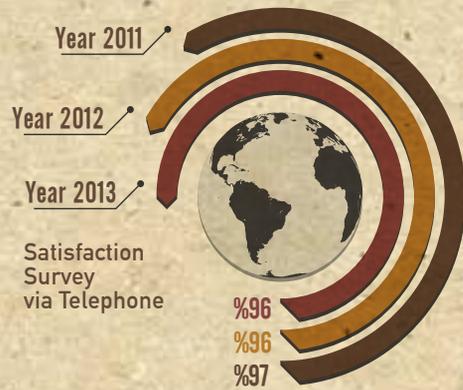
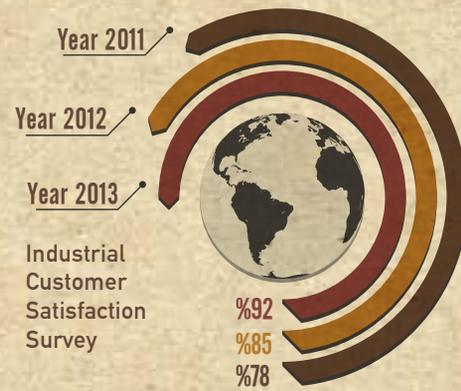
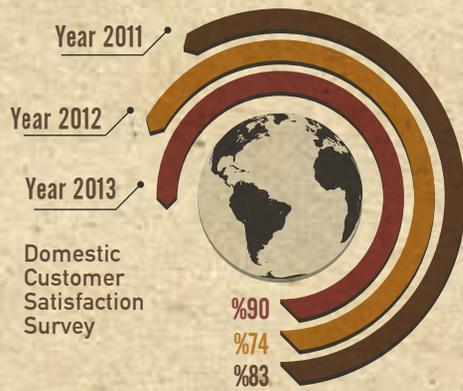
**“Classifying their stakeholders and determining their environmental, social and economic impacts, Bursagaz analyzes their expectations and creates balancing strategies under their prioritizing methodology...”**

Bursagaz has adopted the approach of balancing the stakeholder expectations within the scope of EFQM – European Foundation of Quality Management Excellence Model applications they started to apply in 2005. The shareholding structure, which is classified as basic and strategic, is divided into 5 different categories including stakeholder, customers, collaborations, societal and employees. The economic, social and environmental impact of every stakeholder has been determined in the sense of sustainability. The stakeholder's are reviewed every year under the strategic planning process, the methodology of receiving expectations, and the expectations of priority are reported through balancing table.

Each stakeholder is assessed on the basis of the value they add to Bursagaz and the benefit they provide for Bursagaz and takes their places in the actions including satisfaction, management, observing, informing, the impact matrix. If they are involved in the sections of satisfaction and management, then they are determined to be the stakeholder of priority. Each stakeholder bears a matrix code specially defined for them on the matrix and they are matched with the strategic objectives using this tool. When an assessment was made on the basis of stakeholder groups of Bursagaz in 2011, they had 56 defined stakeholder's in 2011, 63 in 2012 and 85 in 2013. The expectations received every year from the stakeholder constitute the inputs of the analysis of stakeholder expectations, and the data obtained as a result of

analysis is used in the swot analysis, and contribute to shaping the strategies and objectives.

5 different surveys are conducted in addition to the interviews and meetings held basically within the field of receiving the stakeholder' expectations at Bursagaz. The domestic customer satisfaction survey titled EMMA which was and conducted for the purpose of reviewing the attitudes and expectations of the domestic customers; the industrial customer satisfaction survey titled SMMA which was and conducted for the purpose of reviewing the attitudes and expectations of the large-capacity customers; the social benefit survey called TFA including the environmental sustainability issues along with the value added to the society and contributions of the public service provided, and the employee satisfaction surveys called SMA and conducted on the employees are the surveys conducted annually and take their places as an important approach in the process of perception management. The Satisfaction Survey via Telephone conducted with the customers who receive service from the interior piping, customer relations, master control, and emergency response teams which daily communicate directly with Bursagaz is conducted daily. The survey results obtained are turned into actions through the action plans, and support the relevant strategic objectives in the initiative sections of the corporate performance.



## Members and Contributed Committees

Bursagaz becomes a member of the communities managed by various organizations to expand the role model applications within the industry, and to get benefit from the experience of the industry. The main objective of these memberships and committee participations is to ensure the exchange of the experiences within the operational and business fields, and to give effective feedback within the fields of regulations, board's decisions, and draft laws through the technical surveys conducted.

Bursagaz has followed up the level of committee participation and activity levels for the last years in their strategic plan to have an impact on the strategies of industry as a performance indicator. In this sense, performance indicator success level, which is determined in the lobbying activity level, was achieved by 100% in 2011, 2012, 2013. Under this performance parameter, the efficiency of turning the studies submitted by Bursagaz to the committees where Bursagaz is involved within the industry. Not only keeping in alignment with industrial developments, Bursagaz performs the follow-up and exchange of the applications on the basis of Bursagaz's management model through their memberships as well as the stakeholder's they interact with. The most important membership within this field is shown through their cooperation having been maintained with Quality Association of Turkey since 2005. In addition, for the purpose of developing their excellence model applications, they develop cooperation with respect to the model developments,

webinars and best practices with the EFQM – European Foundation of Quality Management of which they have been a member since 2006, and especially in 2013, a panel was held regarding new working methodologies by Bursagaz at European Quality Congress in 2013, and an international webinar presentation was performed within the customer experience management field.

The strategic cooperation having been established with Gazbir – Natural Gas Distributors Association of Turkey as an association where Bursagaz is a member of priority within the industrial field and in the last 3 years with the board of directors since 2005 has supported the participation to the industrial committees, and provided a great contribution to the legislation developments especially within the operational field. They have taken an active role at Gazbir regarding the emergency access times, leakage detection methodologies, tariff determination methodologies and periodic control involved in the operational field for the last 3 years, especially by take it place in the organization's board of directors. As a member of IGU – International Gas Union, which is internationally recognized within the natural gas industry, since 2005, Bursagaz has made a presentation featuring with the sustainable grid management at the World Gas Conference held in 2011. Within the scope of their membership with BİSİ – Bursa Chamber of Commerce and Industry intended for contributing to the local economy, the projects regarding the propagation of the natural gas within commercial areas have been implemented.

# STAKEHOLDER'S OF PRIORITY

"Balancing the stakeholders' expectations and prioritizing the stakeholders constitute the basis of sustainability..."

| NAME                            | TYPE        | STRATEGIC/<br>BASIC | STAKE-<br>HOLDER<br>CODE | METHOD                      | ASPECT                               |
|---------------------------------|-------------|---------------------|--------------------------|-----------------------------|--------------------------------------|
| Bursa Büyükşehir Belediyesi     | Stakeholder | Strategic           | S1                       | BoD Meetings Visits         | Social                               |
| EWE AĞ                          | Stakeholder | Strategic           | S2                       | Strategy Meeting BoD        | Economic                             |
| EWE Holding Türkiye             | Stakeholder | Strategic           | S3                       | BoD Meetings Visits         | Economic                             |
| BOTAŞ                           | Cooperation | Strategic           | S5                       | Visits, Press               | Economic                             |
| EPDK                            | Cooperation | Strategic           | S6                       | Audits, Meetings, Visits    | Economic                             |
| Enervis                         | Cooperation | Strategic           | S9                       | BoD Meetings, Visits        | Economic                             |
| Gazbir                          | Cooperation | Strategic           | S10                      | Commission Meetings         | Social                               |
| Investment Material Suppliers   | Cooperation | Basic               | T2                       | Supplier Meetings           | Environmental                        |
| A-Kare                          | Cooperation | Basic               | T7                       | Meetings, Visits            | Economic                             |
| Contractors                     | Cooperation | Basic               | T11                      | Meetings                    | Environmental                        |
| Interior Piping Companies       | Cooperation | Basic               | T13                      | Meetings, Trainings,        | Economic                             |
| Audit Firms                     | Cooperation | Strategic           | S13                      | Audit Report                | Social                               |
| Certification Bodies            | Cooperation | Basic               | T15                      | Audit Report                | Social                               |
| BTC                             | Cooperation | Strategic           | S15                      | Project Meetings            | Economic                             |
| IT Service Providers            | Cooperation | Basic               | T18                      | Project Meetings            | Economic                             |
| Bursagaz Personnel              | Personnel   | Basic               | T19                      | Survey Studies              | Economic / Social                    |
| 1st tier Customers              | Customer    | Strategic           | S16                      | Survey Studies              | Economic / Social                    |
| 2nd tier Customers              | Customer    | Strategic           | S17                      | Survey Studies              | Economic / Social                    |
| Bursa People                    | Society     | Basic               | T20                      | Survey Studies, Press       | Economic / Social /<br>Environmental |
| Local Press                     | Cooperation | Strategic           | S20                      | Survey Studies, Visits      | Social                               |
| Wholesale Electricity Providers | Cooperation | Basic               | T26                      | Meetings (Aykome), Training | Environmental / Social               |
| Tago Mimarlık                   | Cooperation | Basic               | T31                      | Project Discussions         | Environmental                        |
| Fuel Suppliers                  | Cooperation | Basic               | T46                      | Online System Entries,      | Economic                             |

## It Facilitates Life to Work with the Company That Effectively Communicates with their Stakeholders and Creates a Value for Society...

### Certificated Interior Piping Company / Yüksel Engineering – Yüksel Yurtsever

With the competence certificate granted to us as Yüksel Mühendislik by Bursagaz with the natural gas having begun to be supplied in Bursa, we operate in contracting and sales within the natural gas industry. With our experience of 26 years, we have also performed important jobs within the industry regarding the mechanical installation, and we have also necessary certificates related to mechanics. As a company, we provide the most efficient, the most economic and quality opportunity for the customers using the heating and cooling products with state-of-the-art technology. In addition, we have also performed jobs within steel chimney industry as authorized by Bursagaz after having attended to the chimney trainings and courses held by Bursagaz. Our perspective actually constitutes the basis of our sustainability approach based on Societal Security, as well. The vision of our company includes being an honest, customer satisfaction-centered, and successful company within the industry which is human and environmentally friendly. It is the most important of the main points for us that the cooperation we have established supports us within these development fields. At this point, we have also found the opportunity to self-develop within the industry together with Bursagaz, as a partner. It is the basic element for a sustainable world to take a step into the common operations that will provide contribution to the society, and we make every effort to support this.

Bursagaz conducts projects and campaigns to enhance the use of natural gas in Bursa and increases the number of customers. Each customer who subscribes to Bursagaz makes the industry vivid and dynamic on our part and creates an acceleration in the local economy. In addition, the retroactive piping inspections carried out by Bursagaz both ensures that the customers use the natural gas healthily and properly, and also creates a new business opportunity for the companies. In addition to this cooperation, the communication is also extremely important... Bursagaz holds monthly meetings with the companies. In these meetings, the suggestions and opinions of the companies are listened to and subject matters such as what can be do better or what can be improved are discussed. Then one-on-one conversations are held with the companies again in respect to these subject matters discussed... Of course, what actually matters is to turn these notificatons into actions. For example, Zetacad and Dipos programs have been prepared based on the requirements of the companies and applied live. The companies used to have to take a printout for drawings and come to Bursagaz. With these programs, their drawings can be approved and edited online without going to there. With Officeless service, the customer can easily perform their transactions such as subscriptions, contracts at home, online payment, gas opening reservation, contract cancellation, etc. via telephone and internet without coming to Bursagaz. As the authorized piping company, we also help customers to perform their transactions online or via telephone. The Officeless Service strengthens our connection with our customers and makes us preferred for piping installation and a new product purchase.

In the next process, as the authorized companies, we will also continue to accelerate out transactions, and to produce solutions with respect to providing necessary introductions and facilities for Bursa citizens to use cleaner, more comfortable and more economic natural gas with the support of Bursagaz.

# BUSINESS PRODUCTIVITY and ECONOMIC PERFORMANCE

“Supporting the creation of local economic value, Bursagaz both produces the performance of their operations optimally on basis of their stakeholders and increases the revenue of the company, and also turns this revenue into investments, and provides social service...”

Bursagaz is the second largest private distributor company in terms of their grid length within the industry. Providing the distribution service under its license within the defined license area of Bursa Metropolitan Municipality, Bursagaz’s market share within the field of natural gas distribution is 88% as of 2013, when it is evaluated according to the TUIK’s potential data for Bursa and based on the existing number of subscribers. Bursagaz’s main revenue item includes the gas that they sell and the gas that they transport, and has achieved a net sales amount valued at 579,5 million TL as of 2013. In addition to the main revenue item, the revenues provided from other operations, defined as the subscription connection price, that constitutes the main input of the investments as specified in the regulations concerning the natural gas distribution market, meter switching on price operated in accordance with the gas cutting and gas opening processes, illegal use fee reflected in case of non-contractual consumption and illegal consumption, and project approval price developed in accordance with the approval process of the interior piping project, are also managed. Considering the service of providing gas supply as the main service Bursagaz provides for the customers, the domestic sales amount was 610 million m3 in 2011, 568 million m3 in 2012, and 544 million m3 in 2013. The eligible industrial consumption was 70 million m3, and the in eligible industrial consumption was 12 million m3, and the transportation consumption was 831 million m3 in 2011. Bursagaz’s transportation performance was 1,089 million m3, eligible industrial consumption was 89 million m3, and ineligible industrial consumption was 4,7 million m3 in 2012. After the classification of customers in 1st, 2nd and 3rd grades with the new tariff period in 2013, considering the

gas volume performance, the consumption of the 1st grade was 524 million m3, the 2nd grade was 129 million m3, and the 3rd grade was 1.734 million m3. Bursagaz is a company which had an impact valued at 71.2 million TL in the capital structure of EWE Holding Turkey A.S., 8.9 million TL in the capital structure of Calik Enerji A.S., and 8.9 million TL in the capital structure of Bursa Metropolitan Municipality in 2011, 2012, and 2013 and has a capital valued at 89 million TL. Considering the balance structure of Bursagaz, it is seen that the rate of liabilities was 48% in 2011, 53% in 2012, and 59% in 2013. With an equity rate of 52% in 2011, Bursagaz has continued their operations with an equity rate of 47% in 2012 and 41% in 2013. Having achieved a dividend amount valued at 33.6 million TL in 2011, Bursagaz has achieved a dividend amount valued at 49.7 million TL in 2012 and 31.7 million TL in 2013. Considering the levels of profit, having made a profit valued at 38.4 million TL in 2011, 51.7 million TL in 2012, and 36.2 million TL in 2013, Bursagaz’s net dividend share rates have realized by 87% in average for all 3 of these years.

Bursagaz has performed the management of their operating expenses, considering effectively their expenses that ensures functioning of their grid, while managing their sales. With budget and actual comparisons managed considering the expense budget figures as determined by the EMRA with the new tariff period in 2013, Bursagaz has maximized the benefit they provide both for their customers, and also their suppliers. In this sense, the operating expenses realized as 39 million TL in 2011 were 44.5 million TL in 2012 and 52.4 million TL in 2013. Bursagaz makes their investments moving as aware of that the natural gas distribution service they provide is a public service while managing all their grid and customer based operations. The basis of the investments made by Bursagaz is constituted by the grid investments made for the purpose of Societal Security and security of supply, and these investments will also be continued to be operated as active investments for the safety of Bursa citizens as of the expiry of the license period. While an actual amount valued at 12 million TL was paid in 2011 for these investments made on the basis of the distribution lines, RMS

| GRID INVESTMENT | 2011 (mio TL) | 2012 (mio TL) | 2013 (mio TL) |
|-----------------|---------------|---------------|---------------|
| Lines           | 9,07          | 11,99         | 17,76         |
| RMS Stations    | 1,02          | 9,56          | 0,64          |
| SCADA           | 4,28          | 0,69          | 0,3           |
| GIS             | 0,09          | 0,07          | 0,02          |

(pressure reduction) stations, SCADA, and GIS, it turned out to be an investment valued at 20.2 million TL in 2012 and 14.2 million TL in 2013. Bursagaz, with consideration for all these investments made every year, ranks among the top 10 every year on the basis of tax classification in Bursa, and their corporate tax created every year is paid in the next year. With the tax amount valued at 8.7 million TL for 2010 but paid in 2011, Bursagaz ranked 7th in Bursa, and with the tax amount valued at 10,0 million TL for 2011 but paid in 2012, Bursagaz ranked 5th in Bursa, and with the tax amount valued at 14.3 million TL for 2012 but paid in 2013, Bursagaz ranked 3rd in Bursa. There is not any concessional case specific to Bursagaz on the basis of the support provided by the legal authorities, and there are discounts drawn upon for the employment incentive and disabled employees in addition to the employer discount by 5% for the payments to the employees. While the Employer Disability Allowance granted by SSI (Social Security Institution) was valued at 9.028 TL in 2011, 9.913 TL in 2012, and 12.769 TL in 2013, the Employer Employment Incentive granted by SSI was valued at 21.960 TL in 2011, 57.207 TL in 2012, and 58.585 TL in 2013. While the 5% Employer discount granted by SSI was 309.231 TL in 2011, 287.534 TL in 2012, and 450.913 TL in 2013, their shares in cumulative employment was 0,14 percent in 2011, and 0,15 percent in 2012 and 2013. In addition, Bursagaz Education Volunteers Association founded by Bursagaz employees received a grant valued at 200.000 TL from BEBKA – Bursa Eskisehir

Bilecik Development Agency in 2012 under the Disabled Class renewal project, and 45 Disabled Classes were rehabilitated at 40 primary schools. Bursagaz has shared all the of the payments for the employees at operational level with the employees under the transparent remuneration strategy they apply at the company, and they manage their payments on the basis of SSI premiums in accordance with the legal regulations. The premium payments made by Bursagaz to the Social Security Institution was valued at 2.481.00,62 TL in 2011, 3.065.960,46 TL in 2012, and 3.567.888,21 TL in 2013 on the basis of the foregoing payments. For Bursagaz that provides service in accordance with the Natural Gas Market Law No. 4646, and operates within the urban area boundaries of Bursa Metropolitan Municipality, the locality term is determined as a national geographical structure, and supporting the local suppliers for the purposes of their strategic objectives to improve the performance of the collaborations and to manage the cooperation-originated risks, Bursagaz makes their supplier selections based on their supplier assessment guide. In this system which supports the generation of economic value, the supplier selection criteria are classified as budget compliance, its impact on energy efficiency, environmental waste creation status, and generation to support creating economic value. Common purchase operations are conducted with the group companies to improve the local supply chain for the purposes of the objective to improve the performance of collaborations, and material

| PART of GRID            | 2011   |                  |                  | 2012   |                   |                  | 2013   |                   |                  |
|-------------------------|--------|------------------|------------------|--------|-------------------|------------------|--------|-------------------|------------------|
|                         | Unit   | Material (TL)    | Labor (TL)       | Unit   | Material (TL)     | Labor (TL)       | Unit   | Material (TL)     | Labor (TL)       |
| RMS-A Station (Pcs.)    | 1      | -                | -                | 2      | 9.071.319         | -                | -      | -                 | -                |
| PE Line (km)            | 91     | 444.146          | 2.750.928        | 121    | 787.760           | 3.062.267        | 90     | 614.134           | 2.394.228        |
| Steel Line (km)         | 0,50   | 144.584          | 479.727          | 6      | 499.431           | 461.496          | 15     | 674.459           | 1.499.391        |
| DR Number (pcs.)        | 0      | -                | -                | 1      | 32.053            | 7.500            | 1      | 53.573            | 7.500            |
| Customer Stat. (pcs.)   | 11     | -                | -                | 6      | -                 | -                | 11     | -                 | -                |
| PE Valves (pcs.)        | 39     | 7.336            | 3.900            | 72     | 14.572            | 7.200            | 40     | 5.214             | 4.540            |
| Service Box (pcs.)      | 4.948  | -                | -                | 4.608  | -                 | -                | 4.814  | -                 | -                |
| PE Service Line (km)    | 54     | 247.634          | 998.284          | 55     | 271.614           | 712.543          | 52     | 361.955           | 1.154.334        |
| Regulator (pcs.)        | 8.899  | 650.610          | -                | 5.291  | 605.541           | -                | 5.675  | 696.087           | -                |
| Coating (m2)            | 17.939 | -                | 636.511          | 52.554 | -                 | 1.453.814        | 82.692 | -                 | 4.305.325        |
| Subcontractor Cost      | -      | -                | 303.377          | -      | -                 | 1.875.512        | -      | -                 | 1.082.951        |
| Meters (Pcs.)           | 39.277 | 2.404.040        | -                | 32.007 | 2.194.765         | -                | 44.357 | 4.902.574         | -                |
| RMS Station Maintenance | -      | 401.426          | 622.587          | -      | 115.257           | 369.525          | -      | 121.413           | 519.914          |
| CBS (Map)               | -      | -                | 91.500           | -      | -                 | 73.278           | -      | -                 | 24.253           |
| SCADA                   | -      | -                | 4.280.205        | -      | -                 | 688.566          | -      | -                 | 295.912          |
| <b>Overall TOTAL</b>    |        | <b>4.936.287</b> | <b>9.530.507</b> |        | <b>15.046.127</b> | <b>7.257.887</b> |        | <b>11.734.735</b> | <b>6.983.023</b> |

|                          | 2011                 | 2012                 | 2013                 |
|--------------------------|----------------------|----------------------|----------------------|
| <b>Tax Payments (TL)</b> | <b>11.648.592,31</b> | <b>15.533.206,35</b> | <b>11.528.826,35</b> |
| VAT                      | 8.214.497,96         | 11.668.516,14        | 7.206.880,08         |
| Withholding              | 1.831.542,99         | 2.954.207,55         | 3.235.445,52         |
| Stamp                    | 974.211,25           | 511.191,57           | 757.989,10           |
| VAT 2                    | 628.340,11           | 399.291,09           | 328.511,65           |

development jobs are performed together with the suppliers. In this sense, the development jobs have been performed for the last 3 years to prevent the leakages in wall-type regulators as used by Bursagaz. From the same perspective. The foreign supplier selection has been performed in the execution of the meter reading operations of Bursagaz, and know-how transfer has been made with the supplier regarding the online meter reading through SAP. The operations of the meter reading supplier within the fields of energy consulting have been supported, and also they have been provided with support in their ISO 50001 certification process.

