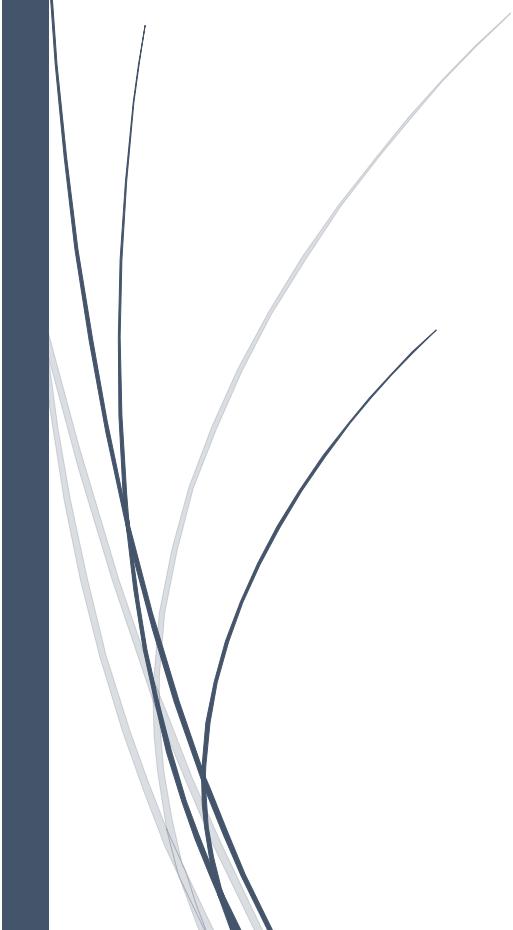


17.02.2021

KAFEIN YAZILIM HİZMETLERİ TİCARET A.Ş.  
2020 SUSTAINABILITY REPORT



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## The Message of the CEO and UNGC Support Statement

Dear Stakeholders,

As Kafein Technology, we believe that each organization has a unique character, spirit, values, and targets and, therefore, we offer brand-specific and end-to-end value-added services which make us their reliable partner since 2005. We never compromise with our goal to contribute to the society and humanity with the technologies of future. We export software and continue to grow with the technologies that contribute to the national software vision of Turkey. The mobile payment systems and e-commerce and telecommunication projects we developed are also used around the world as well as in Turkey.

As Kafein, the focus of our activities was sustainable growth and profitability in 2020.

In addition to strong financial indicators, we also monitor the company's economic, environmental, and social developments and the opportunities and risks arising out of them. As Kafein, we undertook to transparently share both the performed and projected environmental, social and corporate activities of the company with the stakeholders in order to leave a sustainable world to the next generations and to set an example in this regard.

I am proud to announce that we comply with and give support to the 10 widely accepted principles of Kafein Yazılım Hizmetleri Ticaret A.S. regarding United Nations Global Compact, Human Rights, Working Conditions, Environment and Anti-Corruption. In this sense, we aimed to explain in the sustainability report the activities to integrate these principles to our business strategy, culture, and daily activities. Furthermore, we also undertake to share such information with all the stakeholders using our primary communication channels.

We hope to achieve our targets and share the joy and happiness of them altogether in the following period.

Best Regards,

Mr. Ali Cem Kalyoncu  
CEO, Kafein Yazılım Hizmetleri Tic. A.S.



## About the Report

The report serves as a statement of progress in accordance with the United Nations Global Compact (UNGC) to which we are a signatory since 2020. Kafein COP refers to the 10 principles of UNGC concerning human rights, working standards, environment and also summarizes the support and maintenance performance for these principles. All the information shared in the report intends to increase the awareness of all the shareholders, create value and integrate the principles of sustainability to all the business processes.

The report analyses the development and targets of sustainability under four main categories which are "Environmental Relations, Social Principles, Stakeholders: International Standards and Initiatives, and Corporate Management Principles (Corporate Governance Compliance Report)."

## The Principles for the Preparation of the Report

### **The Ten Principles of the UN Global Compact**

On 27.10.2020, the company signed the UN Global Compact which is the biggest corporate sustainability initiative of the world and is based on ten universal principles in human rights, working standards, environment, and anti-corruption. In this sense, the company is proud to be a part of the global movement of sustainable companies and stakeholders. You can view the company's UNGC Company Card and the Engagement Letter from the link: <https://www.unglobalcompact.org/what-is-gc/participants/141725-Kafein-Yaz-l-m-Hizmetleri-Ticaret-A-S->



**Principle 1:** The business world should support and respect the declared human rights.

**Principle 2:** The business world should not be a party to the violations of human rights.

**Principle 3:** The business world should support the union and collective bargaining rights of employees.

**Principle 4:** Forced labour should be removed.

**Principle 5:** Any and all kinds of child labour should be removed.

**Principle 6:** Discrimination during employment and placement should be removed.

**Principle 7:** The business world should support the preventive and protective measures towards the environment.

**Principle 8:** The business world should support any and all activities and organizations to promote responsibility towards the environment.

**Principle 9:** The business world should support the development and expansion of environment-friendly technologies.

**Principle 10:** The business world should fight against any and all kinds of corruption including bribes and rackets.

### **The UN Sustainable Development Purposes (SDPs)**

Kafein adopts 17 UN Sustainable Development Purposes (SDPs) and implements the sustainability strategy according to the global targets in this regard. Evaluating the strategy based on the "protect, empower, improve and comply" concept under the light of SDPs, Kafein contributes to the development targets of certain categories with the company's activities.

## About Kafein



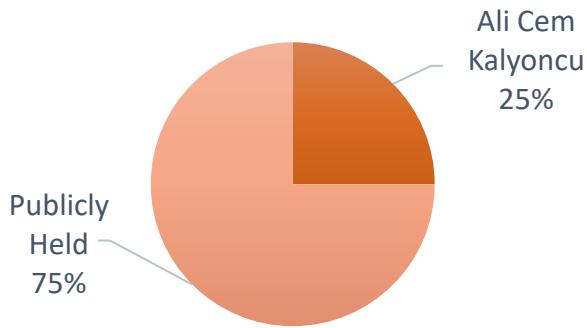
Kafein Yazılım Hizmetleri Ticaret A.S. was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, outsourcing and managed services as well as data analysis, data mining and data archiving services. Kafein has always maintained its growth since the foundation and improved competencies year by year. Kafein continues operations in strict compliance with quality standards and methodologies. Among the institutions that benefit from the services by Kafein, there are the biggest telecommunication companies, insurance companies, banks, international retail, and manufacturing companies of Turkey.

Since 11.05.2018, Kafein Yazılım is traded under the Informatics Index at Istanbul Stock Exchange. The company's traded at the Main Market by the end of 2020 has 75% of Actual Outstanding Share.