Bursagaz executes the subcontractors' contracts to ensure that the materials used in the main operations will be the materials as managed and selected by them. Only the labor cost included in the scope of the contractors concluded with the infrastructure contractors who undertake to make the line fabrication for Bursagaz, and the material supply, is performed by Bursagaz. Bursagaz manages their existing suppliers, and also the entries of new suppliers into the system through supplier assessment procedure.

The organization structure of the organization in connection with the accreditation certificates, product standard certificates, reference chart, and production and quality processes is reviewed, and part a of the supplier form is created. After the site visit made by Bursagaz following the 2 week inspection, a sample is requested and a pilot application is performed, and the results following to the pilot application are reported and the acceptance of the supplier is decided. Bursagaz performs their operations not only with their suppliers that constitute their direct distribution structure, but also such operations that will contribute the economic development under their local business development activities. Considering this common approach of development the interior piping companies within the industry have been supported, and the number of the interior piping companies which was 291 in 2011 reached 306 in 2012 and 322 in 2013, with an approximate average of 58.262 projects have been produced by the interior piping companies with in the last 3 years. The interior piping companies have been operating as subscription center as of the end of 2013, and they have improved their business volume in consideration for the service they provide. Managing their infrastructure investments as the physical penetration volume. Bursagaz has completed their



obligatory investments as of 2010, and made investments within all the economically eligible regions within their license territory. Beyond this they made line investments in the villages which have requested service. The investments made in 2011 in consideration for the material cost valued at 1.4 million TL and labor cost valued at 3.5 million TL were made at a material cost valued at 12.7 million TL and labor cost valued at 4.5 million TL in 2012, and material cost valued at 1.7 million TL and labor cost valued at 4.6 million TL in 2013, and therefore, an economic value was created. With these investments, Bursagaz has got out of the obligatory areas of investments, and resources have also been produced for supply to the villages through natural gas pipeline fabrication.

Investments have been made to every zoned region which has requested for investment within the urban area boundaries of Bursa. Also, the projects for determining the building-based potential, have been fastened under the the determination of Bursa's prospects project. Each prospect within Bursagaz's distribution territory in Bursa apply to Bursagaz for the purpose of use of the subscriber connection service, and the fabrication of the pipelines are completed in consideration for the payment of the connection charge within a maximum period of 30 days in accordance with the relevant legislation, and service box installations are performed.

Bursagaz is a natural monopoly as per the existing market regulations regarding providing gas supply, and the eligible customer limits are reduced on a yearly basis within the industry of energy distribution, and the limit which was 300.000 m3 /year in 2013 has been reduced to 100.000 m3/year for 2014, and thus, users are allowed to choose wholesale companies. Considering all these impacts, no negative development was caused on the basis of indirect economic impact in 2011, 2012 and 2013.

|                     | 2011       | 2012       | 2013       |
|---------------------|------------|------------|------------|
| EPDK Licence Fee    | 36.886,60  | 35.227,07  | 34.650,25  |
| EPDK Attendance Fee | 220.516,31 | 258.499,88 | 289.950,80 |

| Market Value  | 2011        | 2012        | 2013        |
|---|-------------|-------------|-------------|
| Number of Inhouse Installation Co.                            | 291         | 306         | 322         |
| Number of Workers   | 1164        | 1224        | 1288        |
| Number of Projects Prepared by Inhouse Installation Companies | 72.897      | 53.571      | 48.320      |
| Average Installation Turn over                                | 218.691.000 | 160.713.000 | 144.960.000 |

|                          | 2011           | 2012           | 2013           |
|--------------------------|----------------|----------------|----------------|
| Net Sales                | 441.227.140,32 | 516.782.937,31 | 579.514.062,21 |
| Other Operational Income | 13.356.388,52  | 15.199.435,85  | 22.103.914,17  |
| Connection Fees          | 9.610.234,18   | 11.262.081,10  | 13.512.556,84  |
| Meter Switch On Fees     | 2.241.323,00   | 2.538.604,27   | 4.033.115,48   |
| Illegal Usage Fees       | 256.108,34     | 212.914,48     | 2.820.984,10   |
| Project Approval Fees    | 1.248.723,00   | 1.185.836,00   | 1.737.257,75   |

**WITH THE ADDED VALUE THEY CREATE LOCALLY, BURSAGAZ OPENS THE WAY FOR NEW BUSINESS AND EMPLOYMENT FIELDS AND CONTRIBUTES TO THE DEVELOPMENT OF THE ECONOMY...**

#### Salary Levels for Employees

| Technical & Commercial Management | 2011 Salary Per Employee | 2011 Rate of Salary Per Employee | 2012 Salary Per Employee | 2012 Rate of Salary Per Employee | 2013 Salary Per Employee | 2013 Rate of Salary Per Employee |
|-----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
| Technical Female                  | 28.994                   | 54%                              | 33.875                   | 50%                              | 33.839                   | 51%                              |
| Technical Male                    | 24.944                   | 46%                              | 33.570                   | 50%                              | 32.963                   | 49%                              |
| Commercial Female                 | 20.058                   | 41%                              | 26.798                   | 40%                              | 26.609                   | 40%                              |
| Commercial Male                   | 29.135                   | 59%                              | 40.550                   | 60%                              | 39.169                   | 60%                              |





# BIODIVERSITY

“With their management approach not only stakeholder-friendly but also environmentally-friendly within the field they provide service, Bursagaz aspires to leave a more liveable world for future generations...”

Bursagaz’s stations are not located within an area which has apparent biodiversity with respect to the location of their main operation premises and customer centers. There are no natural reserves within their territory of gas distribution. Bursagaz contributes to air quality in respect of the composition of the product they supply, and supports the emergence of improvements in air quality based on the penetration in years distinctive with respect to their variable gas user structure. As Bursagaz has no impact on the natural reserves, they do not carry out any special restoration or conservation works conducted jointly with a local partnership. In addition, Bursagaz reviews the environmental risk analysis and assesses the biodiversity status within the site where the fabrication of the distribution pipeline is performed within the scope of the strategic objective to minimize the environmental risks, especially in the process of the project design of the distribution line. Hence, the investment to be made in Uludag region has not been considered eligible for underground line installation as it has been found to incorporate endemic plant species as a result of this assessment, and it has been cancelled until a new system application has been designed. Although there is no obligation regarding the biodiversity as imposed in the Natural Gas Market Law No. 4646, the dimension of keeping the environmental damage at minimum is set as an assessment criteria, and Bursagaz has not caused any negative environmental condition.

Bursagaz’s license territory has been determined under privatization, and in absence of any expansion of their license territory, it is not possible to include the regions of any natural reserve or the regions with biodiversity in the service grid. In addition, although Bursagaz do not have any action plan for biodiversity considering their existing operational area, they have included having environmental impacts among the main factors in their business impact analysis during their Business Continuity and Societal Security works, and also assessed their operations in this respect. There is no special species listed by National and International bodies within the area where Bursagaz carries out their operations. The Environmental Impact Analysis process have been applied to all the stations of Bursagaz, and it has been determined that there are no any condition that may damage the environment, and the opinions stating “EIA is not necessary” have been granted from the legal authorities.

Bursa Air Quality Values

| Year               | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| µg/mm <sup>3</sup> | 65   | 84   | 97   | 73   | 57   | 35   | 10   | 22   | 13   | 36   | 42   | 20   |
| PM10               | 58   | 54   | 49   | 43   | 48   | 75   | 88   | 87   | 62   | 70   | 78   | 60   |

# MATERIAL MANAGEMENT

**“Matching their material management with their inventory management to minimize environmental impact, Bursagaz ensures the use of the materials for their maximum service lives at an optimum level, and supports the prevention of waste generation...”**

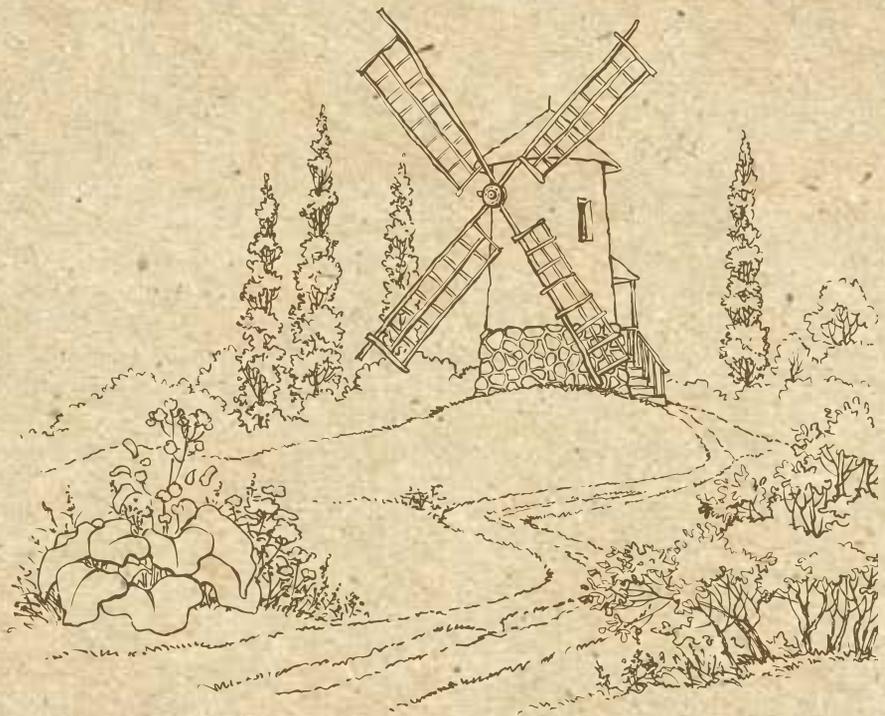
Bursagaz strengthened their policies and strategies with the ISO 50001 Energy Management System certification in 2012 following to the ISO 14001 Environmental Management system as certified in 2005. Bursagaz is committed to comply with the relevant legislation regarding environment in all their operations; to create an action plan in awareness of their social responsibility with respect to the issues to which there is no provision applicable within the legislation; to raise the awareness of their employees and all their stakeholders; to play a regulatory, leading, and following role; to prevent any direct or indirect damage primarily to the human health and to the environment within their impact area or minimize the same in its source; to dispose of their environmental waste by suitable methods; to make the most efficient use of the natural resources; to plan and apply measures that will minimize the environmental damages in case of any accident or emergency that may occur during their operations; to be a pioneer in the environmental operations within their industry and to communicate their experiences to third parties;

to allocate necessary reserves to continuously improve the operations regarding the environment; to carry out the necessary inspections, and to lastly ensure that the management will be reviewed under their environment policy Bursagaz is the first holder of ISO 50001 certification within their industry. Conducting the management of the materials at an optimum level with their approach of environmental management, Bursagaz does not use any materials in product manufacturing due to the structure of natural gas, and they supply the natural gas which they receive at 70 bar to the final user at 21 mbar by heating it and reducing its pressure. While no material is used in product manufacturing, the specifications of the direct materials used in the piping that provides the distribution service and functions as the carrier of the product. As the details of the suppliers who supplied pipes for line installation in 2011 and 2012 are assessed within the scope of the list of approved suppliers, it shows similarity with the company that supplied pipes in 2013. Such materials as absorbent filters, sleeves and regulators, etc. used in distribution line installation and station operation at Bursagaz are exposed to contamination, they are considered as hazardous waste and are not likely to be recycle it. As it is stipulated that all the materials used in the investment are manufactured from the first-hand material as per the relevant legislation, only the warning tapes used underground are made of recycled material. The consumed amount of underground warning tapes was 153 thousand meters in 2011, 217 thousand meters in 2012, and 245 thousand meters in 2013.

| RAW MATERIALS AND AUXILIARY MATERIALS | UNIT | 2011    | 2012    | 2013    |
|---------------------------------------|------|---------|---------|---------|
| Pe Pipe                               | km   | 4.516   | 4.692   | 4.838   |
| Steel Pipe                            | km   | 341     | 344     | 359     |
| Service Regulator                     | adet | 169.947 | 174.555 | 179.369 |
| Meter                                 | adet | 37.698  | 27.650  | 33.700  |

| No | Raw Material & Material   | Department                        | Operation                             | Recycled Material Ingredient |
|----|---------------------------|-----------------------------------|---------------------------------------|------------------------------|
| 1  | Pe Piping and Fittings    | Construction Controlling          | Line Installation                     | Not Available                |
| 2  | Steel Piping and Fittings | Construction Controlling          | Line Installation                     | Not Available                |
| 3  | Meter                     | Customer Services                 | Use in Interior Piping and Active Use | Not Available                |
| 4  | Regulator Service Box     | Construction Controlling          | Line Installation                     | Not Available                |
| 5  | Regulator                 | Customer Services                 | Use in Interior Piping and Active Use | Not Available                |
| 6  | Cartridge Filter          | Grid Management / Maintenance     | Station Operations & Maintenance      | Not Available                |
| 7  | Regulator Membrane        | Grid Management / Maintenance     | Station Operations & Maintenance      | Not Available                |
| 8  | Regulator Pastilya        | Grid Management / Maintenance     | Station Operations & Maintenance      | Not Available                |
| 9  | Warning Tape              | Grid / Maintenance / Construction | Digging Operations                    | Available                    |

# ENERGY MANAGEMENT APPROACH



**“As the first holder of ISO 50001 Energy Management System within their industry with their energy efficiency applications, Bursagaz implements their efficiency goals set in their strategic objectives on the basis of energy reference line, and optimizes the use of resources.”**

Having set it as a policy to assess and prioritize the energy resources and areas of use that enable the continuity of corporate structure in their Energy Management System approach; Bursagaz has installed an energy management system effectively operating under ISO 50001. Its goal is to effectively manage the same; to provide all the necessary information and sources to achieve the goals and objectives regarding the use of energy; to observe and take into consideration the legal regulations required to be complied with for energy use and management; to set and review the objectives and goals for energy management; to continuously improve the energy management system, and therefore, the performance; to emphasize the energy efficiency in their purchase and service design processes, and to take into consideration the cost-efficiency and budget criteria in the purchased products and to select those with high energy efficiency; to ensure the exchange of all the information related to the energy management process internally at the company and externally with all the stakeholders, and to contribute to raising the environmental awareness, and to review the system,

Bursagaz assesses the impacts within the fields of combating greenhouse gases and climate change, especially within the scope of their sustainability strategies under swot analysis, while determining their management approach based on labor

productivity, and ensure that strong and weak fields as well as such fields that may create opportunity and threats are determined. Having taken a place in Bursagaz's agenda for the last 3 years, the main threat area is considered as the increasing need of heating the process-originated natural gas due to the low soil temperature, and the risk of increasing amount of carbondioxide gas released as a result of consumption, while this heating gas need decreasing by the increased soil temperature creates an opportunity on the contrary to that threat situation. In this sense, the soil temperature is closely followed and the process is managed by instant measurements through SCADA, and the heating gas is minimized. Thanks to such a management approach, Bursagaz has not incurred any financial loss in this respect in 2011, 2012, or 2013.

The performance of the ISO 14001 Environmental management system and emission measurements determined by Bursagaz as a strength in this swot analysis conducted by Bursagaz with the approval of Ministry, and the management of the environmental permits process especially show that Bursagaz carried out a management under the legal regulations, especially in accordance with the Regulations on the Necessary Permits Required to be obtained as per the Environmental Law. Therefore, there has been no penalty imposed arising from any legal regulation for the last 3 years, and Bursagaz is the first company that has got the

| Area of Energy Use            | TEP Factor | 2013         | 2013 TEP      | 2012         | 2012 TEP      | 2011         | 2011 TEP      |
|-------------------------------|------------|--------------|---------------|--------------|---------------|--------------|---------------|
| Heater (m3) including Ovaakça | 0,000825   | 225.524,35   | 186,06        | 264.557,20   | 218,26        | 254.090,08   | 209,62        |
| Office Heating (m3)           | 0,000825   | 30.921,00    | 25,50         | 31.608,00    | 26,08         | 21.275,00    | 17,55         |
| Electricity (kwh) Total       | 0,00086    | 1.111.952,10 | 95,63         | 1.039.463,00 | 89,39         | 1.137.319,00 | 97,81         |
| Fuel (m3) CNG                 | 0,000825   | 38.682,00    | 31,91         | 1.736,00     | 1,43          | 0,00         | 0,00          |
| Fuel (kg) Fuel oil            | 0,00102    | 59.145,00    | 60,33         | 88.726,98    | 90,50         | 93.848,10    | 95,73         |
| Generator (kg) Gasoline       | 0,00104    | 729,30       | 0,76          | 649,12       | 0,68          | 549,05       | 0,57          |
| Compressor (kg) Diesel        | 0,00102    | 270,84       | 0,28          | 166,00       | 0,17          | 240,70       | 0,25          |
| <b>TOTAL (TEP)</b>            |            |              | <b>400,46</b> |              | <b>426,51</b> |              | <b>421,53</b> |

e-environmental permit within the natural gas distribution industry. In addition to all these applications, Bursagaz also implements the initiatives under their objectives to minimize the environmental impacts and raise the environmental awareness with respect to combating climate change every year within the scope of their strategic plan. Having commissioned their CNG vehicle application with their projects on ISO 50001 Energy Management System as certificated in 2012, Bursagaz has begun to use natural gas in their emergency vehicles and reduce their greenhouse emission. In addition, with the induction lighting system installed at their stations, they have saved on the electric power, and revisions that have been made to the indoor lighting systems. The vortex system has been installed, which generates energy from the differential pressure in the heatures to decrease the process-based greenhouse generation. Although Bursagaz cannot make a change to the product because they provide the natural gas under standard conditions, they minimize the negative impacts on the climate change in the system using technological equipment that enables pressure and temperature controls at the stations through SCADA. In the process of energy efficiency where also electricity infrastructure renewal work was performed at Ovaakça RMS-A station in 2013, more efficient rectifier units were ensured to be used. During the projects when the boiler optimizations were made (by reducing the combustion pressure from 1.5 bar to 0.5 bar), and a serious improvement was applied from the consumption level of approximately 6,2 m<sup>3</sup>/h up to the consumption level of 3,5 m<sup>3</sup>/h, the air and natural gas mixture was brought to the most suitable level in terms of combustion efficiency. The most efficient temperature of boiler water was determined to be 45-500 C, and it was found that the part of it above 45-500 C of the temperature from the chimney is heated for vain. Therefore, the boiler temperature was set at 45-500 C, and it was saved on approximately 10-150 C boiler water heating energy compated to the previously used value of 600 C. Thanks to the installation of the automation system which was not previously had in the blending unit which mixes the hot and cold gas, the operation which used to be manually performed previously was made automatic by stabilizing the station outlet temperature (120 C), and instead of 6 sodium vapor lamps and highly consuming halogen luminaires at the station, high response time and low consumption energy efficient lighting systems have begun to be used, and an 80% improvement has been achieved. Thanks to switching to the system

with inverter at the main distribution switchboard at Kestel and Veysel Karani in 2012, the boiler circulation pumps were ensured to be used at a maximum efficiency but a minimum consumption, and loss of energy was prevented. The insulation of the heat exchangers on the gas heating process at Kestel and Veysel Karani Urban stations were completed, and the boiler system was replaced. They also switched to 1 condensing boiler system and 1 hot water boiler system. Thanks to this system, the condensing boilers are put into operation in cases of low gas draught and high temperatures, and the non-condensing hot water (1.000.000 kcal) boiler is put into operation, in cases of high gas draught and low air temperatures. Therefore, the optimum efficiency is enabled in gas heater consumptions. The necessary hot water circulation system in the boiler rool has been insulated, and outdoor electric lighting was made central by changing disorderly arrangement, and the disorganized lighting system was disabled, and moved into a higher location, and central lighting was installed.

In 2013, the outdoor lighting system at Gürsu RMS-A station was replaced with inductive lighting system, and 300 W luminaires began to be used instead of 400 W luminaires, and 800 W was saved. The chiller system used for heating and cooling at the Control Building of Gürsu station was replaced, and air-conditioners begun to be used in the necessary areas, and 5 kw consumption was achieved instead of 14 kw, and there was a saving on energy. A 100 kva transformer that will meet the needs of Bursagaz was put into operation instead of the 1000 kva transformer used with natural gas at Gürsu Station, and therefore, the consumption that may arise from the transformer losses were minimized and there was achieved saving on energy. In 2012, 1 x 300 W inductive lamp began to be used instead of 5 x 150 W lamps for the outdoor lighting at Hamitler Urban Station, therefore, 950 W energy was saved. Thank to the Vortex system installed at Hamitler Station, it was ensured that the mechanical system in the Vortex moves while the gas is passing through it, and the mechanical friction is tranformed to thermal energy and heats the gas. Thus, the freezing in the pilots was prevented, which may be caused by approximately 10,5 C temperature fall that will occur while reducing the gas pressure from 40 Bar to 19 Bar. Bursagaz does not use fossil fuel or any substitute product under their fuel management and does not produce any biofuel.

# GREENHOUSE EMISSION

**“Moving with the goal to entrust a more efficient world to the next generations, Bursagaz allocates resource for their improvement works within business and operation fields to decrease the greenhouse emission values on a yearly basis...”**

Main process based energy consumption at Bursagaz occurs in the heaters at the stations, and does not have natural gas production and associated petrochemical production or any refinery processes. In this sense, their process-based direct energy consumption was 254.089 m3 in 2011, 264.557 m3 in 2012 and 225.524 m3 in 2013.

Bursagaz made 3.347 ton CO2e emission in 2011, and 3.569 ton CO2e emission in 2012 and 3.088 ton CO2e emission in 2013 within the fields of total direct and indirect energy. The greenhouse gas emission calculations of Bursagaz was made in accordance with the ISO 14064 standard, and the whole Sustainability team was enabled to attend to the ISO 14064 Greenhouse Gas Emission Calculation and Validation training. In the calculations, CO2, CH4 and N2O production values caused by Bursagaz's operations that cause greenhouse gas emission were calculated. The greenhouse gas calculations were used by 100% other than the electricity field, and there was no uncertainty.

Electricity-associated calculations were assessed within the scope 2, and the uncertainties caused by common use were calculated at SCADA local panels and Gürsu Main Distribution Station. There is neither the CO2 normalization factor specific to the gas distribution industry, nor the greenhouse gas emission (material/significant) that cause ozone-depleting emission at Bursagaz. In addition, there is currently no greenhouse gas emissions that occur on the basis of

the operations which are specifically requested by the stakeholders. Gas is also released with the air discharged to the atmosphere from the line when the line is enabled to be filled with gas by 100% after the air-gas mixture inside the line has come out at the time of commissioning the distribution lines of planned hydrocarbon production at Bursagaz, and this operation is caused by the functioning of the commissioning process of the distribution industry.

This released amount of hydrocarbon was 2.278 m3 in 2011, 358 m3 in 2012 and 178 m3 in 2013. The unplanned hydrocarbon releases occur in case of line damages caused by the 3rd parties, and the unplanned hydrocarbon release was 138.975 m3 in 2011, 155.057 m3 in 2012, and 127.218 m3 in 2013. While the line damages that has occurred during the reduction permitted excavations carried out from 2012 to 2013 was 354 in 2012, this number was 262 and caused by the increased number of inspections made by the excavation control team. While calculating the hydrocarbon release, the gas concentration is multiplied by the square of the bore or pipe diameter, and Pabsolute pressure (consists of 5 bar which is calculated by adding 4 bar, the gas pressure inside the pipe to 1 bar, the atmospheric pressure), and then divided to 60, and the discharged gas amount is calculated, and this result achieved is multiplied by the time of gas release, and the released m3 value is found. Bursagaz staff do not use their own vehicles when coming to work, they use vehicles provided by the company.

|  | 2011           | 2012           | 2013           | 2011         | 2012         | 2013         | 2011         | 2012         | 2013         |
|--|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Sm3            |                |                | TJ           |              |              | TonCO2e      |              |              |
| <b>Natural Gas (Processes)</b>                   |                |                |                |              |              |              |              |              |              |
| Gürsu  | 8.824          | 17.753         | 18.744         | 0,31         | 0,61         | 0,65         | 18           | 35           | 37           |
| Hamitler   | 87.982         | 54.628         | 32.456         | 3,04         | 1,89         | 1,12         | 171          | 107          | 63           |
| Kestel   | 41.536         | 41.945         | 18.066         | 1,44         | 1,45         | 0,63         | 81           | 82           | 36           |
| Veysel Karani                                    | 83.074         | 75.722         | 19.378         | 2,88         | 2,62         | 0,67         | 162          | 148          | 38           |
| OSB - 1  | 32.673         | 24.236         | 19.572         | 1,13         | 0,84         | 0,68         | 64           | 47           | 38           |
| Deri OSB   |                | 2.710          | 7.059          |              | 0,10         | 0,24         |              | 6            | 14           |
| Ovaakça  |                | 47.563         | 110.249        |              | 1,64         | 3,81         |              | 93           | 215          |
| <b>TOTAL</b>                                     | <b>254.089</b> | <b>264.557</b> | <b>225.524</b> | <b>9</b>     | <b>9</b>     | <b>8</b>     | <b>496</b>   | <b>518</b>   | <b>441</b>   |
| <b>Natural Gas (İst. Central Heating Boiler)</b> |                |                |                |              |              |              |              |              |              |
| Gürsu  |                |                |                |              |              |              |              |              |              |
| Hamitler   | 1.335          | 1.404          | 1.309          | 0,05         | 0,05         | 0,05         | 3            | 3            | 3            |
| Kestel   | 769            | 1.122          | 905            | 0,03         | 0,04         | 0,03         | 2            | 3            | 2            |
| Veysel Karani                                    | 1.366          | 1.199          | 1.110          | 0,05         | 0,05         | 0,04         | 3            | 3            | 3            |
| OSB - 1  |                |                |                |              |              |              |              |              |              |
| Deri OSB   |                |                |                |              |              |              |              |              |              |
| Ovaakça  |                |                |                |              |              |              |              |              |              |
| <b>TOTAL</b>                                     | <b>3.470</b>   | <b>3.725</b>   | <b>3.324</b>   | <b>0,13</b>  | <b>0,14</b>  | <b>0,11</b>  | <b>8</b>     | <b>9</b>     | <b>8</b>     |
| <b>Natural Gas (İst. Generator)</b>              |                |                |                |              |              |              |              |              |              |
| Gürsu  |                |                |                |              |              |              |              |              |              |
| Hamitler   | 317            | 414            | 352            | 0,01         | 0,01         | 0,01         | 1            | 1            | 1            |
| Kestel   | 42             | 71             | 69             | 0,002        | 0,003        | 0,002        | 0,1          | 0,2          | 0,2          |
| Veysel Karani                                    | 264            | 1.608          | 1.086          | 0,01         | 0,1          | 0,04         | 1            | 4            | 3            |
| OSB - 1  |                |                |                |              |              |              |              |              |              |
| Deri OSB   |                |                |                |              |              |              |              |              |              |
| Ovaakça  |                |                |                |              |              |              |              |              |              |
| <b>TOTAL</b>                                     | <b>623</b>     | <b>2.093</b>   | <b>1.507</b>   | <b>0,02</b>  | <b>0,11</b>  | <b>0,05</b>  | <b>2</b>     | <b>5</b>     | <b>4</b>     |
| <b>Natural Gas (CNG)</b>                         |                |                |                |              |              |              |              |              |              |
| Vehicles   |                | 1.298          | 38.682         |              | 0,05         | 1,34         |              | 3            | 79           |
| <b>Hydrocarbon (Planned)</b>                     |                |                |                |              |              |              |              |              |              |
| Commissionings                                   | 2.278          | 358            | 178            |              |              |              | 33           | 6            | 3            |
| <b>Hydrocarbon (Unplanned)</b>                   |                |                |                |              |              |              |              |              |              |
| Line Damages                                     | 138.975        | 155.057        | 127.218        |              |              |              | 1.956        | 2.182        | 1.790        |
| <b>Natural Gas (Buildings Cent. Heating)</b>     |                |                |                |              |              |              |              |              |              |
| Buildings  | 8.687          | 33.355         | 25.095         | 0,30         | 1,15         | 0,86         | 16,88        | 64,80        | 48,75        |
| <b>Natural Gas (Generator Nilüferköy)</b>        |                |                |                |              |              |              |              |              |              |
| Generator  |                | 1.434          | 995            |              | 0,05         | 0,04         |              | 2,79         | 1,93         |
| <b>Gasoline (Generator)</b>                      |                |                |                |              |              |              |              |              |              |
| Generator  | 746            | 638            | 992            | 0,03         | 0,02         | 0,04         | 1,66         | 1,42         | 2,2          |
| <b>Gasoline (Vehicle)</b>                        |                |                |                |              |              |              |              |              |              |
| Vehicles   | 7.873          | 9.559          | 10.348         | 0,25         | 0,30         | 0,33         | 17,90        | 21,73        | 23,52        |
| <b>Diesel (Vehicle)</b>                          |                |                |                |              |              |              |              |              |              |
| Vehicles   | 104.301        | 99.095         | 60.910         | 3,69         | 3,51         | 2,15         | 278,27       | 264,38       | 162,50       |
| <b>Diesel (Generator)</b>                        |                |                |                |              |              |              |              |              |              |
| Generator  | 290            | 177            | 326            | 0,10         | 0,01         | 0,01         | 0,77         | 0,47         | 0,87         |
| <b>Electricity</b>                               |                |                |                |              |              |              |              |              |              |
| General  | 1.137.319      | 1.039.463      | 1.111.952      |              |              |              | 537          | 491          | 524          |
| <b>CUMULATIVE</b>                                |                |                |                | <b>13,32</b> | <b>14,50</b> | <b>12,74</b> | <b>3,347</b> | <b>3,569</b> | <b>3,088</b> |

\*Some of the data is not provided in Joules as there is no common use of them in joules in Turkey.

|  | 2011       | 2012       | 2013       | 2011          | 2012          | 2013          | 2011          | 2012          | 2013          |
|--|------------|------------|------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | CO2        |            |            | CH4           |               |               | N2O           |               |               |
| Natural Gas (Processes)                  |            |            |            |               |               |               |               |               |               |
| Gürsu                                    | 17.13      | 34.46      | 36.38      | 0.01          | 0.01          | 0.01          | 0.01          | 0.02          | 0.02          |
| Hamitler                                 | 170.77     | 106.03     | 62.99      | 0.06          | 0.04          | 0.02          | 0.09          | 0.06          | 0.03          |
| Kestel                                   | 80.62      | 81.41      | 35.07      | 0.03          | 0.03          | 0.01          | 0.04          | 0.04          | 0.02          |
| Veysel Karani                            | 161.24     | 146.97     | 37.61      | 0.06          | 0.06          | 0.01          | 0.09          | 0.08          | 0.02          |
| OSB - 1                                  | 63.42      | 47.04      | 37.99      | 0.02          | 0.02          | 0.01          | 0.04          | 0.03          | 0.02          |
| Deri OSB                                 |            | 5.26       | 13.70      |               | 0.00          | 0.01          |               | 0.00          | 0.01          |
| Ovaakça                                  |            | 92.32      | 213.99     |               | 0.03          | 0.08          |               | 0.05          | 0.12          |
| <b>TOTAL</b>                             | <b>493</b> | <b>513</b> | <b>438</b> | <b>0,18</b>   | <b>0,19</b>   | <b>0,16</b>   | <b>0,27</b>   | <b>0,28</b>   | <b>0,24</b>   |
| Natural Gas (İst. Central Heating)       |            |            |            |               |               |               |               |               |               |
| Gürsu                                    |            |            |            |               |               |               |               |               |               |
| Hamitler                                 | 2.59       | 2.73       | 2.54       | 0.0010        | 0.0010        | 0.0010        | 0.0014        | 0.0015        | 0.0014        |
| Kestel                                   | 1.49       | 2.18       | 1.76       | 0.0006        | 0.0008        | 0.0007        | 0.0008        | 0.0012        | 0.0010        |
| Veysel Karani                            | 2.65       | 2.33       | 2.15       | 0.0010        | 0.0009        | 0.0008        | 0.0015        | 0.0013        | 0.0012        |
| OSB - 1                                  |            |            |            |               |               |               |               |               |               |
| Deri OSB                                 |            |            |            |               |               |               |               |               |               |
| Ovaakça                                  |            |            |            |               |               |               |               |               |               |
| <b>TOTAL</b>                             | <b>7</b>   | <b>7</b>   | <b>6</b>   | <b>0,003</b>  | <b>0,003</b>  | <b>0,002</b>  | <b>0,004</b>  | <b>0,004</b>  | <b>0,004</b>  |
| Natural Gas (İst. Generator)             |            |            |            |               |               |               |               |               |               |
| Gürsu                                    |            |            |            |               |               |               |               |               |               |
| Hamitler                                 | 0.62       | 0.80       | 0.68       | 0.0002        | 0.0003        | 0.0003        | 0.0003        | 0.0004        | 0.0004        |
| Kestel                                   | 0.08       | 0.14       | 0.13       | 0.00003       | 0.0001        | 0.0001        | 0.00005       | 0.0001        | 0.0001        |
| Veysel Karani                            | 0.51       | 3.12       | 2.11       | 0.0002        | 0.0012        | 0.0008        | 0.0003        | 0.0017        | 0.0012        |
| OSB - 1                                  |            |            |            |               |               |               |               |               |               |
| Deri OSB                                 |            |            |            |               |               |               |               |               |               |
| Ovaakça                                  |            |            |            |               |               |               |               |               |               |
| <b>TOTAL</b>                             | <b>1</b>   | <b>4</b>   | <b>3</b>   | <b>0,0005</b> | <b>0,0015</b> | <b>0,0011</b> | <b>0,0007</b> | <b>0,0022</b> | <b>0,0016</b> |
| Natural Gas (CNG)                        |            |            |            |               |               |               |               |               |               |
| Vehicles                                 |            | 2.52       | 75.08      |               | 0.09          | 2.59          |               | 0.04          | 1.24          |
| Hydrocarbon (Planned)                    |            |            |            |               |               |               |               |               |               |
| Commissionings                           |            |            |            | 32.05         | 5.04          | 2.50          |               |               |               |
| Hydrocarbon (Unplanned)                  |            |            |            |               |               |               |               |               |               |
| Line Damages                             |            |            |            | 1.955         | 2.182         | 1.790         |               |               |               |
| Natural Gas (Buildings Cen.Heating)      |            |            |            |               |               |               |               |               |               |
| Buildings                                | 16,86      | 64,74      | 48,70      | 0,01          | 0,02          | 0,01          | 0,01          | 0,03          | 0,02          |
| Natural Gas (Generator Nilüferköy)       |            |            |            |               |               |               |               |               |               |
| Generator                                | -          | 2.78       | 1.93       | -             | 0.001         | 0.001         | -             | 0.002         | 0.001         |
| Gasoline (Generator Adm. Affairs)        |            |            |            |               |               |               |               |               |               |
| Generator                                | 1.65       | 1.41       | 2.2        | 0.002         | 0.001         | 0.002         | 0.004         | 0.004         | 0.06          |
| Gasoline (Vehicle Adm. Affairs)          |            |            |            |               |               |               |               |               |               |
| Vehicles                                 | 17,43      | 21,16      | 22,91      | 0,02          | 0,02          | 0,02          | 0,44          | 0,54          | 0,58          |
| Diesel (Vehicle Adm. Affairs)            |            |            |            |               |               |               |               |               |               |
| Vehicles                                 | 273,50     | 259,85     | 159,72     | 0,30          | 0,29          | 0,17          | 4,46          | 4,24          | 2,60          |
| Diesel (Generator Adm. Affairs "If any") |            |            |            |               |               |               |               |               |               |
| Generator                                | 0.76       | 0.46       | 0.85       | 0.001         | 0.0004        | 0.001         | 0.01          | 0.01          | 0.01          |
| Electricity                              |            |            |            |               |               |               |               |               |               |
| General                                  | 537        | 491        | 524        |               |               |               |               |               |               |

\*All air emissions in Bursagaz are subject to environmental licence and they are actually realized with in regulated amounts.



# TO PROTECT THE FUTURE

“It is our responsibility to protect the air we breath and the world bestowed upon us, just as soil that produces leaves from every seed...”

# USE OF RENEWABLE ENERGY

“Taking care of choosing the energy resources at the company from renewable energy resources, Bursagaz directs not only their existing projects but also their future projects to use renewable energy in power generation...”

Using the solar power at their SCADA end communication points under their renewable energy management as a part of the environmental impact management, Bursagaz has 12 panels with 960 watt installed power in total at 3 terminals including Zeyniler region. These panels were manufactured in 2011. Performed at a cost value at 28.737 TL excluding VAT, this work constitutes 0.7% of the total SCADA investment in 2011. 80 watt panels also continued to be used in 2012, and the use of 4 active panels has been suspended at the repeater located at Zeyniler Region as a result of risk analysis of communication grid after the efficiency analysis was conducted in 2013, and the installed power is still at 640 watt.

Bursagaz New Head Office Building Project, that started in 2013, reflects energy efficiency and renewable energy use strategies. The insulation thickness and glass thermal penetrations have been selected in accordance with ASHRAE 90.1-2007 criteria higher than the local regulations under the project. The mechanical device efficiencies have been kept at a high level, and the energy efficiencies in outdoor and indoor lighting for each location have been designed at a maximum level. In addition, energy waste has been prevented using movement daylight sensors. Thanks to the advanced automation system, the power, heating, ventilation, cooling and water expenditures can be individually checked, and in case of any deviation in energy consumptions, it will allow, to take necessary measures. With such applications as photovoltaic system, wind turbine, a part of the energy requirement will be supplied from renewable resources.