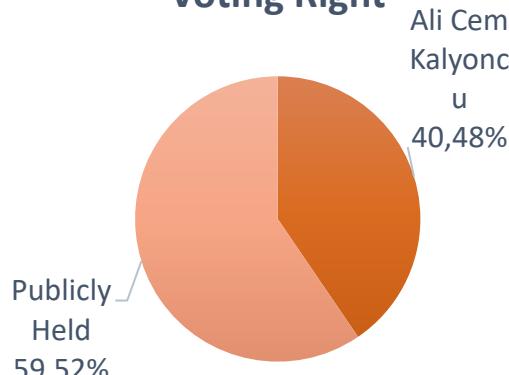
| Offices  |  |   |
|--|--|---|
| Head Office  | Ataşehir Brand   | Ankara Brand  |
| YTÜ Teknoloji Geliştirme Bölgesi, Davutpaşa Kampüsü Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. C1 Blok No:403 Esenler-İstanbul | Barbaros Mah. Mor Sümbül Sokak. Deluxia Palace K:17 D:48 Ataşehir-İstanbul | Aşağı Öveçler, 1309. Sk. No:5 D:6, 06460 Çankaya / Ankara |

**Shareholder and Voting Rights Structure as of 31.12.2020**

**Shareholder Structure**



**Voting Right**



**Board of Directors as of 31.12.2020**

|                                 |   |
|---------------------------------|---|
| <b>Ali Cem Kalyoncu</b>         | Chairman of the Board                     |
| <b>Neval Önen</b>               | Vice Chairwoman of the Board of Directors |
| <b>Hatice Sevim Oral</b>        | Member of the Board                       |
| <b>Kenan Sübekçi</b>            | Member of the Board                       |
| <b>Yüce Erim</b>                | Independent Member of the Board           |
| <b>İbrahim Semih Arslanoğlu</b> | Independent Member of the Board           |

**SERVICES**

|   |  |
|---|--|
|  Turnkey Projects                    |  Consultancy                  |
|  Manageable Services                 |  Robotic Process Automation   |
|  System Integrations                 |  End-to-end Solution for GDPR |
|  Data Management                     |  Insurance Management System  |
|  Technology and Software Development |  R&D Studies                  |

## History

**2005:**

- The company was established to offer software and software services.

**2013:**

- The Teknopark Branch was opened.

**2016:**

- The company adopted Registered Capital System.

**2017:**

- In June, Intranet Yazilim A.S. was established as 51% Founding Partner.

**2018:**

- The shares of Kafein Yazilim started to trade at Istanbul Stock Exchange in May.
- Smartiks Yazilim A.S. was affiliated at the rate of 51%. Smartiks, an affiliate, was opened for public trading.

**2019:**

- Clients were acquired in the field of Robotic Process Automation (RPA), and a considerable progress was made thereto.

**2020:**

- The company became one of the most significant Personal Data integrators. Personal data services were offered to the companies of Ireland, Italy and the Netherlands.
- The Ankara Branch was opened.
- Karmasis Bilisim Cozumleri Tic., a cyber-security company, was affiliated at the rate of 51%.
- Papillon Savunma, a company acting in the field of security systems, was affiliated at the rate of 11%.

## Awards

### 2016:

The “**Top 100 Fastest-Growing Companies of Turkey**” Analysis by the Union of Chambers and Commodity Exchanges of Turkey (TOBB) listed Kafein as the 50<sup>th</sup> fastest-growing company with the growth rate 270,7% achieved between 2012 and 2015. (<https://turkiye100.tobb.org.tr/docs/20160117-tr100.pdf>)

### 2017:

The company appeared on the “**Inspiring Informatics Companies of Turkey**” list which was issued by the Elite program of London Stock Exchange.

### 2018:

The test automation and DevOps project carried out by Kafein for a telecommunication client achieved 4th place among the “**Excellence in Transformation**” projects selected by GSA UK Global Sourcing Association.

### 2019:

The “**Informatics 500 Award Ceremony**” which was organized by the BT Haber Newspaper elected Kafein as the leading company to add value to Turkey in the service provider consultancy category according to the Turkey 2018 research. (<https://bilsimzirvesi.com.tr/documents/Dokumanlar/b500-2018-small.pdf> )

### 2020:

Kafein ranked among the top 100 companies in the general category of the “**Top 500 Companies of Turkish Informatics Industry 2019**” research carried out by BT Haber Newspaper. Furthermore, the company became the 39th in the Producers Centred in Turkey category, and the 3rd in the Consultancy, 5th in the Outsourcing and 16th in the Service categories, which are subcategories of the former.

(<https://bthaber.com/b500pdf/B500DIGITAL6.pdf> )

### 2021:

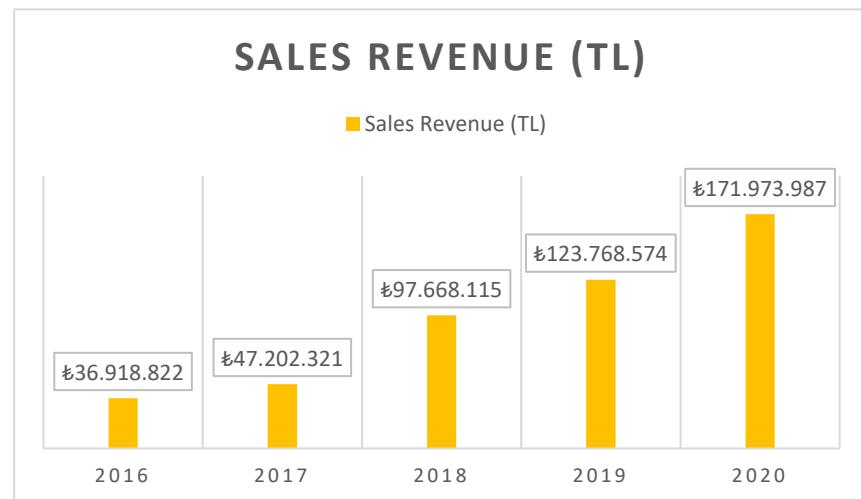
On 21.01.2021, the company received the “**The Highest Number of Logos (Client) 2020**” award granted by Micro Focus, our business partner.

Our company is selected among the top 50 fastest growing technology companies of Turkey in the “**Deloitte Technology Fast 50 Turkey 2020 Program**” which is held on 16.02.2021.