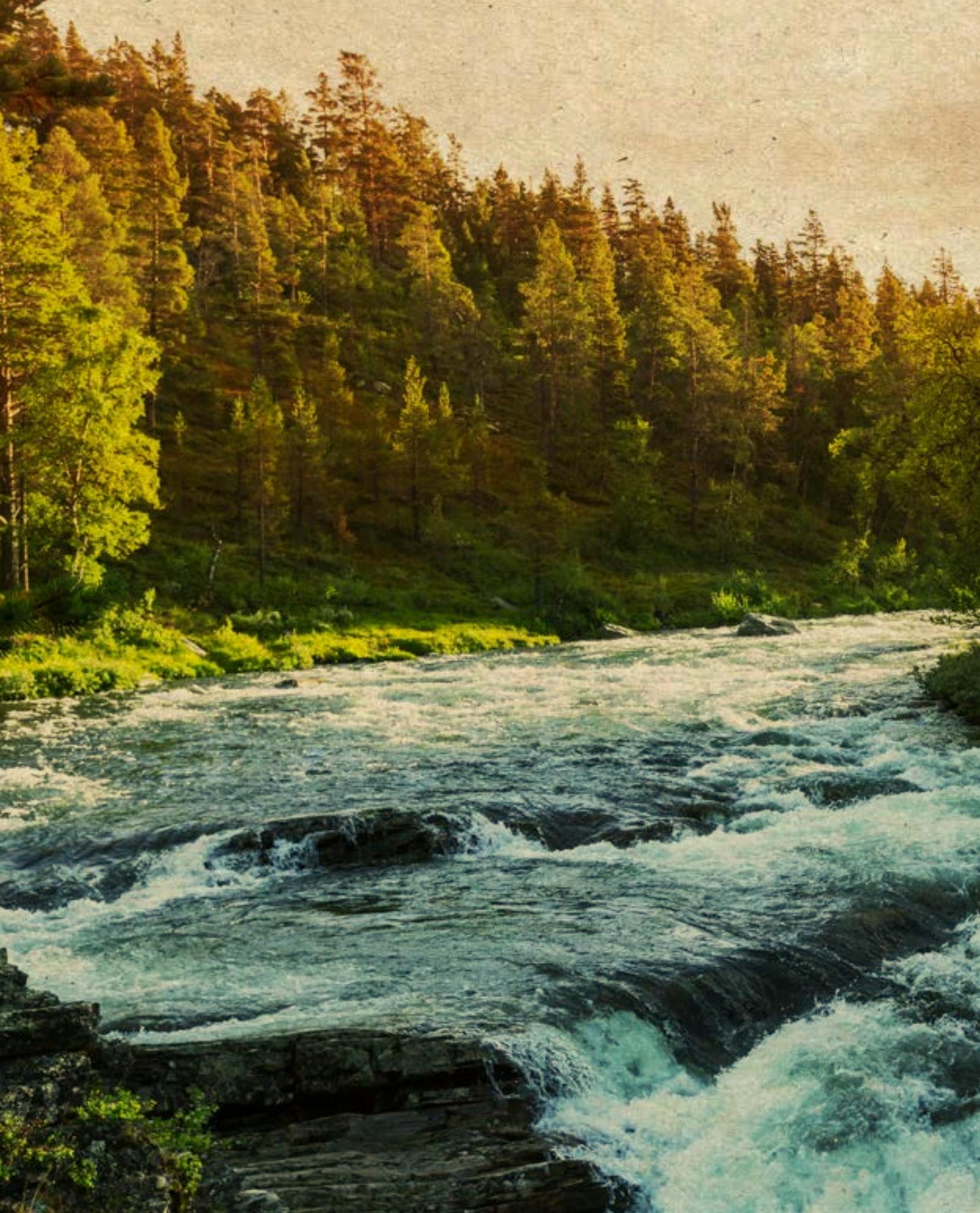
**WE SUPPORT THE  
PHOTOVOLTAIC  
APPLICATIONS  
WITHIN AREAS  
OF RENEWABLE  
ENERGY USE...**

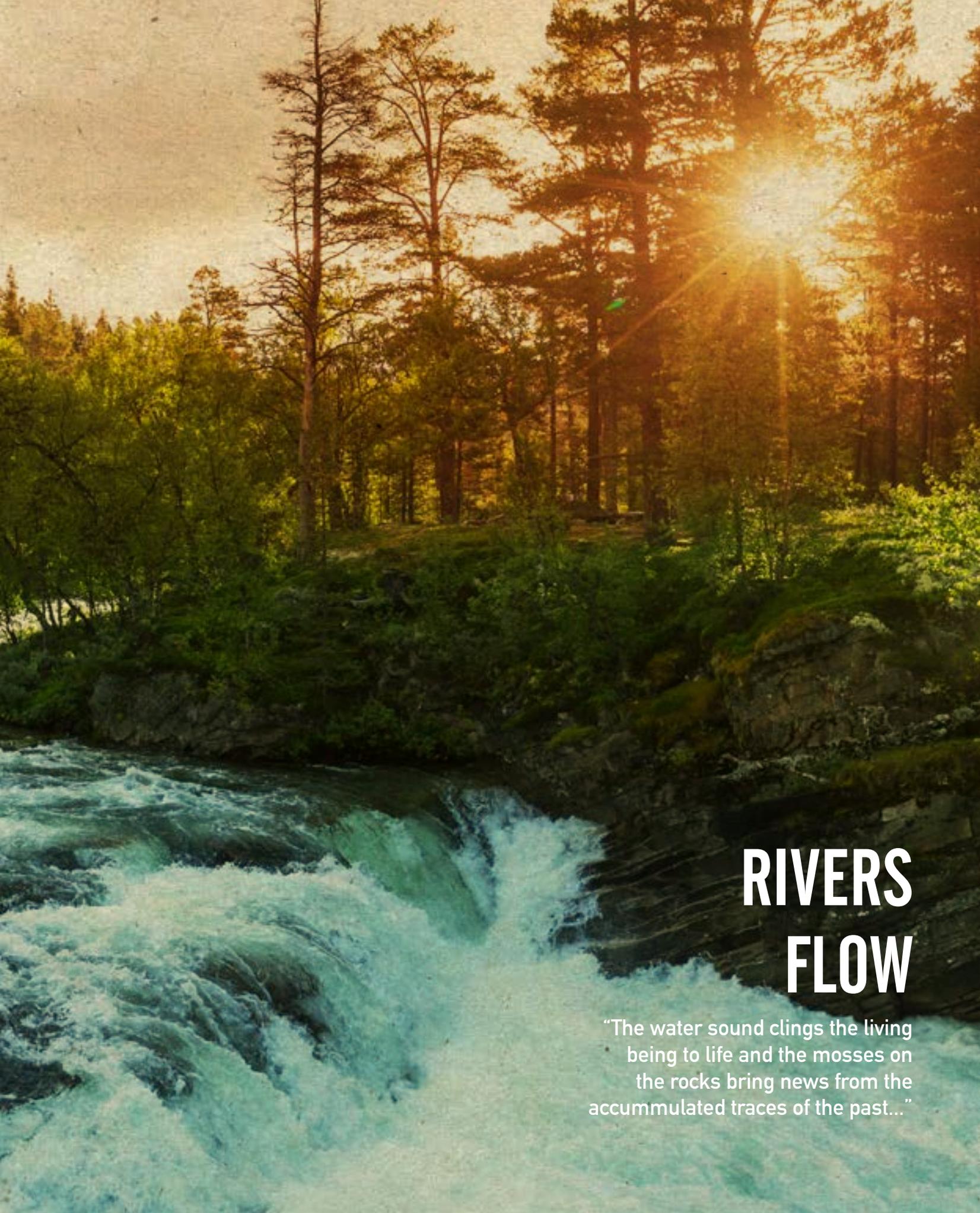
## New Head Office Building

BURSAGAZ's new head office building which is still being constructed has become the LEED (Leadership Energy and Environmental Design) GOLD candidate with respect to their environmental impact management. Aiming at a green building, BURSAGAZ adopts it as a primary objective to leave a sustainable world to the next generations in this project they develop for the purpose of raising public awareness and maintaining the balance between nature, environment and business. In our LEED-candidate building, planned to be completed by the end of 2014, energy efficiency will be maximized and balanced using simulation programs, and the renewable energy resources will be used at an optimum level. While it is intended to use 2 domestic wind turbines with an individual capacity of 2 w and total capacity of 4w on the roof of the building for the purpose of renewable energy resource use, it is planned to

use a 50 kw solar system on the roof of the building, and in addition, permeable solar panels with 10 kw capacity will be applied on the facade. While it is intended to manufacture the turbines and panels for the roof applications heavily from the domestic materials, it is set forth that the panels for the facade application will be imported from abroad. However, materials such as cables, etc. to be used for installation and construction, are considered to be domestic materials. It is projected that the power generated by the renewable energy resources will meet the power requirement of our building by approx. 10%. Bursagaz is the first company in Bursa and in the natural gas distribution market to sign on the "Energy Efficiency Announcement in Buildings" for by Sustainable Development Foundation. It has also covered a plan in order to apply the principles of this announcement in its General Management building.







# RIVERS FLOW

“The water sound clings the living being to life and the mosses on the rocks bring news from the accumulated traces of the past...”

# ENVIRONMENTAL IMPACT and WASTE MANAGEMENT

“Steering their strategies to minimize the environmental impacts and to raise the environmental awareness, Bursagaz prioritizes recycling in the hierarchic waste management and optimizes the environmental impact management process...”

Bursagaz certifi their ISO 14001 Environmental Management system applications, and supports ensuring the continuous improvement of the they have installed at the company on a yearly basis. Bursagaz adopts and puts in to operationalation their Environmental Policy to comply with the legal regulations regarding the environment in all their operations, to create an action plan as aware of their social responsibility with respect to the issues to which there is no provision applicable within the legislation; to raise the awareness of their employees and all their stakeholders; to play a regulatory, leading, and following role; to prevent any direct or indirect damage primarily to the human health and to the environment within their impact area or minimize the same in its source; to dispose of their environmental waste by suitable methods; to make the most efficient use of the natural resources; to plan and apply the measures that will minimize the environmental damages in case of any accident or emergency that may occur during their operations; to be a pioneer in environmental operations within their industry, to communicate their experiences to the third parties; to allocate necessary resources to continuously improve the operations regarding the environment; to carry out the necessary inspections, and to ensure that the management will be reviewed, primarily in order to minimize their environmental impacts in their natural gas grid construction, operation and maintenance processes as their critical operations as well as all other operations and to provide a clean and peaceful living environment for all their employees, stakeholders and Bursa people. Waste management constitutes the most important part of the environmental management approach of Bursagaz conducting the environmental risk analysis every year and creating their environmental management program. Although Bursagaz does not have any structure subject to the waste hierarchy on the basis of the

product they manufacture as required by their operational structure, waste is generated within the process-originated maintenance areas and areas of enabling the infrastructure of the operations. The waste disposal at Bursagaz is performed by the methods as specified by the Ministry of Environment and Forestry in the Regulation on Solid Waste Control, the Regulation on Hazardous Waste Control, the Regulation on Waste Batteries, and the Regulation on the General Principles of Waste Management. The waste at Bursagaz has been categorized into 5 different fields.

The waste on the basis of classification organized as hazardous waste, electronic waste, metal waste, package waste and waste batteries is transferred to the Temporary Waste Storage Area located at Gürsu Station. As the waste absorbent filters sent to disposal in 2011 and 2012 began to be generated following the to first half of the year under maintenance planning in 2013, and the site is used for temporary storage purposes, the disposal planning has been made and the waste has been planned to be transferred for incineration in 2014. As the absorbent filters directly contacts with the gas and the composite ingredients in gas, they are included in the hazardous waste category, and therefore not able to be recycled. The temporary storage amounts as determined for each waste area is managed as specified in the relevant regulations, and this time is specified to be 6 months for hazardous waste. There is not any hazardous waste import and export at Bursagaz, nor hazardous waste processing. In addition, the scrap commission convenes for the scrap meters, and the meters are delivered to recycling. While 5.052 kg waste was generated in 2011, 3.580 kg waste in 2012 and 4.700 kg waste in 2013 was sent for disposal, and the whole waste disposal management consisted of recycling in 2013.

| Type of Waste                         | Amount   | Year | Type of Disposal |
|---------------------------------------|----------|------|------------------|
| Absorbent Filter                      | 750 kg.  | 2011 | Incineration     |
| Waste Battery                         | 22 kg.   | 2011 | Recycling        |
| Packaging Waste (Waste Cardboard)     | 2220 kg. | 2011 | Recycling        |
| Packaging Waste (Waste Paper)         | 2060 kg. | 2011 | Recycling        |
| Electronic Waste                      | 1000 kg. | 2011 | Recycling        |
| Waste Battery                         | 500 kg.  | 2012 | Recycling        |
| Absorbent Filter                      | 780 kg.  | 2012 | Incineration     |
| Contaminated Waste / Absorbent Filter | 1300 kg. | 2012 | Incineration     |
| Scrap Meter                           | 4000 kg. | 2013 | Recycling        |
| Packaging Waste (Waste Cardboard)     | 700 kg.  | 2013 | Recycling        |

While 15% of the total waste amount consisted of hazardous waste in 2011, this rate was 58% under the station maintenance and repair planning, and 0% in 2013. All wastes and residues are prevented, and directly or indirectly buried in the soil and stored, so that it will damage the soil and water in violation of the standards and method as specified in the Environmental Law and relevant legislation. In this sense, environmental site observations are performed and reported quarterly. No leakage has occurred, which may cause damage to the environment, and the compliance is inspected through ISO 14001 external audits. During these internal and external audits, the contractual obligations of the subcontractors are also checked, and no discrepancy or case regarding any hydrocarbon release to the soil or water has occurred. In the investments made to prevent soil pollution, the selection of the horizontal boring regions are considered to be a second priority, and alternative route works are carried out, and in this sense, no horizontal boring was performed in 2011 and 2013, and the horizontal boring was used during 839,8 meter line construction in 2012 and 9,57 m<sup>3</sup> sludge was generated.

All the stations of Bursagaz are operated in accordance with the requirements of the Regulation on the Necessary Permits Required to be Obtained as per the Environmental Law, and as all the stations are considered in accordance with the opinion regarding Environmental Impact Assessment – EIA is not Necessary, they do not have any environmental impact (noise, waste, etc.). The air emission values generated at the Stations are inspected by the Provincial Directorate of Environment and Urban Planning, and the environmental permit processes of the stations are actively carried out as accompanied by the Environmental Consultant. The emission values are within the legal limits, and there are no negative situations in respect to this impact, which has occurred at Bursagaz within the last 3 years with respect to environmental impact. Although Bursagaz is not allowed to make changes to the product structure of the natural gas and the composite structure of it to increase its efficiency in accordance with the regulations, the users are informed about the safety and efficiency of use through the web site, the Blue Green magazine, BursaGazete, press bulletins and TV programs. Cooperation is made with the companies manufacturer (central heating and boiler device manufacturers), and jobs are carried out regarding device efficiency. Also, during the jobs carried out with the suppliers (e.g. valve jacket application), and the jobs have been carried out to prevent the heat loss at the valves and junction points using tailor-made materials.

As natural gas is not packaged as required by nature, no packaging waste is generated. The packaging waste that may generate at Bursagaz consists of the cardboard waste of purchased meter and other materials. All, as a result of all these environmental impacts and the improvement achievements developed along with these, Bursagaz has not been charged with any monetary or non-monetary penalties and there has not been any action brought against them as of the privatization process.

Although it is not likely to carry the product for logistics purposes at Bursagaz, the materials for on-site line fabrication are transported from Bursagaz's main storage area. As the meters and polyethylene and steel pipe materials do not have any characteristics that directly cause environmental damage during these transportation procedures, there is no environmental impact. There is no biofuel use or production at Bursagaz for logistics or other process management purposes. For waste disposal, an amount valued at 1.592 TL was spent in 2011 and 4.160 TL was spent in 2012 to minimize the environmental impacts, and no cost was generated in 2013 as the waste was disposed for recycling purposes.

Likewise, an amount valued at 1.500 TL in 2011 and an amount valued 7.050 TL were spent regarding the environmental permit management to determine the emission levels, and no cost was generated in 2012 as the environmental permit processes are at their temporary operating certificate. An amount valued at 563.400 TL was spent for CNG vehicles, vortex installation, and PathFinder projects in 2013 within the scope of the improvement and prevention works to reduce the environmental impacts and to ensure the energy efficiency, and an expenditure valued at 4.720 TL was created upon the revision as a result of the environmental risk analysis within the dump site in 2012, and the project of integration of the station outlet temperature in accordance with the soil temperature was implemented without any cost in 2012, and an amount valued at 883.000 TL has been saved annually. There was no expenditure in 2011 other than the working personnel cost at the management systems with respect to the management of the Environmental Management System, and an amount valued at 10.384 TL was spent to get environmental consultancy in 2012 and an amount valued at 18.172 TL was spent for the same purpose in 2013. There is no sulphide in the natural gas fuel as the product offered by Bursagaz. It does not contain lead or any other similar materials.



### HAZARDOUS WASTE

Waste or defective PE materials, rust solvents, grease oils, paint waste, membrane, silicone, dirty filter, fluorescent waste, waste batteries, electrodes, lead, toners, cartridges, medical waste

Hazardous waste is collected in hazardous waste bins on the vehicles and in the containers located in the hazardous waste section on the dump site within the legal period, and is delivered to the disposal companies.



### ELECTRONIC WASTE

End-of-life electronic devices, broken electronic device components, cables, copper wires.

Electronic waste is stored in the waste section on the dump site and delivered to the disposal companies.



### METAL WASTE

Scrap meters, metal materials

Metal materials are collected in the metal waste section on the waste site and the collected metal waste is delivered to the scrap company by the scrap commission.



### PACKAGING WASTE

Paper, cardboard box, paperboard, plastic, glass bottle, metal cans...

Packaging waste is disposed of to the packaging waste bins located on every floor within the locations, and the blue waste bags are collected in recycling containers. The collected wastes are delivered to the recycling companies.



### WASTE BATTERIES

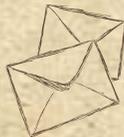
Waste batteries

The waste batteries are disposed of in the waste battery boxes located on every floor within the locations and collected by TAB. The collected waste batteries are delivered to the collection points and they are enabled to be recycled.

**Şükrü Özden**

Bursagaz Vice General Technical Manager

## YOU HAVE A SUSTAINABILITY MESSAGE



"With the 6 CNG vehicles we added to our company in February, 2013, we support the reduction of carbon dioxide emission to nature. While we used to emit 115 ton carbon dioxide to nature due to the diesel vehicles we used in 2012, this figure was lowered to 73 ton with the beginning of usage of the CNG vehicles in 2013, 42 ton less carbon dioxide emission occurred compared to the previous year. The total number of CNG vehicles used in Turkey is approximately 2.500... The number of vehicles using CNG is increasing depending on the increase in the number of stations. Turkey has achieved 25 percent in the installation of LPG autogas kit onto the vehicles. They will also achieve great success in CNG kit installation. With the raw material reserves to begin to reduce as of 2015, and

natural gas reserves to have a future of 150 years, the number of vehicles using CNG will continue to increase. In addition, we know that the CNG infrastructure is necessary for the use of hydrogen. CNG and hydrogen will be heavily used as motor fuel all around the world in the future... We still can not tell if its CNG. However, the public transportation buses, shuttles, light and heavy trucks providing distribution service, and heavily used vehicles will be prone to have CNG installed. Germany decided to construct 1000 CNG stations in the country based on the decision they made in 2003, and approximately 600 stations are currently installed in Germany. It is also among our expectations for the near future that this environmentally-friendly technology will also be widely used in Turkey."

# WATER MANAGEMENT

We know we will run out of the water in the world, we aware of this, so we carry out efficiency projects to reduce the use of water...

Natural gas is an energy resource in which no water is directly used during its production, and no water-intensive production is carried out at Bursagaz. Hot water has been used in the heaters for closed-circuit heating in the process, and such heated water has not been discharged to the receiving environment or to the common connection in 2011, 2012 or 2013. Bursagaz does not have any water production during the management of the operations, and the mains water that supplied by BUSKI- Bursa Directorate of Water and Sewer Works to the province of Bursa in the mess hall, shared areas, and garden irrigation for domestic use other than the use for processes. Waste water is discharged to the main channel through the mains sewer subject to the waste water channel connection permit. Domestic waste water generated at Bursagaz is not directly discharged to any receiving environment, and the stations located within the organized industrial zones where the waste water is discharged to the receiving environment performs discharge through the channel to the domestic waste water treatment plants holding an environmental permit within the relevant organized industrial zones. Bursagaz does not currently consume water using the rain water or any receiving environment, and the attempts to use rain water are planned within the scope of the new head office building which is currently being constructed. No water is supplied to Bursagaz by another organization for process or domestic use purposes, and there is no use of underground water, nor resource supply from an area under protection. In this case, no direct impact is created through the ecologic system, and special sanitary ware is used for the purpose of reducing the use of domestic water, and such washing machines that provides water consumption control within the mess hall area. As the water used at Bursagaz is equal to the waste water amount and discharged to the main sewers, its recycling at a unit owned by Bursagaz is not possible, and it is directly managed by BUSKI.

The analysis of the water used by the subcontractor companies during the hydrostatic test for the strength and sealing tests on the lines has been conducted, and it has been reported that no amoniac has been found in it. The domestic water consumption which was 7.975 m<sup>3</sup> in 2012, was 8.288 m<sup>3</sup> in 2012 and 6.221 m<sup>3</sup> in 2013. The water consumed by Bursagaz is not completely domestic waste water, and the waste water made to the directorate of water and sewer works that provides water distribution to the area where the relevant legal or real entity operates in accordance with the relevant national legislation, and Bursagaz pays for 1/3 of the water they use to BUSKI- Bursa Directorate of Water and Sewer Works In this sense, Bursagaz realized their 2.658 m<sup>3</sup> waster water consumption in 2011, 2.763 m<sup>3</sup> in 2012 and 2.074 m<sup>3</sup> in 2013 within the limits of existing water consumption m<sup>3</sup> values.





# BUTTERFLIES FLUTTER ABOUT

“Each butterfly that winks at  
life offers new colors to life and  
steers the future...”

# INVESTMENT IN PEOPLE

**“Emphasizing that their employees are the main factor producing value with each strategy, Bursagaz provides development opportunities, not only for their own employees but also the partners they work with.”**

Bursagaz, as a company that adopts the strategic employee model for employee portfolio management, enables their internal customer investment processes to keep the impact of their employees on the corporate competences at a maximum level from the perspective of investment in human. With a structure that supports their employees with competence mapping, career path creation under development planning, and performance assessment processes, Bursagaz aims to improve the competences of their employees within every field. Assessing their employees' competences under the application of Lifelong Labor Management, Bursagaz shapes their training plans according to the employees' requirements and obtains the relevant data through their competence analysis, career expectation analysis, development planning conversations, and performance assessment processes.

The Bursagaz career planning system is a system that is accessible by all employees at the company, and it plans the development of each employee, and takes the lifelong labor management model as a basis. Ensuring the external career development of the employees, Bursagaz's approach enables the level of believing in this system to be increased. The employees who make use of blue, red and yellow packages under the Development Planning process that allows every employee to choose their own coach benefit from the training programs specially designed for them with respect to the leadership, personal development and technical skills, they also get the opportunity to work on the expansion of information by sharing it inside and outside the company through the process academy. The development plans considered within the scope of a 3-year plan are specially designed for each individual, and specially planned for their requirements. In the program including many different fields from the change programs to workshop planning and on-the-job trainings in addition to the intensive leadership programs, the employees are allowed to choose the training where they can carry out their own planning by themselves through the

**WE DEVELOP  
OUR  
EMPLOYEES  
THIS VERY DAY,  
AND THEREBY,  
INVEST IN THE  
FUTURE.**

individually exclusive budget provided for their personal development in 2014. The goals set to ensure the planning success include a minimum achievement level of 80%, and these are also associated with the employees' performance contracts. As Bursagaz's employees are developed from the perspective of work life employment from the very moment of recruitment to the end of service, the business goal plans, operational and competence training plans are planned so that these will prepare them for the horizontal, vertical and external career opportunities. The development planning system, that allows employees to create their own career opportunities, is also constructed as a system that will also allow employees for self-fulfillment. Bursagaz has conveyed their approach of being a technology-based distribution company to the development of employees, and has sent their employees to Germany within certain periods of time (1,5 month to 3 months) under the Technical Exchange project, which is firstly applied in the energy market in Turkey, and has provided support for them to learn the developments there, to develop projects, to improve their foreign language, and to develop them regarding harmony with

the cultural. Making use of the development opportunities in the country and abroad, Bursagaz has become a member of EFQM, and has raised assessors in both the European Quality Award process and also in local process, and allowed these assessors both to contribute to the company, and also enable their personal development.

The employee loyalty has been enhanced through many competence training provided within the main operational fields in addition to the above operations performed within the business field, and the service level has increased accordingly. Bursagaz has cooperated with universities to make their employees has raise their work performance and career to the higher levels, and provided MBA programs for their employees, and delivers special English speaking courses to their employees for their language skills to be improved. In addition, they ensure that their employees to represent Bursagaz at the industrial associations for the purpose of contribution to their development plans, and provide support for them present their projects at national and international congresses and conferences.

| Parameter                                       | 2011   |        | 2012   |        | 2013   |        |
|---|--------|--------|--------|--------|--------|--------|
|   | Number | Rate   | Number | Rate   | Number | Rate   |
| Total Number of the Recruited Employees         | 185    | 100,0% | 44     | 100,0% | 57     | 100,0% |
| Total Number of Recruited Female Employees      | 35     | 18,9%  | 8      | 18,2%  | 22     | 38,6%  |
| Total Number of Recruited Male Employees        | 150    | 81,1%  | 36     | 81,8%  | 35     | 61,4%  |
| Number of Local Recruitments                    | 83     | 44,9%  | 27     | 61,4%  | 25     | 43,9%  |
| Number of Locally Recruited Female Employees    | 19     | 10,3%  | 5      | 11,4%  | 7      | 12,3%  |
| Number of Locally Recruited Male Employees      | 64     | 34,6%  | 22     | 50,0%  | 18     | 31,6%  |
| Number of Nonlocal Recruitments                 | 102    | 55,1%  | 17     | 38,6%  | 32     | 56,1%  |
| Number of Nonlocally Recruited Female Employees | 16     | 8,6%   | 3      | 6,8%   | 15     | 26,3%  |
| Number of Nonlocally Recruited Male Employees   | 86     | 46,5%  | 14     | 31,8%  | 17     | 29,8%  |
| Number of Locally Recruited Managers            | 0      | 0,0%   | 2      | 4,5%   | 3      | 5,3%   |
| Number of Nonlocally Recruited Managers         | 2      | 1,1%   | 1      | 2,3%   | 3      | 5,3%   |

| Parameter                                       | Number | Rate   | Number | Rate   | Number | Rate   |
|---|--------|--------|--------|--------|--------|--------|
| Number of the Individuals Quitting the Job      | 20     | 100,0% | 22     | 100,0% | 21     | 100,0% |
| Number of the Females Quitting the Job          | 2      | 10,0%  | 1      | 4,5%   | 6      | 28,6%  |
| Number of the Males Quitting the Job            | 18     | 90,0%  | 21     | 95,5%  | 15     | 71,4%  |
| Number of the Local Females Quitting the Job    | 1      | 5,0%   | 1      | 4,5%   | 5      | 23,8%  |
| Number of the Local Males Quitting the Job      | 8      | 40,0%  | 8      | 36,4%  | 6      | 28,6%  |
| Number of the Nonlocal Females Quitting the Job | 1      | 5,0%   | 0      | 0,0%   | 1      | 4,8%   |
| Number of the Nonlocal Males Quitting the Job   | 10     | 50,0%  | 13     | 59,1%  | 9      | 42,9%  |
| Turn Over                                       |        | 11,27% |        | 8,8%   |        | 8,28%  |
| Female Turn Over                                |        | 4,55%  |        | 1,59%  |        | 8,11%  |
| Male Turn Over                                  |        | 1,62%  |        | 11,23% |        | 8,36%  |
| Local Female Turn Over                          |        | 4,55%  |        | 3,23%  |        | 14,93% |
| Nonlocal Female Turn Over                       |        | 4,55%  |        | 0%     |        | 2,56%  |
| Local Male Turn Over                            |        | 16%    |        | 10,6%  |        | 7,95%  |
| Nonlocal Male Turn Over                         |        | 11,98% |        | 11,66% |        | 8,65%  |

| Parameter         | 2011   |        | 2012   |        | 2013   |        |
|-------------------|--------|--------|--------|--------|--------|--------|
|                   | Number | Rate   | Number | Rate   | Number | Rate   |
| Total             | 258    | 100,0% | 242    | 100,0% | 265    | 100,0% |
| Female Employees  | 60     | 23,3%  | 66     | 27,3%  | 82     | 30,9%  |
| Male Employees    | 198    | 76,7%  | 176    | 72,7%  | 183    | 69,1%  |
| ISG Board Members | 13     | 5,0%   | 13     | 5,4%   | 13     | 4,9%   |

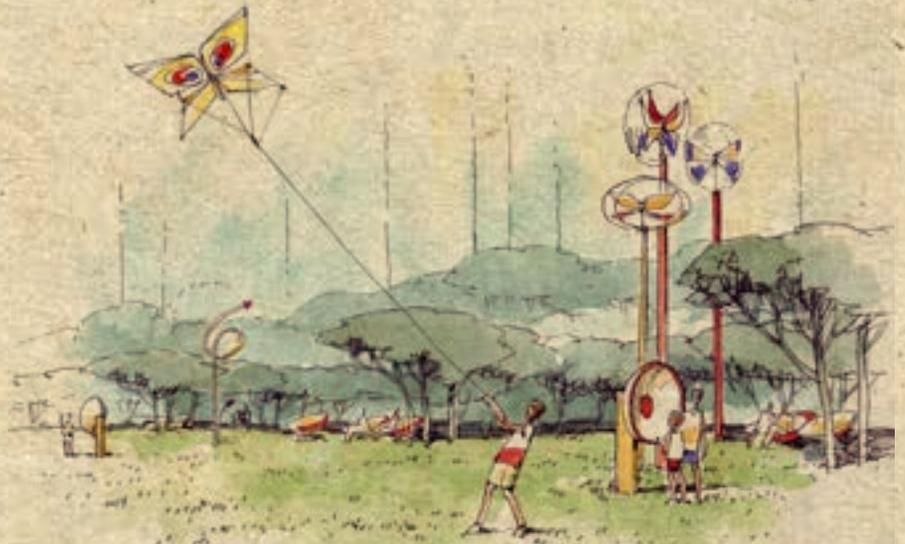
| Parameter                    | Number | Rate  | Number | Rate  | Number | Rate  |
|------------------------------|--------|-------|--------|-------|--------|-------|
| Local Employees              | 109    | 42,2% | 107    | 44,2% | 114    | 43,0% |
| Nonlocal Employees           | 149    | 57,8% | 135    | 55,8% | 151    | 57,0% |
| Locally Employed Managers    | 9      | 3,5%  | 10     | 4,1%  | 10     | 3,8%  |
| Nonlocally Employed Managers | 22     | 8,5%  | 23     | 9,5%  | 24     | 9,1%  |

| Parameter                                       | Number | Rate | Number | Rate  | Number | Rate |
|---|--------|------|--------|-------|--------|------|
| Male Individuals using Paternity Leave          | 17     | 100% | 10     | 100%  | 10     | 100% |
| Male Returns to Work After Leave                | 17     | 100% | 10     | 100%  | 10     | 100% |
| Male Employees within 12 months After Birth     | 17     | 100% | 10     | 100%  | 9      | 90%  |
| Female Individuals using Maternity Leave        | 6      | 100% | 4      | 100%  | 6      | 100% |
| Female Returns to Work After Leave              | 6      | 100% | 3      | 75,0% | 5      | 83%  |
| *Females Employees within 12 months After Birth | 5      | 83%  | 3      | 75%   | 5      | 83%  |

| Parameter                                   | Number | Rate | Number | Rate | Number | Rate |
|---|--------|------|--------|------|--------|------|
| Total Number of Disabled Employees          | 7      | 2,7% | 7      | 2,9% | 8      | 3%   |
| Total Number of Disabled Female Employees   | 3      | 5%   | 4      | 6%   | 5      | 6%   |
| Total Number of Disabled Male Employees     | 4      | 2%   | 3      | 2%   | 3      | 2%   |
| Contracted Employees at the end of the year | 1      | 0,4% | 10     | 4,1% | 5      | 2%   |

| Parameter                  | Number | Rate  | Number | Rate  | Number | Rate  |
|----------------------------|--------|-------|--------|-------|--------|-------|
| <b>Female Recruitments</b> |        |       |        |       |        |       |
| Age 18-24                  | 3      | 1,6%  | 3      | 6,8%  | 1      | 1,8%  |
| Age 25-34                  | 24     | 13,0% | 4      | 9,1%  | 15     | 26,3% |
| Age 35-50                  | 8      | 4,3%  | 1      | 2,3%  | 6      | 10,5% |
| Age 50 and Above           | 0      | 0,0%  | 0      | 0,0%  | 0      | 0,0%  |
| <b>Male Recruitments</b>   |        |       |        |       |        |       |
| Age 18-24                  | 12     | 6,5%  | 9      | 20,5% | 3      | 5,3%  |
| Age 25-34                  | 108    | 58,4% | 24     | 54,5% | 21     | 36,8% |
| Age 35-50                  | 30     | 16,2% | 3      | 6,8%  | 9      | 15,8% |
| Age 50 and Above           | 0      | 0,0%  | 0      | 0,0%  | 2      | 3,5%  |

\* The number of female employees returning 12 months after birth include female employees whose payrolls are still paid by Bursagaz but their 12 months are not actually completed.



## Labor Management

Bursagaz's recruitment process is planned under the labor management process. As a part of the competence mapping of Bursagaz, this process has a structure that associates personal, department and corporate competences with each other, and also allows matching it the competences of the individuals with skills and personality inventories. The recruitment process at Bursagaz begins with reviewing the personality inventory matches and determining the requirements at the key, critical and standard positions in labor planning. The labor plan is created every year being determined through the requirements and process changes arising from the projects designed by setting the corporate strategies, and the strategy setting, consultation and assessment meetings. The inventories within the areas with a vacant job position or job requirements under this planning, and the internal and external recruitment methods are applied during the recruitment process. Personality development test is applied to the candidates for the manager positions who may be a career candidate during the recruitment process. In the recruitment process, local employment is of priority as required by the recruitment procedures, and there is also country-wide national employment.

This application, defined as Ego Analysis, is used as a tool for determining the individual's position at Bursagaz. With this inventory application based on the Enneagram model, the 1st, 2nd and 3rd priority development areas can also be determined. Through this analysis, the candidate skills defined as required by the role of each position are assessed on the basis of competences and job skills, and the manager interview is planned as a result of the pre-assessment. With this pre-interview, on the basis of providing cultural equivalent, the corresponding values of the candidate to Bursagaz ethical values are determined. The human resources and relevant unit managers play an active role during the recruitment process. As the candidates' future career planning potential is also

important as much as the candidate's cultural harmony in Bursagaz Development Planning process, the leadership competences of the candidate are also assessed, and the potential job fields are also determined. The remuneration is conducted on level 1 of the pay scale determined at the engagement stage at Bursagaz, and there is no difference in gender or operational field with respect to the minimum wage application.

For the purpose of supporting employment in the natural gas market, the official employees at Bursagaz take 8 hours of RMS-A station training and Meter calibration training to the TBMYO Natural Gas Heating Division at Uludag University, and a 15-hour training program regarding Natural Gas Grid Design and the use GasWorks program to the Mapping Division in 2011, and the preliminary studies were carried out to provide qualified personnel to for the natural gas distribution market. The same program was applied in 2012 in accordance with the same program schedule. In 2013, the project of Natural Gas Hands-On Training Campus was started, and the material supply process was started for the construction of the laboratory where students can receive hands-on vocational training. In case of quitting the job at Bursagaz, notification is made to those who have worked for 6 months not later than 2 weeks before, those who have worked from 6 months up to 1.5 years not later than 4 weeks before, those who have worked from 1.5 years up to 3 years not later than 6 weeks before, and those who have worked more than 3 years not later than 8 weeks before in accordance with the legal regulations.

Employees are informed 1 month before any organisational or structural changes in the company. There is no special scheme at Bursagaz with respect to a pension scheme, and the training contributions are provided for their development planning under the lifelong labor management applications.

| Field                 | Net Starting Salary Rates (TL) |                |           |                |           |                |
|-----------------------|--------------------------------|----------------|-----------|----------------|-----------|----------------|
|                       | 2011                           | 2011 Min. Wage | 2012      | 2012 Min. Wage | 2013      | 2013 Min. Wage |
| *Female Starting Rate | 1.037,324                      | 816,75         | 1.419,014 | 913,5          | 1.391,225 | 1.000,05       |
| *Male Starting Rate   | 1.270,718                      | 816,75         | 1.539,634 | 913,5          | 2.190,183 | 1.000,05       |

\* There are no difference among the salary rates between female and male employed for the same positions.

# INTEGRATING LIVING VALUES

**“The employees that integrate the Vision, Mission, Values and Code of Ethics of the Company are those who show the maximum performance in expansion of the practices...”**

Bursagaz set apart ethical management among the other objectives in 2013 for the purpose of their strategic objective specially defined as enabling the adaptation of the employees to living values, and therefore, ensured that it is activated through the different subordinated committees. The Respect Life Committee established in 2013 has undertaken the roles of the management team as an ethical committee, and brought along new practices. In the committee consisting of 5 people Bursagaz employee representatives having the characteristics of legal advisor, consultant and employee, and 1 member of the committee is a female employee. The most important characteristic of the committee members who have fully independent job descriptions from their own job positions is that they are authorized to conduct objective assessment. The job description of the committee is determined to include maintaining the code of ethics of Bursagaz taking into consideration values of ethics and expanding them among the employees by conveying them; looking for the compliance with the code of ethics and taking measures and actions for no discrepancy to occur; defining the term Equality of Opportunity at Bursagaz and enabling it to expand among the employees; receiving feedbacks directly from the employees in cases of violation of the code of ethics and equality of opportunity and assessing the issue and reporting the same to the senior management, and the follow-up of the issue; enabling the expansion of the equality of opportunity practices among the employees; enabling the expansion of the positive practices regarding the Human Rights at the company and preventing the negative cases; offering practices to the female employees regarding the equality of opportunity; planning and following up the training informing about equality issues, and contributing to the development of equality strategies, and the committee convenes quarterly and prepares an assessment report.

The values and principles of the company are conveyed to each newly engaged employee during the orientation and recruitment process, and their compliance with those is determined through the Employee satisfaction surveys and competence assessments. Furthermore, they are conveyed through the Employee Sharing Meetings held twice a year for existing employees, where information on company strategies, their results and developments are provided, and all the employees attend. The studies on values and code of ethics as well as the adoption of them are also shared with the employees through the annual report published every year, news on the web site and other publications, SAP portal, e-bulletin. They are expressed by the General Manager during the face-to-face meetings held quarterly with the employee without any attendance of head of departments. Bursagaz's strategies and approaches are designed holistically, and therefore, each approach is effective at such a level that they will meet the expectations of each stakeholder, and this effectiveness is measured. (Method of balancing stakeholders' expectations). For the adoption of the corporate belonging, all Bursagaz's employees are involved in the "Bursagaz Family" application, and the internal communication operations are planned in accordance with the expectations of all our employees. Observing that the engagement and cultural adaptation of the employees whose expectations are highly fulfilled have been increased, Bursagaz maximizes this position they have achieved through the special activity survey applications conducted with their employees. Each Bursagaz employee has adopted their own job and got integrated with their job, and in addition, they also perform their interunit role descriptions. They make interviews with their managers who coaches them in this respect, and undertake special projects and carry their self-fulfillment level to the higher levels. In this sense, 8 projects in 2011, 27 projects in 2012, 12 projects in 2013, and 11 projects in 2014 have been undertaken at Bursagaz, and these projects include the developments in different processes other than the main job requirements of the project managers.

# HUMAN RIGHTS PRACTICES

Managing the human rights practices at Bursagaz by integrating them into the ethical value management approach. The Respect Life Committee assesses the conditions of not only Bursagaz employees but also the employees of the suppliers in light of the feedbacks. At Bursagaz, no training was delivered to the employees in 2011 and 2012 specific to the human rights, and information on employment rights and conditions is provided at the collective seminars on occupational health and safety. In 2013, online training on human rights has been expanded to all the employees through QDMS training documentation in 2013, and all the employees are to work on the documentation, and the training is reported through the system, and it has been ensured that 100% of the employees are informed online. No discrimination has occurred as specific to the human rights in 2011, 2012, and 2013, and the employees and suppliers are encouraged to give feedback in this respect. No children are employed at the company within the scope of human rights practices at Bursagaz, and there is an internship application under the cooperation with vocational high schools, and the interns hold office within the fields of application for commercial and technical office work. If each employee at Bursagaz does not feel safe while working under the occupational health and safety, they are entitled to suspend work and to reject to work, and as result of the effective application of the occupational health and safety applications at the company, there has been no occurrence of any event in this respect since the privatization process of Bursagaz.

Bursagaz imposes the obligations regarding the occupational health and safety on the subcontractors under the investment supplier contracts they conclude every year, and they include the obligations regarding guaranteeing the composition and the impacts of the materials to be used and employment conditions in their contracts. In this sense, 100% of the contracts of 7 subcontractors in 2011, 6 subcontractors in 2012, and 7 subcontractors in 2013 as well as the applications within this field with respect to investment production issues. In addition, for 100% of the material suppliers the system inspections for the last 3-year process has been included in the scope as a contractual obligation, and the system inspections have been conducted and reported at least once on a yearly basis, and as a result of these inspections, no inconvenient working conditions that may violate the human rights in the working environments have been seen including child labor or forced labor. Bursagaz performs environmentally physical safety operations under ISO 27001 information security applications,

and the operations regarding ISO 22301 Business Continuity and Societal Security system as well as the station and operational safety for the purpose of ensuring the safety of the employees and their operations. In this sense, Bursagaz manages the safety of their locations along with their safety supplier under contract, and uses the online system application at Ihsaniye Customer center structured in 2012.

Security personnel is on duty at Nilüferköy 24/7, Hamitler, Gürsu, Veysel Karani, Kestel, and Ovaakça stations, and OSB-4 station is controlled through online monitoring system on SCADA. In this process, 29 security personnel in 2011, 27 security personnel in 2012, and 27 security personnel in 2013 were employed at the company through service supplier personnel.