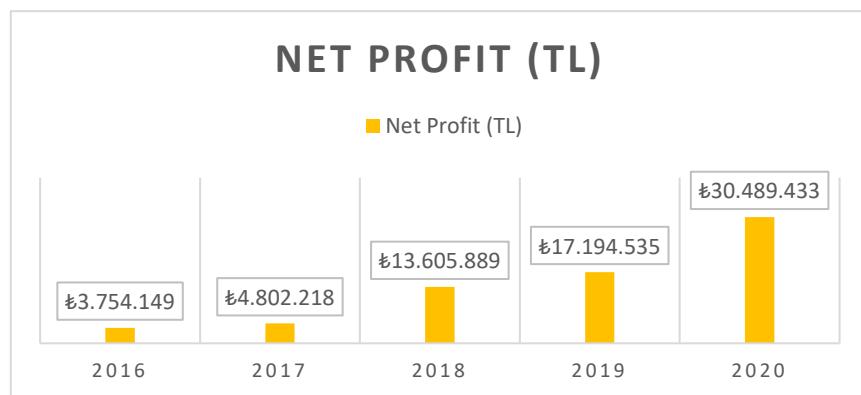
## Operational and Financial Information

In 2020, Kafein Technology has achieved to maintain financial investments and establish new strategic partnerships, and also continued the net profit performance, by providing services / product sales to not only domestically but also abroad countries such as Italy, Holland, and Ireland.

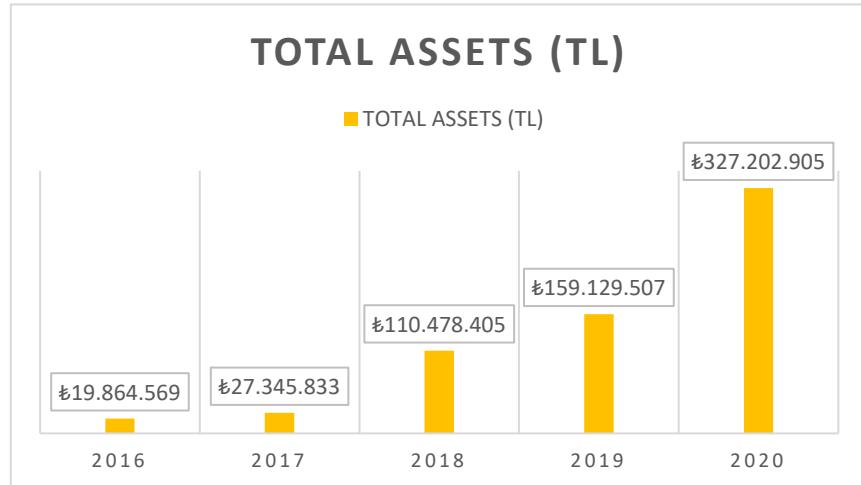
The revenue of the company was 171.973.987 TL with a 39 % increase compared to the previous year. Among the revenue items, the predominant service item was Managed Services with a ratio of approximately 50%.



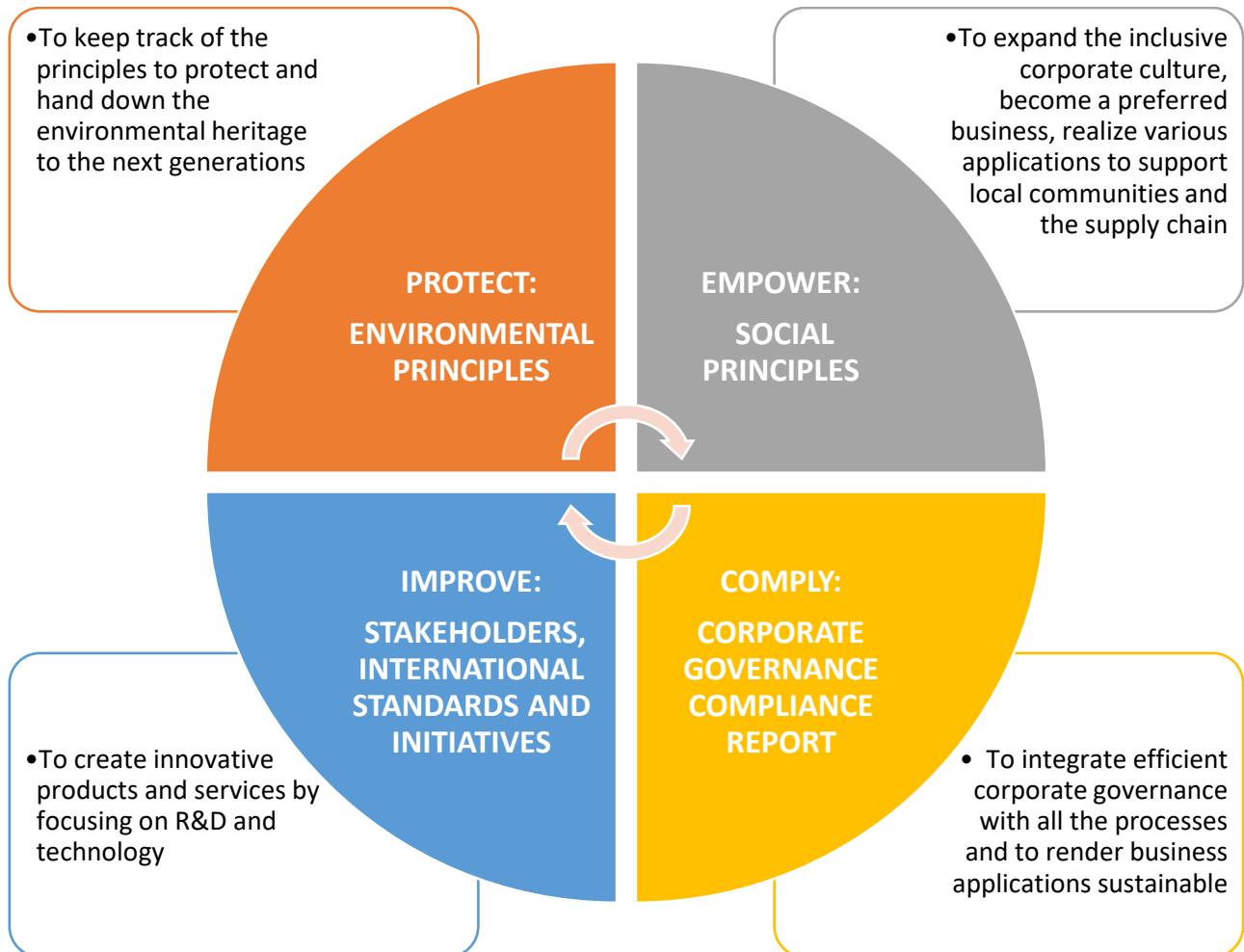
On the other hand, the net profit was calculated to be 30.489.433 TL following 77 % increase compared to the previous year.



As of the end of 2020, our total assets reached to 327.202.905 TL with a 106 % increase; Our net foreign exchange position reached to 18.280.590 TL with a 44 % increase.



## THE SUSTAINABILITY STRATEGY OF KAFEIN: PROTECT – EMPOWER - IMPROVE – COMPLY



## 1) PROTECT: ENVIRONMENTAL PRINCIPLES

### CORPORATE SUSTAINABILITY POLICY

Our Company's Corporate Sustainability Policy has entered into force with the Board of Directors Decision dated 11.12.2020 and numbered 2020/28. The purpose of this policy is to determine the basis and principles regarding the implementation of "Environmental, Social, Corporate Management (ESG) Studies" toward the Corporate Governance Principles and Sustainability Principles Compliance Framework of the Capital Markets Board.