The certification for all of the security personnel employed at the supplier to use gun for security purposes has been completed, and their trainings on fire, shooting are repeated on a yearly basis. These trainings are realized as 696 man/hour in 2011, 648 man/hour in 2012 and 648 man/hour in 2013. There is no restriction at Bursagaz regarding the syndication process, and the employees are granted the freedom of choice in this respect based on the human resources policies. However, there have not been any such demand received from the employees within the existing functioning, and there is no syndication at the organization. Bursagaz is based locally in Bursa but they provide service in the national market. Therefore, within the scope of the "local" definition, there is not any sociological structure within their area of service. The line installations pass through the zoning areas as approved by the legal authorities during the operations, and therefore, has not caused any social damage or impact in sociological terms.

Likewise, the company operations do not have any structure that may cause displacement or evacuation of the people dwelling within the operational area. Considering all the business and operational activities of the company, while there has been no such a case that requires looking for human rights, no notifications have been received stating a violation of the human rights. The Human Right Impact Assessment was taken into consideration at Bursagaz in 2013 under the process impact analysis with respect to Business Continuity, and in this sense, 25 processes were included in the risk analysis as the priority supervision processes. Considering all the stakeholder categories, and the applications carried out by Bursagaz, there has any feedback or complaint regarding the violation of the human rights in any stakeholder categories in 2011, 2012, and 2013. Also thanks to the continuously improved process structure.

**"With their approach matching with their human rights-friendly and ethical values, Bursagaz is a company positioned by both their employees and stakeholders as a reliable company within their industry and their confidence index performed by GPTW institute for 2013 has been shared as 87%"**

# EQUALITY OF OPPORTUNITY, DIVERSITY, AND TRAINING PLANNING

“Bursagaz family steers for goals together just as a crew sailing a ship is aware of their responsibility and from the visionary perspective without discriminating any differences...”

Bursagaz is the company with the highest level of female employees by 27% in 2012 within their industry. (\*energetic values have been taken into consideration). Employing females, not only at customer services but also within every fields of the operation, Bursagaz supports the involvement of female employees in the site jobs and also the orientation of all the female employees in the call center processes requiring business skills. Technical training and exchange project supports are provided for the female employees holding positions of the medium level at the company, and the job families are taken as a basis for compensation management and no gender discrimination is made.

Bursagaz has at least one female employee in each team established, and the involvement of the female employees are encouraged with additional scores and rewards in social operation contests. Therefore, a balanced involvement is achieved. While the whole senior management consists of male employees, of the unit managers constituting the management team, 12% in 2011, 17% in 2012, and 19% in 2013 were constituted by female employees. In addition, the responsibility of project management are granted to the female employees every year, and 2 projects in 2011, 2 projects in 2012, and 2 projects in 2013 were implemented under the leadership of female project managers. A female employee

has been holding the position of chairman of the SOKAK-Social and Cultural Activities Club constituting the main structure of social activities of Bursagaz for the last 3 years, and there are female chairmans in the sub-clubs. Home-office working opportunities are provided for the female employees to easily configure their social life balance, and remote company connection is provided. Special leave applications are provided for the pregnancy periods of the females and their pregnancy is supported by the company.

Rotation plannings are performed to reduce the work load of the pregnant female employees at Bursagaz. With the mobile opportunities provided for all the employees, the employees are allowed to spare more time for their social life, and to have their childrens taken care of all day long at the company.

| Salary Rate In Total Division Salary Per Employee | 2011  | 2012  | 2013  |
|---|-------|-------|-------|
| Technical Female                                  | 0,95% | 0,80% | 0,69% |
| Technical Male                                    | 0,81% | 0,79% | 0,67% |
| Commercial Female                                 | 0,47% | 0,47% | 0,51% |
| Commercial Male                                   | 0,68% | 0,72% | 0,75% |



The involvement of the female employees with children in the activities outside the company and city and their accommodation with their families are supported by the company. Therefore, the employees are able to adapt to working life. Bursagaz conducts their training plans under their equality of opportunity practices, and supports their training plans with development plans not causing any discrimination among the employees. In this sense, 9.150,50 hours in total and 46 hours per individual in 2011, and 4.581 hours in total and 18 hours per individual in 2012, and 5.522 hours in total and 20 hours per individual training plans were implemented per individual. The training plans have been implemented equally in all these trainings, without discrimination between female and male employees. In addition, the personal training plans are also supported by company, and the MBA program was supported at the company in cooperation with Fatih University in 2012 and 2013, and 21 individuals were allowed to graduate from the program. Within the scope of TEX –Technical Exchange, program started in 2012 to enable cultural and technical compliance, will continue for the next years. 10 Bursagaz employees involved in the benchmark projects

at EWE AG, Germany, allowed to spare more time for their social life, and to lodge their children all day long at the company. Bursagaz employees are subject to performance assessment processes every year on the basis of operational and competence basis, and as a result of the assessments conducted, the performance scores are calculated and in consideration for the performance scores and on the basis of the projects they have contributed, they are entitled to get a performance premium. The performance assessment practice is carried out at Bursagaz through two different systems on the basis of operations and competences, the expansion of the target company's corporate and department balanced scorecards are matched with the characteristics on the competency map. In the process where the corporate and unit projects are separately assessed, the involvement of the employees who improve their competencies are supported. In this sense, the premium amount distributed was valued at gross 1.343 TL in 2011, gross 1.628 TL in 2012, and gross 1.462 TL in 2013, and 13 employees in 2011, 3 employees in 2012, and 1 employee in 2013 benefited from the premium practice because of low performance score.

| Number of Employees               | 2011 Number | 2011 Rate | 2012 Number | 2012 Rate | 2013 Number | 2013 Rate |
|-----------------------------------|-------------|-----------|-------------|-----------|-------------|-----------|
| Total                             | 258         | 100%      | 242         | 100%      | 265         | 100%      |
| Female Employees                  | 60          | 23%       | 66          | 27%       | 82          | 31%       |
| Male Employees                    | 198         | 77%       | 176         | 73%       | 183         | 69%       |
| Foreigner Employees               | 0           | 0%        | 0           | 0%        | 1           | 1%        |
| 18-24 Age Female Employees        | 4           | 7%        | 5           | 8%        | 4           | 5%        |
| 25-34 Age Female Employees        | 38          | 63%       | 42          | 64%       | 52          | 63%       |
| 35-50 Age Female Employees        | 18          | 30%       | 19          | 29%       | 26          | 32%       |
| 51 Age and above Female Employees | 0           | 0%        | 0           | 0%        | 0           | 0%        |
| 18-24 Age Male Employees          | 12          | 12%       | 12          | 7%        | 5           | 3%        |
| 25-34 Age Male Employees          | 116         | 59%       | 92          | 52%       | 96          | 52%       |
| 35-50 Age Male Employees          | 68          | 34%       | 69          | 39%       | 78          | 43%       |
| 51 Age and above Male Employees   | 2           | 1%        | 3           | 2%        | 4           | 2%        |

# OCCUPATIONAL HEALTH and SAFETY APPROACH

“The most important thing that enables safety of the working environment is that the employees believe in the presence of a company supporting them in the operations they carry out. Bursagaz aims the raise awareness of occupational health and safety among their employees from this perspective...”

Bursagaz has structured their OHSAS 18001 Occupational Health and Safety management system applications that they certified in 2005 so that it includes all their locations, and expands their applications through their Occupational Health and Safety Committee organization where the representatives at the company from both the office and also the site are involved. 13 male employees were involved in the Committee in 2011, 2012 and 2013. Their compliance with the weekly site visits has been assessed, and the plans have been made to take the improving, corrective and preventive actions. The chairman of the committee has been the vice technical general manager representing the senior management for the period of 3 years, and the primary objective of the committee where the concerned unit managers, employee representatives, supplier representatives and Class A Occupational Safety specialist is involved to expand the operations with respect to raising the occupational health and safety at the company and to ensure the positive reflection of this on the application. Ensuring the safety of the working environment through the implemented operations beyond the requirements under OHSAS 18001 and the legal regulations Bursagaz Occupational Health and Safety Committee holds monthly meetings on certain days as previously determined and plans quarterly site visits, and assigns the tasks within the group. A site visit report is drawn up following each site visit, and the findings obtained each month are assessed

at the committee meeting. The action plan is created and the operations are prioritized. Risk analysis are carried out for all the departments every year as accompanied by Class A Occupational Safety specialist, and the measures are specified and prioritized on the hierarchy scale, and the Occupational Health and Safety Program is created and published.

| OHS Trainings (Hours)                  | 2011  | 2012 | 2013  |
|--|-------|------|-------|
| Fire Extinguishing Training            | 0     | 354  | 375   |
| First-aid Trainer Training             | 0     | 63   | 0     |
| Occupational Health and Safety         | 375   | 788  | 585,5 |
| Technical Safety                       | 186,5 | 28   | 1*    |
| Class C Safety Specialization Training | 90    | 0    | 0**   |
| Occupational Safety Committee          | 119   | 0    | 22    |
| First-aid Trainings                    | 352   | 0    | 28    |
| Basic Traffic Training                 | 0     | 0    | 240   |
| Response to Uncontrolled Gas Outlets   | 0     | 0    | 14    |
| Respiratory Set Use Training           | 0     | 0    | 90    |

\* In 2013, 1 technical safety training was provided in the OHSAS workshop presented for all employees

\*\* 3 employees took the OHSAS exam in 2013

**“It is the most important supporter for us to maintain a sense of family in being with our employees at every moment of their lives and protecting them..”**



An Occupational Health and Safety Annual report is drawn up at the end of each year and the operations performed at the company are published under awareness-raising works. Bursagaz delivers trainings and special seminars to raise the awareness of occupational health and safety, and shares their videos and banner works in visual terms with their employees. In the system where the suggestions for Occupational Health and Safety are also taken into consideration, 5 suggestions in 2011, 6 suggestions in 2012, and 7 suggestions in 2013, including the suggestion system specially installed for occupational health and safety, were delivered by the employees, and relevant measures were taken by the committee. The awareness of occupational health and safety has been raised in the strategic plan to prevent accidents in the future at the company, and the operations have been planned for mid-, and long-term with the strategic objective to develop applications, and the necessary measures have been taken for the employees not to be exposed to the accidents involving death, serious or moderate injuries. The most effective example for this is the location application implemented during the construction jobs at the Niluferkoy location and at the new Head Office building. Each industrial accident or near-miss event that has occurred, or will occur within the site or office area are recorded in the reporting formats issued at the Management Systems, and sent to the concerned government authorities within the periods as specified in the legal regulations, and the transactions are enabled to be performed. Each event is reported by the Health Care Unit and Human Resources unit at the end of the year, and also, added to the annual report of Occupational Health and Safety. As Bursagaz conducts an operating site installation and working conditions within a gaseous and high-pressure environment, they are considered to be involved in high-risk group, and implement various awareness raising operations to manage the improvements within this field at an optimum level. While 4,64 hour Occupational Health and Safety training per employee was delivered in 2011, 5,32 hour training was delivered in 2012, and 5,11 hour training was delivered in 2013. In addition to these trainings, a seminar is held by a Class A Occupational Safety specialist at the employee exchange meetings every year with the participation of all supplier employees. In all these trainings, all of the employees were taken into consideration, and training opportunities were provided for all the employees and they were enabled to complete these trainings without any position, working site and gender discrimination. Information is provided in the health column in every issue of the e-bulletin for the purpose of occupational health and safety and also employees' health to raise the social awareness at Bursagaz, and during the site visits, the people living within the region are also informed about the safety conditions of the jobs. As there is not any labor union where the employees of the company are a member, there are collective labor agreements, and in this sense, there are separate contract including the occupational health and safety. However, the conditions regarding the occupational health and safety are specified in the subcontractors' contracts, and their compliance is inspected through the site visits.

| Occupational Health and Safety Performance                       | 2011          | 2012          | 2013          |
|--|---------------|---------------|---------------|
| Number of Industrial Accidents Receiving First-aid Treatment     | 3             | 2             | 1             |
| Number of Days Lost  | 15            | 28            | 14            |
| Injury Rate (Including Subcontractor) Male                       | 6.34          | 1.87          | 1.78          |
| Injury Rate (Including Subcontractor) Female                     | 0             | 1.87          | 0             |
| Injury Rate Subcontractor Male                                   | 0             | 0             | 0             |
| Injury Rate Subcontractor Female                                 | 0             | 0             | 0             |
| Number of Occupational Diseases (Including Subcontractor) Male   | 0             | 0             | 0             |
| Number of Occupational Diseases (Including Subcontractor) Female | 0             | 0             | 0             |
| Total Number of Days Lost / Number of Certified Days Male        | 15            | 28            | 14            |
| Total Number of Days Lost / Number of Certified Days Female      | 0             | 0             | 0             |
| Number of Accidents involving Fatality                           | 0             | 0             | 0             |
| Number of Accidents involving Fatality (Subcontractor)           | 0             | 0             | 0             |
| Reason for Accidents involving Fatality                          | Not Available | Not Available | Not Available |

\* The rate of injuries per 1.000.000 hours.





# CHILDREN LAUGH TOGETHER

“Cheering up all around with the patter  
of tiny feet, our children are like a mirror  
where we see our future...”

# CORPORATE CITIZENSHIP

“Integrating their sense of corporate social responsibility to their environmental, social and economic perspective, Bursagaz reflects their sense of social benefit on their processes beyond being an operational company.”

Bursagaz also adopts a corporate citizenship approach that raises social responsibility awareness from the future management perspective in addition to being an operational company. In this sense, they implement many social responsibility projects every year with the support of local authorities and agencies, and continue to make social contribution. Creating perspectives for their corporate strategies and considering the Social Awareness field as a critical success factor, Bursagaz develops special strategic objectives in this respect. Bursagaz expands many objectives within the scope of the strategic plan from the development of corporate social responsibility perspective to the minimization of environmental impacts and generation of social benefits, and make these their goals, they also adopt a sense of management that supports creating values for society.

Considering the process structure of Bursagaz, 28% of the processes for the last three years have cooperated with many social organizations such as local authorities, social-benefit based organizations, chambers and unions. In this sense, they have provided support for the annual jobs conducted by Bursa Governorate in 2011, 2012, and 2013 within the scope of the safe use work to minimize the environmental impacts and to prevent flue gas poisoning. As Bursagaz is a company that has an intensive environmental improvement factor with respect to the features of the product they offer, they publicly disclose the achievement of their goals at Press Goal Meetings held annually. They share their operations to expand the use of natural gas and to improve air quality. In contact with the municipalities, directorates of highways and concerned ministries during each operation to prevent the negative impacts within the field where they provide service, Bursagaz conducts their construction jobs in accordance with the legal authorizations. Considering all these processes, Bursagaz has not received any disputes

**TO PRODUCE  
SOCIAL BENEFIT  
IS OUR TREASURE  
WE TRANSFER  
FROM TODAY TO  
YESTERDAY**

or any complaints on the basis of their stakeholders including their local relations, and they rank among the benchmarked organizations within the field of stakeholders' expectation management. Bursagaz has not been involved in any penalty procedures for the last 3 years in this respect, and all of their operational fields continue to be actively operated.

Established with the support of those working within the social field, Bursagaz has a structure that provides the students with scholarship opportunities every year through Bursagaz Education Volunteers organizations, and has adopted it as a mission to facilitate education for the disabled thanks to the grant support provided by BEBKA in 2012. Bursagaz rehabilitated 45 special education classrooms at 40 primary schools in 2012 under their project titled "Let's Facilitate the Education for Disabled and Add Value to the Society", and also continued this process in 2013. They rehabated 15 more special education classrooms, and completed the draft studies regarding the Special Education Kindergarten Project, which they intend to implement in 2014. Having established the Basketball Club at Bursagaz Education Volunteers Association in 2013, the association volunteers have allowed for the families in need to develop their children in sports by means of the scholarships, and established a team in the youth league, and contributed to raising the sportsmen of the future. Bursagaz Educational Volunteers Foundation has spent 108.714 TL in 2011, 336.035 TL in 2012 and 266.965 TL in 2013 on donations and activities. Matching the corporate citizenship dimension with their sense of ethical management, Bursagaz controls their sense of governance to create the conditions of fair competition and to manage the business conduct at an optimum level. As it is also considered under the sense of ethical management of Bursagaz, they have followed the rule applications in accordance with the internal code of ethics issued in 2011 and 2013 concerning anti-corruption, and assessed the risks in 100% of the processes under their approach of prevention of corruption risks listed in the compulsory risk catalog within the scope of risk management, and each year, the employees are informed 100% in respect of their code of ethics within the scope of the information presentations carried out at the employee exchange meetings every year. In addition, the announcement works performed through the Respect Life Committee were enabled in 2013, and so far Bursagaz has not so far experienced any events of corruption since their privatization process. As a result of these practices, Bursagaz has ranked among the top 10 for the last 3 years for the Economic Value Adders Award presented every year by BTO. Providing power distribution as a public service with respect to their 30-year license obtained under the privatization within the scope of the conditions of

national competition, Bursagaz has built their operations within the field of lobbying on the development of the industry, and they do not have any financial or nonfinancial contributions within any political field. As focused on the development of the local economy within the area where they provide service, Bursagaz has a structure relevant to creating new business fields within the industry through chambers, unions and associations, and provides support for the industry. From this perspective, Bursagaz does not have any actions brought or applications that may affect the competition or be associated with the conditions of competition since the privatization process. As a result of Corporate Citizenship approach, Bursagaz has been legally inspected every year, and completed their 3rd party inspections as required by EMRA, and following these inspections, Bursagaz has not received any feedback about any discrepancy or experienced any criminal action taken against it with respect to the compliance. The process impact analysis which were conducted in 2011 and 2012 were switched to business impact analysis under ISO 22301 Business Continuity and Societal Security started to be applied By Bursagaz in 2013, and all business processes have been assessed with respect to financial loss, operation loss, legal obligation, corporate reputation, customer dissatisfaction, employee dissatisfaction, social harm, huma health and the environment. As a result of these assessments, station operation and grid maintenance processes have been determined to be the critical processes within the business impact fields, and the risks within the field of Societal Security have been separately determined in the business continuity plan, and the process management parameters have been determined and project plans have been created.

In this sense, the primary application of the most important applications that ensures Bursagaz's grid security in terms of supply is SCADA, that's the remote control of the grid application. Enabling the operation of station and equipment without any operator, this system conducts the management of the grid in cases that may cause force majeure, and minimizes the damages that may be caused, and reduces the damages that may be caused by uncontrolled gas output. Located in the grid management and control center of Bursagaz, this structure is one of the most important social investments made by Bursagaz in the local economy and Societal Security. Constituting the most important component of the supply safety, this system will enable to monitor the pressure differences, temperature differences, equipment failures and stations alarms through an online system, and also, they will integrate it with the strong underground movements and enable the line to be degassed by operating as an early warning system.

| Activities of Education Volunteers | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|------|------|------|------|------|------|------|------|
| Scholarship                        | 11   | 18   | 13   | 24   | 41   | 38   | 50   | 63   |
| Computer Classroom                 | 1    | 1    | 1    | 0    | 0    | 2    | 0    | 0    |
| Science Laboratory                 | 1    | 0    | 1    | 1    | 0    | 2    | 0    | 1    |
| Special Education Classroom        | 0    | 0    | 0    | 0    | 0    | 1    | 45   | 15   |
| Educational Assistance             | 50   | 0    | 0    | 0    | 50   | 58   | 90   | 152  |
| Village School Restoration         | 0    | 0    | 0    | 0    | 0    | 1    | 1    | 1    |
| Sports Activities                  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 1    |
| Other                              | 0    | 0    | 1    | 1    | 1    | 1    | 1    | 0    |

# PRODUCT RELIABILITY and SERVICE SATISFACTION

**“Bursagaz ensures stakeholder satisfaction by creating the business continuity plans that ensures the Societal Security of the service they provide and implementing the operations that are committed to product and service continuity...”**

Bursagaz provides natural gas distribution service within the urban area of Bursa with their environmentally-friendly structure because of the structure of product they offer, and they also implement operations that awareness for the safe and efficient use of the product. Bursagaz makes their announcements for raising the awareness of safe use every year through their web site, social media and issues press bulletins about safe use within the scope of their annual communication plan. Bursagaz distributed the safe use brochures in 2011 and 2012 at all gas connections, and started the project of “Stay Alive at 10 Steps” in 2013, and contributed to raising public awareness with respect to the interventions to installations, use of flue devices, vent applications, cooking connections, and chimney cleaning.

In addition to the security of supply, Bursagaz implements the safe use of interior piping applications in this respect in accordance with the regulations, and 45 thousand installation checks are performed annually, and the service is provided in accordance with the sustainability of the consumers’ installations. Bursagaz performed 62.749 secondary installation checks in 2011, 50.791 secondary installation checks in 2012, and 70.100 secondary installation checks in 2013 under the interior piping process, and such installations that the customers can make usage safe have been provided for them. Bursagaz is not allowed to intervene the interior installation

in accordance with the relevant EMRA regulations, and the accident caused by use of natural gas within the service territory of Bursagaz are caused by user error and/or unauthorized interventions to the installation by the user. In this sense, 46 poisoning events occurred in 2011, 5 poisoning events occurred in 2012, and 74 poisoning events occurred in 2013. Bursagaz enabled their periodic control process upon such authorization given by their relevant regulations in 2013 to prevent these incidents, and has built their labor planning for 2014. Other than this user error-caused process, Bursagaz has not received any complaints about causing damage to health or the environment with respect to the presentation or composition of the product. Bursagaz inquires about their environmental impacts during the society satisfaction surveys every year, and the perception level of positive impact on the environment was 57% in 2011, 87% in 2012, and 86% in 2013.

As product branding process are not offered as a product at Bursagaz’s processes, there is no branding process, and therefore, there are no any discrepancy or penal sanction with respect to product branding. Bursagaz passes the natural gas they receive at 70 bar pressure from the National Grid through heating process, and reduces the pressure, and then, transmits it to the end users, and in this process, there are no changes made to the product composition but the product volumes change.

## Stakeholder Satisfaction

**“Reflecting their satisfaction-centered perspective on their processes, Bursagaz manages their development works considering the stakeholders’ expectations at each operation...”**

Bursagaz has been using the feedback they receive from their customers to meet their stakeholders’ expectations at a maximum level with their “Customer Satisfaction” centered service since the day they began their operations, and measuring the satisfaction level. With these feedback, they aim to offer a higher quality service by producing new projects. They create a synergy in their customer-, employee, and society-centered projects, and make great progress every year within the industry with their increasing performance and satisfaction parameters. With the Domestic Customer Satisfaction survey conducted every year, data is received about the perception of the individual, commercial and official users. With the Industrial Customer Satisfaction survey, data is received about the perception of the eligible and ineligible industrial users, and with the Social Benefit survey, the data is received about the perception of the different sections of the society who cooperate with the chambers, unions and suppliers. Fastly with the Employee Satisfaction survey, the perception level of Bursagaz personnel is measured. In this application carried out in an extremely transparent way, the users log into the system using their own passwords, and there are no department or name inquiries.

## Residential Customer Satisfaction

The Residential Customer survey is conducted to receive detailed information about the Bursagaz’s brand recognition, corporate perception, and the use of products and services. Previously conducted by a research agency, this application will be carried out by a team established by Bursagaz in the company as of 2012. The survey application was conducted in 2013 from July to September. In the survey, the socioeconomic level of each association is determined, the media use habits and the recognition of the company’s service fields are also measured. The measurements carried out under the Residential Customer Satisfaction include transparency, communication efficiency, providing quality service and design, the level of creating positive impact by the services and products provided on the environment, employee quality, reliability, price and service balance, meeting the demands, reason for preferring the natural gas, accessibility, information, technical service, offering economic fuel, customer loyalty, Emergency 187 and the Call Center Officeless Service Application. The results obtained from the survey every year are shared with all the employees at the employee exchange meetings, and also shared with other stakeholders through the press conferences. Considering the results obtained in 2013, the level of Preferring to Use Natural Gas was 97%, Customer Loyalty was 95%, and Offering Technical Service was 94%, and with these rates, they were involved in the report as the most successful perception areas of the survey. Achieving a 86% success in 2007, 89% in 2008, 88% in 2009, 87% in 2010, 83% in 2011, and 74% in 2012, Bursagaz has achieved a 90% Customer Satisfaction rate in 2013, and continues to be the leading company among the natural gas distribution companies. The survey application has been carried out so that it includes all the users from previous and current periods.

In the Residential Customer Satisfaction Survey conducted in 2013, Natural Gas consumption habits, Social media use levels and comparison for other operation fields of distribution headings were emphasized. According to the findings, while it has been found that an 84% of the customers that participated in the survey in 2013 have not reduced their natural gas consumption, it has been shown that 16% of them reduced their consumption. According to the data obtained from the survey, the primary reasons for the reduced consumptions have been stated to be natural gas prices and higher bill amounts. While the payment facilities provided through bank and PTT branches as service recognition stood out, it was also observed that the Officeless Service application put into operation in 2013 was enabled to be expanded to the customers.



## Industrial Customer Satisfaction

Bursagaz conducts their customer satisfaction application every year specifically for their Industrial customers. The survey including many fields such as continuous use of services, general satisfaction, accessibility at the desired time, personnel qualification, customer loyalty, problem-solving approach, ability to respond demands, corporateness, creating positive impact on the environment, innovation, reliability, friendliness, transparency, technical support, information level, media coverage, preventive behavior, social-commercial responsibility, and continuous service contribute to the development of projects intended for industrial

## Social Benefit Survey

In addition to the customer and employee satisfaction with the service they provide, Bursagaz also puts emphasis on stakeholder satisfaction. For the purpose of organizing the social responsibility projects, they have measured the stakeholder satisfaction through Social Benefit Survey having been conducted since 2006, and also measure the social satisfaction level with the representatives from many fields such as main and sub-contractors, media organizations, quality organizations, chambers, professional organizations, schools, and other education institutions. The opinions and comments of the stakeholders are received with respect to service perception fields through many parameters including believing the safety of natural gas distribution line, being a leader within the industry, support of the natural gas to the environment and conservation of nature, contribution to the energy industry and local economy, contribution to the health care services, providing employment through their

## Telephone Survey

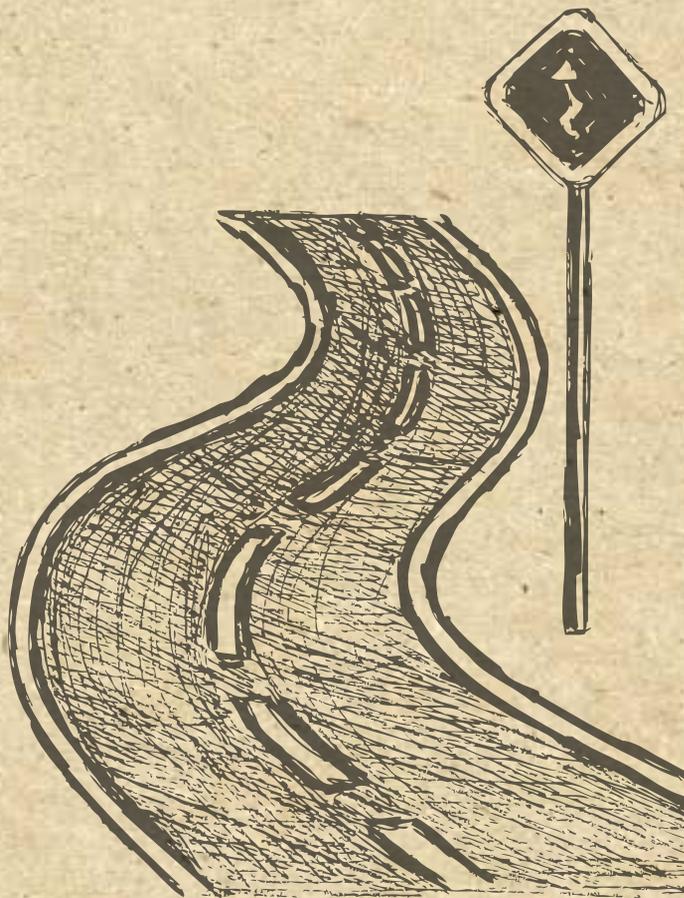
The Customer Satisfaction Survey application started to be conducted by Bursagaz in 2010 at the Head Office of Customer Service was continued in 2011 with the surveys conducted based on the personnel who directly communicate with the Operation Department and the customer. They conduct telephone satisfaction survey for the purpose of measuring the service quality with respect to how the service provided daily by the personnel whose in direct contact with customers, is perceived. In the system conducted by means of detailed performance analysis, the performance of the Call Center subordinated to the Customer Care, and the interior piping teams subordinated to Emergency 187 at Operation Department, Master Control, and Customer Care Department, and the overall satisfaction with the job, are measured. The survey is conducted as being fully independent by means of random sampling, and two Bursagaz personnel are appointed completely in connection with this process. The reports on the survey are received by the Management systems directly through the SAP reports and Yol-bil, and carried out by means of random sampling. The reports are conducted with the domestic customers under the survey application, and can be conducted with the Emergency 187 and Master Control personnel one day before at the Call Center and Interior Piping and instantly, using the

customers. In the survey conducted, the areas where the industrial customer make the most use of natural gas have been determined to include production, mess hall, heating, plant heating and power generation, respectively. The customer visits are replanned under the action plan based on the requirements of improvement within the fields with respect to providing technical support as stated in the survey where a 81% satisfaction level was expressed in 2011, 86% in 2012, and 92% in 2013, and the contents of the industrial bulletin were revised considering the prices and technological developments. Therefore, satisfaction planning has been optimized.

investments, being innovative, receiving awards within their industry, financial soundness, energy efficiency, waste disposal in the service, developing projects with the local organizations, and replying to applications on time. Having achieved many social responsibility projects, Bursagaz also provided support for the schools in 2013 by means of the cooperation between BEBKA and Bursagaz EGD, and they rehabilitate the classroom for disabled every year through their Blood Donation Campaign and their motto "Let's Ease Handicapped Education and Add Value to Society", and thereby, support raising the awareness of responsibility, and it has been seen that there has been achieved a satisfaction level by 97% in the perception of Support to Education in connection with the perception results. Considering the performance of the social benefit survey for the last 3 years, while the overall satisfaction was 67% in 2011, it was raised to 85% in 2012, and it was 91% in 2013.

Yol-bil application. It includes all demands, complaints and transaction records as well as the notifications received by the Master Control, and the business processes of Emergency 187 personnel directed to these notifications and their interaction with the related customers. The survey applications are rated on a 5-point satisfaction scale with 1 being the lowest score and 5 being the highest score, and they consist of 7 different question sections and fractions. It is rated based on Presentation Skills and reception, accessibility, meeting the demands, problem-solving approach, information and overall satisfaction parameters, and in the last section, the demands, suggestions, complaints and acknowledgements are received under the title "expectations."

| Telephone Satisfaction Survey | 2011   | 2012   | 2013   |
|-------------------------------|--------|--------|--------|
| Emergency 187                 | 94,74% | 96,05% | 96,93% |
| Master Control                | 98,41% | 97,37% | 98,03% |
| Interior Piping               | 95,81% | 96,82% | 96,65% |
| Customer Services             | 96,58% | 96,33% | 95,62% |



# MARKETING STRATEGY

We perform social responsibility activities to maintain the product's position within the industry and to raise customer awareness....

The marketing and sales operations at Bursagaz are conducted in accordance with the internal procedure flow of marketing and sales within the scope of Customer Gaining and Retaining process. In customer service, the customer gaining process is conducted in accordance with the relevant regulation on customer services and tariff decisions of EMRA, and in this respect, full compliance is ensured with the legal regulations and procedures, and considering the performance having put forth Bursagaz is the first company that has completely met their investment obligations since the privatization process of Bursagaz, no penal sanctions have been imposed. These applications including the legal obligations are followed daily through the legislation system, and the amendments are shared with all Bursagaz personnel. As the natural gas is a convenience good, it is not likely for it to be restricted or prohibited in the market because the product standards are determined in the technical specifications, and the laws and regulations of EMRA, and the input and output characteristics of the product are monitored and recorded instantly on the SCADA system. Following the subscription process of each customer that receives service or will potentially receive the service, all their information is monitored on the SAP-ISU system and their legal documents are kept in the DAP-Digital Archive Medium. This customer information are protected under ISO 27001 information security applications, and their intermediate and 3-year documentation renewal inspections are successfully completed. In this sense, no complaints about the confidentiality of customer information were received in 2011, 2012 or 2013. With the NVI (Directorate General of Population and Citizenship Affairs) integration in 2013, customers addresses and identity information has been made automatically verifiable.

Bursagaz has monitored their complaints handling system through Call Center and Solution Point organization since 2006, and industrial customer complaints have been reported through the industrial hotline, no complaints were received from industrial customers in 2011, 2012 or 2013. With the Officeless application started in 2013, all the processes have been transferred to the online systems and call center organization, and the levels of complaints have been lowered down for the last one year on the basis of the number of customers.

| Complaint Level                   | 2011  | 2012  | 2013  |
|-----------------------------------|-------|-------|-------|
| Number of Subscribers (x1000 BBS) | 741,2 | 776,2 | 817,0 |
| Complaint Level (%)               | 0,10  | 0,37  | 0,30  |
| Number of Gas Users (x1000 BBS)   | 609   | 649,7 | 698,1 |
| Complaint Level (%)               | 0,12  | 0,45  | 0,35  |
| Number of Meters (x1000 Pcs.)     | 496,8 | 524,5 | 553,1 |
| Complaint Level (%)               | 0,14  | 0,55  | 0,44  |

| Number of Complaints       | 2011 | 2012  | 2013  |
|----------------------------|------|-------|-------|
| Customer is Right          | 710  | 2.896 | 2.436 |
| Bursagaz is Right          | 208  | 426   | 201   |
| Company is Right           | 6    | 1     | 4     |
| Total Number of Complaints | 924  | 3.323 | 2.641 |

# ABOUT THE REPORT

**“Bursagaz has taken an exemplary step for their industry and played a guiding role and set light for other organizations to be steered in this way with their objective to publish their Sustainability Report for 2011, 2012 and 2013...”**

This report containing Bursagaz’s Sustainability operations includes the reporting process for 2011, 2012, and 2013. This report to be published as the first Sustainability report of Bursagaz is aimed to set an example for the energy distribution industry, and to be built so that it will play a guiding role for future projects. Bursagaz has planned to prepare their sustainability report annually in the next process, and built their sustainability approach on this periodic planning approach. The contact address for every question or information about this report prepared by Bursagaz is intended to [yonetimsistemleri1@bursagaz.com](mailto:yonetimsistemleri1@bursagaz.com), and the contact unit is Management Systems.

Bursagaz Sustainability Report has been prepared after their processes were created by the “Sustainability Project Team”. The team where a supervisor is involved from every process assessed the GRI 3.1 Standards (materiality, stakeholder engagement, sustainability context and completeness principles) and GRI’s Oil and Gas Sector Supplement by taking into consideration the data obtained from QDSM Management System Documentation, SAP Accounting Data, DAP Contract Documentation, SAP IS-U System data, SAP HR Data and ve other data on SAP System, SCADA Online System data, Yol-Bil System Data, Corporate Strategy Documentation, and Progress Reports for the relevant requirements and the processes

for the report have been created. A workshop was held with respect to materiality issues with the project members on behalf of Bursagaz to set sustainability strategies and the stakeholders are prioritised according to this methodology and then, the subject based swot analysis was created and the workshop was completed.

The report includes all Bursagaz processes, and there are no excluded operations, business fields or locations. The excluded reporting issues are specified in the main table fields as provided at the end of the report. There have not been any changes made to the shareholding structure, organizational structure, or service field of the company within the reporting period.

As Bursagaz does not have any sustainability report previously issued, the activities required to be completed are not observed in the report. Likewise, as the reporting process is the first report of the company, there have not been made any change to the scope, limitation measurement methodology. The parameters measured in the report are provided in the relevant tables on the basis of measurement values, and the greenhouse gas emissions are calculated in accordance with ISO 14064 standard. The soft copy of the report is available at Bursagaz corporate web site after the approval finalisation.



# PROFILE DISCLOSURES

| Main Issue |  | Location of Disclosure & Comments | Level of Reporting |
|------------|--|-----------------------------------|--------------------|
| <b>GRI</b> | <b>Strategy and Analysis</b>   |                                   |                    |
| 1.1        | Statement from the most senior decision-maker of the organization                        | Pages 6-7                         | Fully              |
| 1.2        | Key impacts, risks, and opportunities  | Pages 6-7-21-23                   | Fully              |
| <b>GRI</b> | <b>Organizational Profile</b>  |                                   |                    |
| 2.1        | Name of the organization.  | Pages 12-13                       | Fully              |
| 2.2        | Primary product and service  | Pages 12-13                       | Fully              |
| 2.3        | Operational structure  | Pages 16-17                       | Fully              |
| 2.4        | Location of organization's headquarters.   | Page 61                           | Fully              |
| 2.5        | Organizational operations by location  | Page 13                           | Fully              |
| 2.6        | Nature of ownership and legal form   | Pages 12-33                       | Fully              |
| 2.7        | Markets served by types of customers, services   | Pages 12-13                       | Fully              |
| 2.8        | Scale of the reporting organization  | Pages 13-49-50-51                 | Fully              |
| 2.9        | Significant changes during the reporting period regarding size, structure, or ownership. | Page 88                           | Fully              |
| 2.10       | Awards received in the reporting period.   | Page 28                           | Fully              |
| <b>GRI</b> | <b>Report Parameters</b>   |                                   |                    |
| 3.1        | Reporting period   | Page 88                           | Fully              |
| 3.2        | Date of most recent previous report  | First report                      | Fully              |
| 3.3        | Reporting cycle  | Page 88                           | Fully              |
| 3.4        | Contact point for questions  | Page 88-101                       | Fully              |
| 3.5        | Process for defining report content  | Page 88                           | Fully              |
| 3.6        | Boundary of the report   | Page 88                           | Fully              |
| 3.7        | Specific limitations on the scope or boundary of the report                              | Page 88                           | Fully              |
| 3.8        | Basis for reporting  | Page 88                           | Fully              |
| 3.9        | Data measurement techniques and the bases of calculations                                | Page 88                           | Fully              |
| 3.10       | Re-statements of information provided in earlier reports                                 | First report                      | Fully              |
| 3.11       | Significant changes from previous reporting periods                                      | First report                      | Fully              |
| 3.12       | Table identifying the location of the Standard Disclosures in the report.                | Pages 90-91-92-93-94-95           | Fully              |
| 3.13       | Policy and current practice with regard to seeking external assurance for the report.    | Page 96                           | Fully              |
| <b>GRI</b> | <b>Governance Commitments &amp; Engagement</b>   |                                   |                    |
| 4.1        | Governance structure of the organization   | Pages 32-33-34-35                 | Fully              |
| 4.2        | Role of The Chair of the highest governance body   | Page 32                           | Fully              |
| 4.3        | The number and gender of members of the highest governance body                          | Page 32                           | Fully              |
| 4.4        | Mechanisms for stakeholder and employees to provide recommendations                      | Page 32                           | Fully              |
| 4.5        | Compensation for members of the highest governance body                                  | Page 32                           | Fully              |
| 4.6        | Conflict of interest at highest governance body  | Page 32                           | Fully              |
| 4.7        | Determination of the members of the highest governance body and its committees           | Page 32                           | Fully              |
| 4.8        | Internally developed statements of mission or values, codes of conduct, and principles   | Page 9-32                         | Fully              |
| 4.9        | Procedures of the highest governance body  | Pages 32-34-35                    | Fully              |
| 4.10       | Processes for evaluating the highest governance body's own performance                   | Page 32                           | Fully              |
| 4.11       | The precautionary approach or principle addressed by the organization.                   | Pages 21-23-26-38                 | Fully              |
| 4.12       | Externally developed economic, environmental, and social charters, principles            | Page 45                           | Fully              |
| 4.13       | Memberships in associations  | Page 45                           | Fully              |
| 4.14       | List of stakeholder groups engaged by the organization.                                  | Page 46                           | Fully              |
| 4.15       | Basis for identification and selection of stakeholders with whom to engage.              | Pages 44-45                       | Fully              |
| 4.16       | Approaches to stakeholder engagement, by type and by stakeholder group                   | Pages 44-45                       | Fully              |
| 4.17       | Key topics and concerns that have been raised through stakeholder engagement             | Pages 20-21-45                    | Fully              |