While carrying out sustainability activities, the company supports economic development to improve the quality of life of the society, follows policies that respect the environment in all its activities, supports various projects prepared for social and cultural purposes in this direction, provide valuable services on education, health, life without barriers, environment, culture etc. by internalizing transparency, fairness, accountability and responsibility, supporting social development in all business processes, and encouraging efforts to increase employee awareness by taking part in social responsibility projects with its employees.

Based on environmental, social, and corporate management; Corporate Sustainability Policy covers the items below:

- To continuously improve all business processes by managing risks effectively
- Working with the zero-accident principle in terms of occupational health and safety
- Increasing company performance and production efficiency
- To provide an open communication environment by encouraging employees to participate actively
- To use energy efficiently, to protect environmental balance and natural resources
- To increase the knowledge and social awareness of stakeholders on climate change
- To follow a sustainable environmental management policy based on national environmental legislation, relevant environmental standards, and the best technologies in this field
- To ensure information security and business continuity in all activities
- To comply with national and international legislative requirements
- Managing relations with its stakeholders in a transparent and common sense
- To ensure continuity in customer satisfaction
- Developing its suppliers for sustainability practices
- To transparently share sustainable environmental policy practices with the public
- Presenting Corporate Social Responsibility activities to its stakeholders in line with Company strategies, goals, and priorities
- To adopt the Corporate Governance Principles as the corporate culture, especially ethical values, and anti-corruption.

## AMBIENT TEST MEASUREMENT REPORTS

The head office of the company which is the Teknopark Branch is audited by Urban Cevre Laboratuvari Tic. Ltd. for **Dust Exposure, Ambient Dust Measurements, Illumination and Thermal Comfort Measurements**.

### Ambient Dust Measurement Results:

The Ambient Dust Measurements were carried out according to the MDHS 14/3 "General Methods for Sampling and Gravimetric Analysis of Respirable and Inhalable Dust" standard.

| Ambient Temperature (C°) | Ambient Pressure (hPa) | Dust Concentration (mg/Nm <sup>3</sup> ) |
|--------------------------|------------------------|--|
| 27,2                     | 1016                   | 0,1277                                   |

### Personal Dust Exposition Measurement Results and Evaluation:

Personal Dust Exposition was evaluated according to the "Regulation on the Fight against Dust, Annex-1: Table for the Limit Values of Occupational Dust Exposition" which was published in the Official Gazette no. 28812 dated 05.11.2013.

Personal Dust Exposition Measurements were carried out according to the MDHS 14/3 "General Methods for Sampling and Gravimetric Analysis of Respirable and Inhalable Dust" standard.

| Working Time (min.) | Exposition Time (min.) | Ambient Temperature (C°) | Ambient Pressure (hPa) | Dust Concentration (mg/Nm <sup>3</sup> ) Avarage | Limit Value |
|---------------------|------------------------|--------------------------|------------------------|--|-------------|
| 540                 | 480                    | 27,2                     | 1016                   | 0,1418   | 15          |

**The Dust Exposition Measurement Result obtained for the measurement point was within the limit value as per the Regulation on the Fight against Dust Limit Values of Occupational Dust Exposition. ✓**

### Luminous Measurements and Evaluation:

The Luminous Measurements were carried out according to COHSR 928-1-IPG-039 "Measurement of Lighting Levels in the Workplace Canada Occupational Health and Safety Regulations" standard.

| Measurement Point  | Illumination |         |                      | Measurement Result<br>(Unit: Luminous Intensity: Lux) | Limit Value <sup>1</sup><br>(Unit: Luminous Intensity: Lux) |
|--------------------|--------------|---------|----------------------|---|---|
|                    | Artificial   | Natural | Artificial + Natural |   |   |
| Operation I        |              |         | ✓                    | 613   | 500   |
| Operation II       |              |         | ✓                    | 652   | 500   |
| Goksu Meeting Room | ✓            |         |                      | 217   | 500   |

<sup>1</sup> The Limit Value is 100 lux for Circulation Areas and Corridors, 500 lux for Conference and Meeting Rooms and 500 lux for Writing, Electronic Printing, Reading and Data Processing Areas.

|                               |   |  |   |     |     |
|-------------------------------|---|--|---|-----|-----|
| Information Desk Meeting Room | ✓ |  |   | 594 | 500 |
| Information Desk              | ✓ |  |   | 283 | 100 |
| Cirrus Workroom               |   |  | ✓ | 736 | 500 |
| Project Office                |   |  | ✓ | 828 | 500 |
| Android Office                |   |  | ✓ | 673 | 500 |
| Corridor                      |   |  | ✓ | 352 | 100 |
| Human Resources               |   |  | ✓ | 625 | 500 |

The measurement results were compared with the limit values given in the TS EN 12464-1 "Light and lighting - Lighting of Workplaces - Chapter 1: Indoor Workplaces" and TS EN 12464-2 "Light and Lighting - Lighting of Workplaces - Chapter 2: Outdoor Workplaces standards. **According to the results of the light level measurement carried out at the facility, the limit value could not be attained at the areas indicated in red while all other areas were within the limit values.** ✓

### Thermal Comfort Measurements and Evaluation

Temperature, humidity, and air flow rate measurements were performed at the facility. The measurements were made in compliance with TS EN ISO 7243 Ergonomics of the Thermal Environment - Measuring Heat Stress Using WBGT Index and with TS EN ISO 7730 Moderate Thermal Environments - Determination of the PMV and PPD Indexes and Specification of the Conditions for Thermal Comfort.

| Measurement Point   | Specific Heat Source |    | Sun Load |    | Temperature (C°) | Humidity (%) | Air Flow Rate | PMV <sup>2</sup> | PPD <sup>3</sup> | WBGT <sup>4</sup> |
|---------------------|----------------------|----|----------|----|------------------|--------------|---------------|------------------|------------------|-------------------|
|                     | Yes                  | No | Yes      | No |                  |              |               |                  |                  |                   |
| Operation Office    |                      | ✓  |          | ✓  | 25,18            | 38,73        | 0,06          | 0,46             | 9,76             | -                 |
| Sales Group Office  |                      | ✓  |          | ✓  | 25,62            | 36,68        | 0,00          | 0,65             | 14,22            | -                 |
| Operation Office II |                      | ✓  |          | ✓  | 26,23            | 39,28        | 0,05          | 0,77             | 18,43            | -                 |

**In consequence of the temperature, humidity and air flow rate measurements carried out at the facility, the PMV value was found to be 2 in compliance with the standards. Therefore, no WBGT value was taken. The results suggest that the measurement points meet the thermal requirements.** ✓

<sup>2</sup>PMV (Predicted Mean Vote) is a value that defines the personal and environmental factors that affect heat comfort in mathematical terms. However, the relevant regulation does not offer a limit value for PMV value. Nevertheless, the ISO 7730 standard used for the measurement recommends that the PMV value should be between -2 and +2 for moderate environments.