# DISCLOSURES ON MANAGEMENT APPROACH

| Main Issue    | Location of Disclosure & Comments                | Level of Reporting         |
|---------------|--|----------------------------|
| <b>DMA EC</b> | <b>Economic Performance</b>                      |                            |
|               | Economic Performance                             | Pages 49-51-54-73 Fully    |
|               | Market Presence                                  | Pages 13-73-50 Fully       |
|               | Indirect Economic Impacts                        | Pages 49-50-55-83 Fully    |
|               | Reserves   | Pages 13-53-54 Fully       |
| <b>DMA EN</b> | <b>Environmental Performance</b>                 |                            |
|               | Materials  | Pages 49-53 Fully          |
|               | Energy   | Pages 54-55-60-61 Fully    |
|               | Water  | Page 67 Fully              |
|               | Ecosystem services including biodiversity        | Page 52 Fully              |
|               | Emissions, effluents and waste                   | Pages 56-64-65-67 Fully    |
|               | Products and services                            | Pages 64-65 Fully          |
|               | Compliance                                       | Pages 64-65-54 Fully       |
|               | Transport  | Pages 56-57-65 Fully       |
|               | Overall  | Pages 64-65 Fully          |
| <b>DMA LA</b> | <b>Labour Performance</b>                        |                            |
|               | Employment                                       | Pages 70-71-73-76-77 Fully |
|               | Labor/management relations                       | Pages 71-79 Fully          |
|               | Occupational Health and Safety                   | Pages 78-79 Fully          |
|               | Training and education                           | Pages 71-77-78 Fully       |
|               | Diversity and equal opportunity                  | Pages 76-77 Fully          |
|               | Equal remuneration for women and men             | Pages 73-76-77 Fully       |
| <b>DMA HR</b> | <b>Human Rights Performance</b>                  |                            |
|               | Investment and procurement practices             | Page 75 Fully              |
|               | Non-discrimination                               | Page 75 Fully              |
|               | Freedom of association and collective bargaining | Page 75 Fully              |
|               | Child labor                                      | Page 75 Fully              |
|               | Prevention of forced or compulsory labor         | Page 75 Fully              |
|               | Security Practices                               | Page 75 Fully              |
|               | Indigenous Rights                                | Page 75 Fully              |
|               | Assessment                                       | Page 75 Fully              |
|               | Remediation                                      | Page 75 Fully              |
| <b>DMA SO</b> | <b>Society Performance</b>                       |                            |
|               | Local Communities                                | Pages 45-82-83 Fully       |
|               | Corruption                                       | Page 74 Fully              |
|               | Public policy                                    | Page 83 Fully              |
|               | Anti-competitive behavior                        | Page 83 Fully              |
|               | Compliance                                       | Page 83 Fully              |
|               | Emergency preparedness                           | Pages 26-83 Fully          |
|               | Involuntary resettlement                         | Page 83 Fully              |
|               | Asset integrity and process safety               | Page 84 Fully              |
| <b>DMA PR</b> | <b>Product Responsibility</b>                    |                            |
|               | Customer health and safety                       | Page 84 Fully              |
|               | Product and service labelling                    | Pages 84-85-86 Fully       |
|               | Marketing communications                         | Page 87 Fully              |
|               | Customer privacy                                 | Page 87 Fully              |
|               | Compliance                                       | Page 87 Fully              |
|               | Fossil fuel substitutes                          | Page 55 Fully              |

# PERFORMANCE INDICATORS

| Economic Performance            |  | Location of Disclosure & Comments | Level of Reporting |
|---------------------------------|--|-----------------------------------|--------------------|
| <b>Economic Performance</b>     |  |                                   |                    |
| EC1COMM                         | Direct economic value generated and distributed  | Page 49                           | Fully              |
| EC2COMM                         | Financial implications and other risks and opportunities due to climate change           | Page 54                           | Fully              |
| EC3                             | Coverage of the organization's defined benefit plan obligations.                         | Page 73                           | Fully              |
| EC4                             | Significant financial assistance received from government.                               | Page 49                           | Fully              |
| <b>Market Presence</b>          |  |                                   |                    |
| EC5                             | Range of ratios of standard entry level wage by gender compared to local minimum wage    | Page 73                           | Fully              |
| EC6COMM                         | Policy, practices, and proportion of spending on locally-based suppliers                 | Page 50                           | Fully              |
| EC7COMM                         | Procedures for local hiring  | Page 73                           | Fully              |
| <b>Indirect Economic Impact</b> |  |                                   |                    |
| EC8COMM                         | Development and impact of infrastructure investments                                     | Pages 49-83                       | Fully              |
| EC9COMM                         | Significant indirect economic impacts  | Pages 50-51                       | Fully              |
| OG1                             | Volume and type of estimated proved reserves and production                              | Pages 13-54-55                    | Fully              |
| Environmental Performance       |  | Location of Disclosure & Comments | Level of Reporting |
| <b>Materials</b>                |  |                                   |                    |
| EN1COMM                         | Materials used by weight or volume   | Page 49                           | Fully              |
| EN2COMM                         | Percentage of materials used that are recycled input materials                           | Page 53                           | Fully              |
| <b>Energy</b>                   |  |                                   |                    |
| EN3                             | Direct energy consumption by primary energy source                                       | Pages 54-55                       | Partially          |
| EN4                             | Indirect energy consumption by primary source  | Pages 54-55                       | Partially          |
| OG2                             | Total amount invested in renewable energy  | Pages 60-61                       | Fully              |
| OG3                             | Total amount of renewable energy generated by source                                     | Pages 60-61                       | Fully              |
| EN5                             | Energy saved due to conservation and efficiency improvements                             | Pages 54-55                       | Fully              |
| EN6                             | Initiatives to provide energy-efficient or renewable energy based products and services  | Pages 54-55-60                    | Fully              |
| EN7                             | Initiatives to reduce indirect energy consumption and reductions achieved                | Pages 54-55                       | Fully              |
| <b>Water</b>                    |  |                                   |                    |
| EN8COMM                         | Total water withdrawal by source.  | Page 67                           | Fully              |
| EN9COMM                         | Water sources significantly affected by withdrawal of water.                             | Page 67                           | Fully              |
| EN10                            | Percentage and total volume of water recycled and reused.                                | Page 67                           | Fully              |
| <b>Biodiversity</b>             |  |                                   |                    |
| EN11                            | Location and size of land owned and areas of high biodiversity                           | Page 52                           | Fully              |
| EN12                            | Description of significant impacts of activities, products, and services on biodiversity | Page 52                           | Fully              |
| EN13                            | Habitats protected or restored.  | Page 52                           | Fully              |
| EN14COMM                        | Strategies, current actions, and future plans for managing impacts on biodiversity.      | Page 52                           | Fully              |
| OG4                             | Number and percentage of significant operating sites in which biodiversity risk          | Page 52                           | Fully              |
| EN15                            | Number of IUCN Red List species and national conservation list species in habitat        | Page 52                           | Fully              |

# PERFORMANCE INDICATORS

| Environmental Performance                  |  | Location of Disclosure & Comments            | Level of Reporting        |
|--|--|--|---------------------------|
| <b>Emissions, effluents and waste</b>      |  |  |                           |
| EN16COMM                                   | Total direct and indirect greenhouse gas emissions by weight.                      | Pages 56-57-58                               | Fully                     |
| EN17COMM                                   | Other relevant indirect greenhouse gas emissions by weight.                        | Pages 56-57-58                               | Fully                     |
| EN18COMM                                   | Initiatives to reduce greenhouse gas emissions and reductions achieved.            | Pages 56-57-58                               | Fully                     |
| EN19                                       | Emissions of ozone-depleting substances by weight.                                 | Pages 56-57-58                               | Fully                     |
| EN20COMM                                   | NOx, SOx, and other significant air emissions by type and weight.                  | Pages 56-57-58                               | Fully                     |
| EN21                                       | Total water discharge by quality and destination.                                  | Page 67                                      | Fully                     |
| EN22COMM                                   | Total weight of waste by type and disposal method.                                 | Pages 64-65                                  | Fully                     |
| OG5  | Volume of formation or produced water.   | Page 67                                      | Fully                     |
| EN23COMM                                   | Total number and volume of significant spills.                                     | Page 65                                      | Fully                     |
| OG6  | Volume of flared and vented hydrocarbon.   | Pages 56-57                                  | Fully                     |
| OG7  | Amount of drilling waste and strategies for treatment and disposal.                | Pages 64-65                                  | Fully                     |
| EN24                                       | Weight of transported, imported, exported, or treated waste                        | Pages 64-65                                  | Fully                     |
| EN25                                       | Water bodies and related habitats significantly affected by discharges of water    | Page 67                                      | Fully                     |
| <b>Product and Services</b>                |  |  |                           |
| EN26COMM                                   | Initiatives to mitigate environmental impacts of products and services             | Page 65                                      | Fully                     |
| EN27                                       | Percentage of products sold and their packaging materials                          | Pages 64-65                                  | Fully                     |
| OG8  | Benzene, Lead and Sulfur content in fuels  | Page 65                                      | Fully                     |
| <b>Compliance</b>                          |  |  |                           |
| EN28                                       | Fines for non-compliance with environmental laws and regulations                   | Page 54                                      | Fully                     |
| <b>Transport</b>                           |  |  |                           |
| EN29                                       | Significant environmental impacts of transporting products and other goods         | Pages 56-57                                  | Fully                     |
| <b>Overall</b>                             |  |  |                           |
| EN30                                       | Total environmental protection expenditures and investments by type                | Page 65                                      | Fully                     |
| <b>Social Performance Labour Practices</b> |  | <b>Location of Disclosure &amp; Comments</b> | <b>Level of Reporting</b> |
| <b>Employment</b>                          |  |  |                           |
| LA1  | Total workforce by types   | Pages 72-77                                  | Fully                     |
| LA2  | Total number and rate of new employee hires and employee turnover                  | Page 71                                      | Fully                     |
| LA3  | Benefits provided to full-time employees   | Pages 70-71                                  | Fully                     |
| LA15                                       | Return to work and retention rates after parental leave, by gender.                | Page 72                                      | Fully                     |
| <b>Labour /Management Relations</b>        |  |  |                           |
| LA4  | Percentage of employees covered by collective bargaining agreements                | Page 79                                      | Fully                     |
| LA5  | Minimum notice period  | Page 73                                      | Fully                     |
| <b>Occupational Health and Safety</b>      |  |  |                           |
| LA6  | Workforce represented in health and safety committees                              | Pages 78-79                                  | Fully                     |
| LA7COMM                                    | Rates of injury, occupational diseases, lost days, and absenteeism, and fatalities | Page 79                                      | Fully                     |
| LA8  | Education, training, counseling, prevention, and risk-control programs             | Page 78-79                                   | Fully                     |
| LA9  | Health and safety topics covered in formal agreements with trade unions            | Page 79                                      | Fully                     |
| <b>Training and Education</b>              |  |  |                           |
| LA10                                       | Average hours of training  | Pages 77- 78                                 | Fully                     |
| LA11                                       | Programs for skills management and lifelong learning                               | Pages 71-77                                  | Fully                     |
| LA12                                       | Percentage of employees receiving regular performance, career development plan     | Page 77                                      | Fully                     |

# PERFORMANCE INDICATORS

| Social Performance Labour Practices                     |   | Location of Disclosure & Comments | Level of Reporting |
|---|---|-----------------------------------|--------------------|
| <b>Diversity and Equal Opportunity</b>                  |   |                                   |                    |
| LA13  | Composition of governance bodies and breakdown of employees                                   | Pages 73-77                       | Fully              |
| <b>Equal Remuneration for women and men</b>             |   |                                   |                    |
| LA14  | Ratio of basic salary and remuneration of women to men by employee category                   | Pages 73-76                       | Fully              |
| Social Performance Human Rights                         |   | Location of Disclosure & Comments | Level of Reporting |
| <b>Investment and Procurement Practices</b>             |   |                                   |                    |
| HR1   | Investment agreements and contracts that include clauses incorporating human rights           | Page 75                           | Fully              |
| HR2   | Percentage of partners that have undergone human rights screening an actions                  | Page 75                           | Fully              |
| HR3   | Employee training on policies and procedures concerning aspects of human rights               | Page 75                           | Fully              |
| <b>Non Discrimination</b>                               |   |                                   |                    |
| HR4   | Total number of incidents of discrimination and corrective actions taken.                     | Page 75                           | Fully              |
| <b>Freedom of Association and Collective Bargaining</b> |   |                                   |                    |
| HR5   | The right to exercise freedom of association and collective bargaining                        | Page 75                           | Fully              |
| <b>Child Labor</b>                                      |   |                                   |                    |
| HR6   | Risk for incidents of child labor, and measures taken   | Page 75                           | Fully              |
| <b>Prevention of Forced and Compulsory Labor</b>        |   |                                   |                    |
| HR7   | Risk for incidents of forced or compulsory labor  | Page 75                           | Fully              |
| <b>Security Practices</b>                               |   |                                   |                    |
| HR8COMM   | Security personnel trained in the organization's policies or human rights                     | Page 75                           | Fully              |
| <b>Indigeobous Rights</b>                               |   |                                   |                    |
| HR9COMM   | Incidents of violations involving rights of indigenous people and actions                     | Page 75                           | Fully              |
| <b>Assessment</b>                                       |   |                                   |                    |
| HR10  | Operations that have been subject to human rights reviews and/or impact assessments           | Page 75                           | Fully              |
| OG9   | Operations where indigenous communities are present or affected by activities                 | Page 75                           | Fully              |
| <b>Remediation</b>                                      |   |                                   |                    |
| HR11  | Number of grievances related to human rights  | Page 75                           | Fully              |
| Social Performance Society                              |   | Location of Disclosure & Comments | Level of Reporting |
| <b>Local Communities</b>                                |   |                                   |                    |
| S01   | Operations with implemented local community engagement  | Pages 82-83                       | Fully              |
| S09COMM   | Operations with significant potential or actual negative impacts on local communities         | Pages 82-83                       | Fully              |
| S010COMM  | Prevention and mitigation measures implemented in operations                                  | Pages 82-83                       | Fully              |
| OG10  | Number and description of significant disputes with local communities and indigenous peoples  | Pages 82-83                       | Fully              |
| OG11  | Sites that have been decommissioned and sites that are in the process of being decommissioned | Pages 82-83                       | Fully              |
| <b>Corruption</b>                                       |   |                                   |                    |
| S02   | Percentage and total number of business units analyzed for risks related to corruption.       | Page 83                           | Fully              |
| S03   | Percentage of employees trained in organization's anti-corruption policies and procedures.    | Page 74                           | Fully              |
| S04   | Actions taken in response to incidents of corruption.   | Page 83                           | Fully              |

# PERFORMANCE INDICATORS

| Social Performance Society                |  | Location of Disclosure & Comments | Level of Reporting |
|---|--|-----------------------------------|--------------------|
| <b>Public Policy</b>                      |  |                                   |                    |
| S05COMM                                   | Public policy positions and participation in public policy development and lobbying.               | Page 45-83                        | Fully              |
| S06                                       | Total value of financial and in-kind contributions to political parties, politicians and relatives | Page 83                           | Fully              |
| <b>Anti-Competitive Behaviour</b>         |  |                                   |                    |
| S07                                       | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices    | Page 83                           | Fully              |
| <b>Compliance</b>                         |  |                                   |                    |
| S08COMM                                   | Monetary value of significant fines and non-monetary sanctions for non-compliance with laws        | Page 83                           | Fully              |
| <b>Involuntary Resettlement</b>           |  |                                   |                    |
| OG12                                      | Operations and number of places where involuntary resettlement took place                          | Page 75                           | Fully              |
| <b>Asset Integrity and Process Safety</b> |  |                                   |                    |
| OG13                                      | Number of process safety events, by business activity.   | Page 84                           | Fully              |
| Social Performance Product Responsibility |  | Location of Disclosure & Comments | Level of Reporting |
| <b>Customer Health and Safety</b>         |  |                                   |                    |
| PR1                                       | Life cycle stages in which health and safety impacts of products and services are assessed         | Page 84                           | Fully              |
| PR2                                       | Total number of incidents of non-compliance with regulations                                       | Page 84                           | Fully              |
| <b>Product and Service Labelling</b>      |  |                                   |                    |
| PR3                                       | Type of product and service information required by procedures                                     | Pages 84-85                       | Fully              |
| PR4                                       | Total number of incidents of non-compliance with regulations and voluntary codes                   | Pages 84-85                       | Fully              |
| PR5                                       | Customer satisfaction, including results of surveys measuring customer satisfaction                | Pages 85-86                       | Fully              |
| <b>Marketing Communication</b>            |  |                                   |                    |
| PR6                                       | Programs for marketing communication   | Page 87                           | Fully              |
| PR7                                       | Incidents of non-compliance with regulations on marketing communication                            | Page 87                           | Fully              |
| <b>Customer Privacy</b>                   |  |                                   |                    |
| PR8                                       | Complaints regarding breaches of customer privacy and losses of customer data                      | Page 87                           | Fully              |
| <b>Compliance</b>                         |  |                                   |                    |
| PR9                                       | Monetary value of significant fines for non-compliance with laws and regulations                   | Page 87                           | Fully              |
| <b>Biofuels</b>                           |  |                                   |                    |
| OG14                                      | Volume of biofuels produced and purchased meeting sustainability criteria.                         | Page 55                           | Fully              |



## Report on Independent Review of Bursagaz 2011-2013 Sustainability Report

To,  
The Board of Directors and Management  
Bursagaz, Bursa, Turkey

We have reviewed the Bursagaz sustainability report covering the 3-year period ending 31 December 2013 and prepared in accordance with the guidelines in the Global Reporting Initiatives (GRI), version G3.1.

The Bursagaz Sustainability Report 2011-2013 ("the Report") has been prepared by the Management of Bursagaz ("the Company"), which is responsible for the collection and presentation of information contained in the Report. Our responsibility, in accordance with the instructions of Bursagaz Management, is to issue an independent report based on the procedures applied in our review.

### What else we do to form our conclusion

We have planned and performed our review in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) of the International Auditing and Assurance Standards Board (IAASB) with a limited scope of assurance.

### The scope of our work

The review, that focused on the 2013 quantitative data, included the following procedures:

- Interviewed management and specialists of Bursagaz involved in the Company's sustainability reporting to understand the activities performed and the data collection systems used for the Selected Information (described below)
- Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
- Checking by review lists of selected samples of the quantitative and qualitative information contained in the Sustainability Report and its proper completion from the data sources

### The Selected Information

Our review focused on the 2013 quantitative data of the following areas of the report:

- Corporate administration information on pages between 20 and 23
- Corporate responsibility information on pages 82 and 83
- Stakeholder engagement information found between pages 44 and 47
- Economic indicators between pages 48 and 51
- Energy management data on pages 54 and 55
- GHG emission data between pages 56 and 58
- Employee rights information between pages 70 and 79

### The limitations of our review

Our scope excludes:

- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;

The scope of a limited review is considerably less extensive than that of a reasonable assurance. We do not, therefore, provide an audit report on the Company's 2011-2013 Sustainability Report.

### Our conclusion

Our review has not identified any significant uncorrected matters regarding the information and data relating to the Selected Information.

### Our limited liability, team and independence

Our engagement team has been drawn from our climate change and sustainability practice and undertakes similar engagements with a number of significant international businesses. As an assurance provider, we are required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics<sup>1</sup> for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

We permit this report to be disclosed in the Bursagaz Sustainability Report for the year ended 31 December 2013, to enable the Directors of Bursagaz to show they have addressed their governance responsibilities by obtaining an independent report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Bursagaz for our work or this report except where terms are expressly agreed between us in writing.

İdris Güneş Başmıracı, Decan ve Serbest Muhasebeci Mali Müşavirler A. Ş.

A member firm of Ernst & Young Global Limited

Seyhan Ökuyan Gökyılmaz, Şirket  
Partner  
İstanbul, 6 March 2014

<sup>1</sup> International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.



## Statement GRI Application Level Check

GRI hereby states that **Bursagaz** has presented its report "2011-2013 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 17 March 2014

A handwritten signature in black ink, appearing to read "Nelmar Arbex", is written over a faint, large watermark of the GRI logo.

Nelmar Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Bursagaz has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.





# THE SUN RISES FOR TOMORROW...

"It is likely to render each moment  
of lifecycle the best only with the  
efforts to be made..."





Contact Info

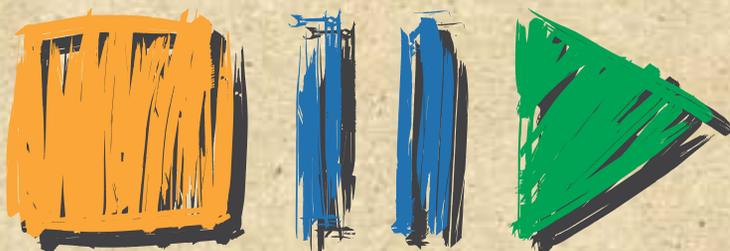
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Pay attention to this DVD for hearing sound of life...



Bursagaz is  **EWE** group company member.