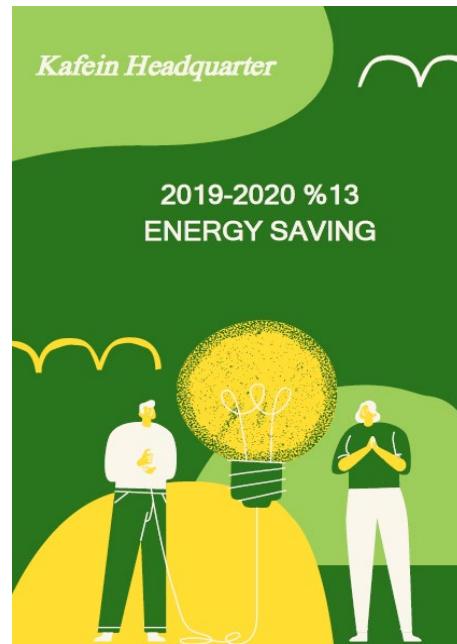
<sup>3</sup> PPD (Predicted Percentage of Dissatisfied) is an index which uses the PMV value to identify the percentage of dissatisfied people and rate of their dissatisfaction from a heat environment.

<sup>4</sup> WBGT (Wet Bulb Globe Temperature) is an index that defines the heat pressure a person is exposed to.

## Energy Management: Total Energy Consumption

The energy consumption of the Davutpasa Teknopark Office for the 2019-2020 period is as follows. **13% saving** was achieved in the energy consumption amount compared to a previous year.

| Total Energy Consumption (KWH) |                |                |
|--------------------------------|----------------|----------------|
|                                | 2019           | 2020           |
| January                        | 32,899         | 26,406         |
| February                       | 26,369         | 23,606         |
| March                          | 23,810         | 19,339         |
| April                          | 19,824         | 13,477         |
| May                            | 9,032          | 12,604         |
| June                           | 25,212         | 21,478         |
| July                           | 25,761         | 22,587         |
| August                         | 24,368         | 25,510         |
| September                      | 21,404         | 18,250         |
| October                        | 18,542         | 14,417         |
| November                       | 17,149         | 15,950         |
| December                       | 22,471         | 18,638         |
| <b>TOTAL</b>                   | <b>266,841</b> | <b>232,262</b> |



## The Measures Taken against the Covid-19 Pandemic

Due to the Covid-19 pandemic which also appeared in Turkey in March 2020, we prioritized any and all measures in order to protect the health of our employees and offer help during this process. During this process,

- We ensured remote working system for all the employees.
- Procured sanitizers for various areas in the office and periodically disinfected the offices.
- In order to ensure their safety, all the employees were instructed to send an e-mail to the occupational health and security department of the company in case they or their relatives are infected, show symptoms are in the risk group.
- PCR Tests were covered by policy.
- The Human Resources department offered recommendations and suggestions for stress management during the pandemic.





## 2) EMPOWER: SOCIAL PRINCIPLES

Kafein ensures compliance with human rights and ethical values while regulating and implementing all the employment and business processes. According to their qualities and requests, the company offers equal opportunities to the employees to improve themselves. Acting in conformance with universal human rights in all the business processes, Kafein refuses language, religion, race, ethnic origin, political view, and sex discrimination in all the relations with stakeholders including the employees, suppliers and clients.

The company respects the Universal Declaration of Human Rights and the Agreements and Recommendations of International Labour Organization (ILO). With respect to these common values, Kafein carries out activities with the recognition of the duties and responsibilities assigned to it in the improvement of these values and the quality of life.

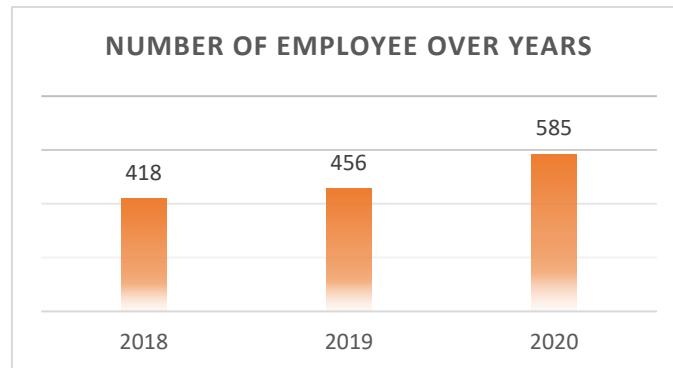
### Continuous Labour Procurement and Employment Development

Since the foundation in 2005, the company regularly increased the number of employees every year, and the ordinary employment procedures continued during the Covid-19 pandemic which affected both the world and Turkey. By the end of 2020, the company alone had 585 employees, in total, with knowledge and experience above the sectorial average.

The company's individual labour performance and the employee portfolio in years are as follows:

| YEAR | TECHNICAL PERSONNEL | ADMINISTRATIVE STAFF | TOTAL |
|------|---------------------|----------------------|-------|
| 2020 | 546                 | 39                   | 585   |
| 2019 | 419                 | 37                   | 456   |
| 2018 | 381                 | 37                   | 418   |

There has been a 40% increase in the solo number of personnel during the last 2 years:



## Increase in the Number of the Women Employees

The rate of women employed by the company increased to 27,5% within the last three years.

| YEAR | Number of Male Employees | Number of Female Employees | Total | Rate of Female Employees % |
|------|--------------------------|----------------------------|-------|----------------------------|
| 2020 | 423                      | 162                        | 585   | 27,69                      |
| 2019 | 333                      | 123                        | 456   | 26,97                      |
| 2018 | 262                      | 116                        | 418   | 27,75                      |

The company attained minimum 25% female board members as recommended with article 4.3.9 under the Corporate Governance Principles of the Capital Markets Board. As of 31.12.2020, 2 (33%) of 6 Board Members, in total, are women. On the other hand, there are also women members employed under the senior management such as directors and managers.

## Fight against Child Labour

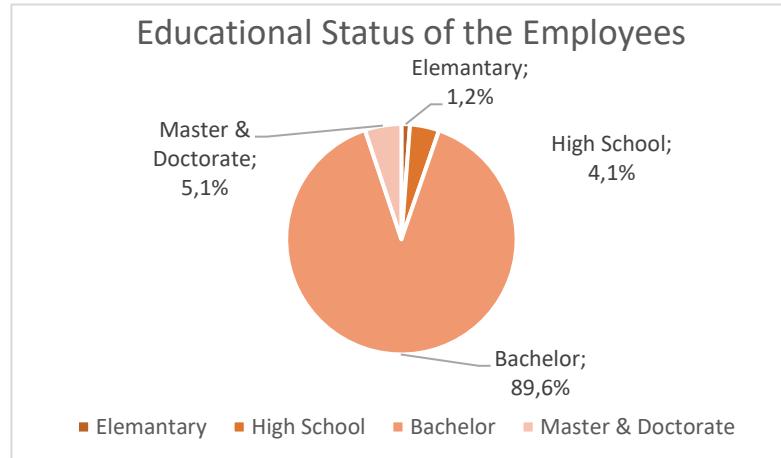
Kafein is strictly against child workers and forced labour. The company and affiliates have not reported a single case of child workers or forced labour up to this day. Kafein also does not tolerate child and forced labour in suppliers and business partners.

As per the European Convention on and the UN Declaration of Human Rights, Kafein undertakes to respect and observe human rights as fundamental values. This applies, in particular, for child and forced labour, equal treatment towards employees, right to interest representation and collective labour agreements.

| YEAR | 0-18 | 19-35 | 35+ | Total Number of Personnel |
|------|------|-------|-----|---------------------------|
| 2020 | -    | 445   | 140 | 585                       |
| 2019 | -    | 333   | 123 | 456                       |
| 2018 | -    | 315   | 103 | 418                       |

## Educational Status of the Employees

By 2020, 95% of the company employees have bachelor's or a higher degree. The company's employees can benefit from certain scholarships in contracted universities when they apply to Graduate and Postgraduate Studies, the Programs of Continuing Education Centres and Art Programs offering Certificates.



| YEAR | Primary School | High School | University | +Master's Degree/Ph.D. | Total Number of Personnel |
|------|----------------|-------------|------------|------------------------|---------------------------|
| 2020 | 7              | 24          | 524        | 30                     | 585                       |
| 2019 | 6              | 24          | 393        | 33                     | 456                       |
| 2018 | 6              | 21          | 376        | 15                     | 418                       |

### Employee Loyalty

By the end of 2020, 12% of the employees were working in the company for more than 5 years.

| The Number of the Employees Working for <5 years | The Number of the Employees Working for >5 years | Total Number of Personnel |
|--|--|---------------------------|
| 520  | 65   | 585                       |

### University Cooperation

On 01.10.2020, a Cooperation Protocol was signed with Bahcesehir University as part of the CO-OP (Cooperative Education Model) framework of the University & Industry Cooperation. This protocol ensured that the university students employed by the company could get hands-on education in the fields of activity of Kafein. Furthermore, the experts from both parties could create “Branded Courses” where the academic members of Bahcesehir University agreed thereto.

The protocol also aims to

- Set an example to the society.
- Educate youth for a good life and career.
- Improve the competences of the university and the partner.
- Mutually improve the efficiency and quality of important areas such as resource utilization.

### Occupational Health and Safety

Occupational health and safety is a fundamental and indispensable element for the company. Kafein provides Occupational Health and Safety Trainings to all the employees as per the “Regulation on the Principles and Procedures of the Occupational Health and Safety Trainings for Employees” and offers certification according to their requests. All our company employees benefit from private health insurance.

The relevant training subjects include but are not limited to the following:

- Labour Legislation
- Legal Consequences of Occupational Accidents and Occupational Diseases
- Occupational Diseases
- First-Aid
- The Harms of Tobacco Products and Second-Hand Smoking
- The Causes of Occupational Accidents and the Principles of Protection and Technical Applications
- Evacuation and Rescue
- Protection against Fire and Electricity

## Personal Data Protection Law

Kafein receives written consent from all the employees for the processing of the data of the personnel as per the Personal Data Protection Law.

The Clarification Text under the Law is available on the company's website for all the employees:  
<https://www.kafein.com.tr/#/ProtectionOfPersonelData>

## Anti-Bribery and Anti-Corruption Policy

Kafein Yazılım Anti-Bribery and Anti-Corruption Policy is applicable for all the employees of Kafein (including the Kafein Yazılım Board of Directors), goods and service provider companies and their employees, suppliers, consultants, legal counsels, external auditors and any and all the other natural and legal persons who perform activities on behalf of Kafein Yazılım (partners). The adopted processes under the Policy are as follows:

### a) Goods and Service Trading Companies and Business Partners

It is necessary for companies and business partners with whom goods and services are traded to comply with the principles of the Policy and other relevant legal regulations.

#### -Choosing Companies and Business Partners

While choosing the companies and business partners with whom Kafein intends to trade goods and services, the senior management considers experience, financial performance, technical competence, and other criteria (such as the performance criteria set out by the Purchasing Department), the level of the code of conduct and their background in these regards. Kafein does not collaborate with the companies and business partners who are known to have an undesired experience as regards to bribery and corruption even though they meet the other criteria. In this sense, the senior management is responsible for conducting the necessary research and evaluations before establishing a business relationship. On the other hand, the Quality Department checks whether these criteria are complied with.

#### -Agreements with Companies and Business Partners

The agreements and contracts to be concluded with the companies and business partners that have a favourable background and meet the other criteria incorporate the following conditions.

- Full compliance with the principles defined in the Policy and relevant other regulations,
- Adoption of and compliance with these principles by the employees,
- Periodic trainings for the employees as regards to the Policy,
- Regular notifications to the employees about the notification liabilities and ethical applications and the encouragement to notify in case of such conditions.

These agreements and contracts include a provision that they may be terminated with rightful cause in case of non-compliance with or breach of these principles.

### b) Bribery and Corruption

Kafein Yazılım fights against any and all kinds of bribery and corruption. Bribes cannot be accepted regardless of the name under which they may be offered or received. Kafein Yazılım terminates business relations with third parties that desire to carry out activities with bribes and corruption.

**-Gifts**

A gift is a product offered by partners or clients which do not require a material payment and are given as a means of appreciation and courtesy.

Any and all gifts by Kafein Yazılım must be unconditionally offered to third parties in public and good will.

These conditions also apply for accepting gifts. Gifts must not be accepted unless they have a lower material value and are symbolic. Even though presented in this manner, gifts must not be frequent and the company's HR Department and the senior management must be notified through the immediate superior of the employee accepting a gift.

**-Facilitation Payments**

The natural and legal persons covered by this Policy are recommended to avoid facilitation payments intended to secure or accelerate a routine procedure or process with state agencies (such as receiving a permit or license or obtaining a document).

**-Donations**

Kafein Yazılım Hizmetleri Ticaret A.S.'s Donation and Aid Policy:

The Donation and Aid Policy entered into force following the Board Resolution no. 2018/20 dated 28.05.2018 and was approved in the 2018 Ordinary General Assembly held on 15.03.2019. The Board of Directors may grant donations on behalf of the company according to the upper limit to be determined by the shareholders during a General Assembly. In this regard, the Board of Directors should comply with the principles specified in the Donation and Aid Policy and the relevant regulations by the Capital Markets Board.

Principles of Donations and Grants:

- Kafein may donate and aid the persons, non-governmental organizations, public institutions and organizations, and associations and foundations which offer education, art and cultural services or are engaged in the same fields of activity.
- The upper limit for the total amount of the donations and aids to be made by Kafein in a financial year is to be submitted by the Board of Directors to the approval of the shareholders during the ordinary General Assembly meeting held as regards to a previous financial year.
- The donations and aids by Kafein are granted based on the resolution of the Board of Directors. The Board of Directors may decide to offer donation and aid according to the upper limit defined during an ordinary General Assembly meeting.
- The changes recommended by the Board of Directors for the Donation and Aid Policy are to be submitted to the attention of the shareholders during General Assembly meetings.
- The activities carried out by Kafein under the Corporate Social Responsibility Policy and Sponsorship activities are to be performed independent of the Donation and Aid Policy and according to the general authority defined by the Board of Directors.

### -Error Free Records

The criteria to be provided by the accounting and recording system of Kafein Yazılım are regulated by legal regulations. In this regard, the company must:

- Record and keep any and all accounts, invoices, and documents with third parties (such as clients and suppliers) in a complete, accurate and true manner, and
- Avoid alteration of accounting of any transaction or similar other commercial entries and distortion of facts.

### - Training and Communication

The Anti-Bribery and Anti-Corruption Policy is announced to the employees of Kafein Yazılım and can be always and easily accessible on Kafein Portal, Google Drive, and the website. Trainings serve as a significant tool for raising awareness. In this context, the Human Resources Department designs obligatory training programs for all the employees together with the Quality, Financial Affairs, Accounting, and Investment Relations Departments.

### -Policy Breaches and Notification

In case it is believed or suspected that an employee or a person acting on behalf of Kafein Yazılım violates this policy, this is conveyed to the Senior Management. The Kafein Yazılım Rules of Business Ethics are periodically reminded to the employees.

Kafein Yazılım encourages an honest and transparent approach, supports employees and others who act on behalf of Kafein Yazılım and speak up their concerns in good faith and keep notifications confidential. No employee can be subject to oppression or punishment or, without the written approval of the Senior Management, can be subject to replacement due to a notification to the Senior Management. A person who submits a notification and is exposed to such treatment should convey the circumstance to the Ethical Committee.

The associated companies and business partners are also recommended to remind their employees of the Ethical Rules and encourage them to notify in case they suspect a breach. This is secured in agreements and contracts with a special provision. Actual or possible breaches of the policy are examined by the Senior Management and, if any, non-complying behaviours are exposed to sanctions. The agreements and contracts with the companies trading goods and services with or natural or legal persons who act on behalf of Kafein Yazılım include provisions that the activities and/or agreements and contracts will be unilaterally terminated in case they may be found to have been engaged in an activity contrary to the Policy, and this provision is applied without exemption in case of the breach of the Policy.



### 3) IMPROVE: STAKEHOLDERS, INTERNATIONAL STANDARDS AND INITIATIVES

#### The Teknopark Settlement and the Teknopark Projects

In 2013, Kafein opened the Yildiz Teknik University Davutpasa Branch of Kafein. The branch was commercially registered on 17.06.2013, and the registration was published on Turkish Trade Registry Gazette no. 8347 dated 21.06.2013. In this sense, the company is subject to the Law no. 4691 on Technology Development Zones applicable until 31.12.2023 and to the Law no. 5746 on the Support to Research and Development Activities for Kafein provides support, deduction, and incentives. A lease agreement was concluded between the Yildiz Technology Development Zone and the Company for the period between 01.01.2021 and 31.12.2022.

By 31.12.2020, there were 24 R&D projects carried out by Kafein in the Technopark area. These projects are as follows:

#### Kafein's R&D Projects in the Teknopark

- 1) Robotic Process Design
- 2) Telco Generic Campaign Mechanism Project
- 3) Virtual Card Project
- 4) Optimization of Test Environments
- 5) Telco 1.5L Digitalization Automation Project
- 6) Telco Network Monitor Project
- 7) Genesis ADM Phase I
- 8) The Smart Platform Supporting the Treatment and Follow-up of Parkinson's Disease
- 9) Personal Data Protection Law
- 10) Digital Sale Automation Platform
- 11) Telco Transformation Project, Phase II
- 12) Smart Assistant
- 13) Dealer Management System Project
- 14) Telco Online Process Center, Phase 4
- 15) Interface Project
- 16) Collection Risk System Project
- 17) Telco Premium System Development Project (Callidus)
- 18) New Generation E-Commerce Platform Software Project
- 19) Kafein Sentiment Analysis Project
- 20) Digitalization Infrastructure Project for Telecommunication Companies, Phase II
- 21) Marketing Solutions Modules Project, Phase 2
- 22) Income Applications Controlling Project
- 23) Telco Script Project
- 24) Telco Siebel Sales Force Module Replacement

As of 31.12.2020, 458 employees out of 585, in total, are employed within the Technology Development Zone while 127 perform duties at the client locations.

| YEAR | The Number of Employees in the Technopark | The Number of Employees at the Client Locations | Total Number of Personnel |
|------|---|---|---------------------------|
| 2020 | 458                                       | 127   | 585                       |
| 2019 | 309                                       | 147   | 456                       |
| 2018 | 240                                       | 178   | 418                       |

### Regular Increase in the R&D Investments

The consolidated budget allocated for Research and Development Activities regularly increased in time:

| YEAR | R&D EXPENDITURES (TRY) | RATE OF INCREASE |
|------|------------------------|------------------|
| 2020 | 13.901.821             | 58%              |
| 2019 | 8.792.634              | 144,75%          |
| 2018 | 3.592.522              | -                |

### In-House Developed Applications

#### K-BI

K-BI is a business intelligence platform with which companies can automatically do performance analyses and reporting according to their needs. K-BI allows live data and 3D data visualization by creating graphics and comparisons.



#### K-AWARD

K-Award is an awarding system which uses a scoring method to measure the performance and in-house activities of employees. K-Award is integrated into the human resources system of companies and is based on the principles of playing.



## KAFEİN JOURNAL

Kafein Journal is an online and regularly published magazine where we can share developments about both the company and the market with our employees, include new teammates, and talk about our events and awards. Our aim with this magazine is to take our bond with our teammates one step further.



## FORAMIND

Foramind is an “Online Mind Mapping Platform”. It is the first domestic product of Mind Maps, which is one of the rising and gaining development tools in the world. Mind mapping is an effective technique that helps you visualize your thoughts and communicate them to others. Can be used for problem solving and planning, topic repetition and presentations.



## K-CALL

The Corporate Directory application is a guide application that organizations can easily use regardless of its size and that allows all employees to access each other easily. Compatible with many operating systems, the application easily integrates with corporate directories and directories. Thanks to the application, even if the number is not stored in their phone memory, employees can access other people in the organization and see who the number belongs to when the call is received.



### Projects Supported by TUBITAK

Many project proposal by Kafein were supported by and received project support letters from the Scientific and Technological Research Department of the Republic of Turkey following the evaluations under the “Regulation on the Technology and Innovation Support Programs of the Scientific and Technological Research Council of Turkey” and the “Regulation on the Principles of Application of the Support Program for Research, Technology, Development and Innovation Projects in the Priority Areas of TUBITAK.”

The Kafein Software Projects supported by TUBITAK are as given below in chronological order:

- **The Smart Platform Supporting the Treatment and Follow-up of Parkinson's Disease (01.03.2019 – 31.12.2020)**

The purpose of this project is to offer an analytical solution to support the remote follow-up of the treatment processes of Parkinson's Disease which is a chronic disease. Supported with data mining, image processing and artificial intelligence, the target is to develop a mobile platform which can be used by patients, relatives and physicians. As part of "the Big Data Mining Applications for Health Data", TUBITAK granted a project support on 21.01.2020.

- **Cloud-Based Customized Contents by Anonymous Profiling on Various Platforms (01.07.2017- 31.12.2018)**

This is a software service enabling real-time presentation of customized contents according to the tastes of website and mobile application users by creating an anonymous profile on the platforms to which the software is integrated. The software uses the cloud-based solutions proposed under the EUREKA program and developed by the partnership of the Netherlands and Turkey. The project was supported by TUBITAK on 26.03.2018.

- **Open-Source Business Intelligence Software with 3D Data Visualization Components and Instant Data Processing Capacity Using Social Media Integration and Data Mining (01.01.2017-30.06.2018)**

The project offers all the opportunities provided by the business intelligence software as well as ensuring the analysis of data with 3D data representation capabilities. The project was supported by TUBITAK on 19.03.2018.

- **Smart Cities Cloud-Based Parking System (K-Merge) (01.01.2017-02.07.2018)**

The Smart Car Parking System allows displaying the density in car parking areas and view instant data and, therefore, helps users to find the closest parking space. The Smart Car Parking System tracks densities with the IOT devices placed in the car parks and guides users by searching the closest available car parking spaces. The project was supported by TUBITAK on 13.10.2017.

### International Standards, Initiatives and Certifications

- **The Audit of and Commitment for Electronic Industry Citizenship Coalition EICC® or, recently known as, RBA - Responsible Business Alliance**

The Code of Conduct of Electronic Industry Citizenship Coalition (EICC®) sets standards to ensure the security of the working conditions in the supply chain of the electronic industry, ensure respectful and honourable treatment towards employees and responsible and ethical approach towards the environment in commercial activities. The code consists of five titles:

- A) Labour Force
- B) Health and Security
- C) Environment
- D) Rules of Morality
- E) Management Systems

The company was audited on 17.09.2019 for the Code of Conduct of Electronic Industry Citizenship Coalition (EICC®) and was found to comply with the standards. The company's engagement to compliance with EICC code applies for an indefinite period of time.

The company's EICC® Code of Conduct can be viewed on the website:

<https://www.kafein.com.tr/#/CodeOfConduct>

- **ISO 9001: QUALITY MANAGEMENT SYSTEM (International Organization for Standardization, Quality Management System)**

The world's most-recognized quality management standard, ISO 9001 is a management system targeting to improve the quality of the service and performance management of institutions and ensure continuity.

Kafein was awarded with 2014 ISO 9001:2008 "Information Technologies Software and Outsourcing Management Service" quality certificate by Bureau Veritas Certification Holding SAS - London in March 2014.

Since 18.03.2014, the company is audited every year by Bureau Veritas Certification / Ukas Management System Accreditation Agency for ISO 9001:2015 standards with certificate number TR005356. The current certification is valid until 12.03.2023 and is regularly renewed.

- **ISO 22301: SOCIAL SECURITY – BUSINESS CONTINUITY MANAGEMENT SYSTEM (International Organization for Standardization, Quality Management System)**

The ISO 22301 Standard specifies the requirements necessary for organizations to develop a certified management system so that they may create, implement, process, monitor, analyse, maintain and protect the necessary plans, decrease risks and prevent destructive events in order to ensure business continuity.

The certificate was issued on 25.09.2019 for the first time with no. 791.800.336. The current certificate is valid until 24.09.2021 and renewed once in every 3 years.

- **ISO 27001: INFORMATION SECURITY MANAGEMENT SYSTEM (International Organization for Standardization, Quality Management System)**

The ISO 27001 certificate is a certificate which supports the security and management of the confidential information of companies and their clients. The ISO 27001 Information Security

Management System is an international framework which allows companies to protect their financial data, intellectual property, and sensitive client information. Using ISO 27001, companies can define their risks and manage or decrease the risks for confidential information. Besides, they can implement the security measures required to that end.

The certificate was issued on 25.09.2019 for the first time with no. 2019/ISMS/0339. The current certificate is valid until 24.09.2021 and renewed once in every 3 years.

- **ISO 37001: ANTI-CORRUPTION MANAGEMENT SYSTEM (International Organization for Standardization, Quality Management System)**

The ISO 37001:2016 management system refers to the requirements for and guides the establishment, implementation, maintenance, review, and development of an anti-corruption management system. The system can be established independently or integrated to a general management system. Based on the fields of activity of a company, ISO 37001:2016 deals with the following subjects:

- Corruption in public, private, and non-profit industries.
- Corruption in organizations.
- Corruption by the employees or the personnel of the beneficiary organizations of an organization.
- Corruption on behalf and to the benefit of the business partners of an organization.
- Bribery by an institution.
- Corruption by the personnel of an organization in relation to its activities.
- Corruption in relation to activities of an organization concerning business partners.
- Direct and indirect corruption (for example, corruption offered or accepted by or through a third person).

The certificate was issued on 25.09.2019 for the first time with no. 725.986.700. The current certificate is valid until 24.09.2021 and renewed once in every 3 years.

### Associated National and International non-Governmental Organizations

- **COMMUNICATION TECHNOLOGIES CLUSTERING (CTC)**

Communication Technologies Clustering is an organization established to bring the stakeholders of the communication technology industry in order to move together, reinforce national development in economy and industry, meet the needs of the industry and ensure competitiveness in the international markets, commercialize the ideas developed by universities, and supply the needs of service rendering enterprises together with hardware, software, and material producers.

The company is a member to Communication Technologies Clustering (CTC) since 03.08.2019.

- **UNITED NATIONS GLOBAL COMPACT (UNGC)**

The United Nations Global Compact is a non-binding United Nations pact which encourages the enterprises around the world to adopt and report about the implementation of sustainable and socially responsible policies. On 27.10.2020, the company signed the UN Global Compact which is the biggest corporate sustainability initiative of the world and is based on ten universal principles in human rights, working standards, environment, and anti-corruption.

#### Reporting Standards

The company uses and is subject to International Financial Reporting Standards and Turkish Accounting Standards.

