

KAFEIN TECHNOLOGY

SUSTAINABILITY REPORT

31.12.2021





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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 2021. 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 Yazilim 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 Yazilim 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->



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION

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 labor 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 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. The official website of the United Nations SDG is www.un.org/sustainabledevelopment



About Kafein



Kafein
Technology Solutions

Kafein Technology Solutions

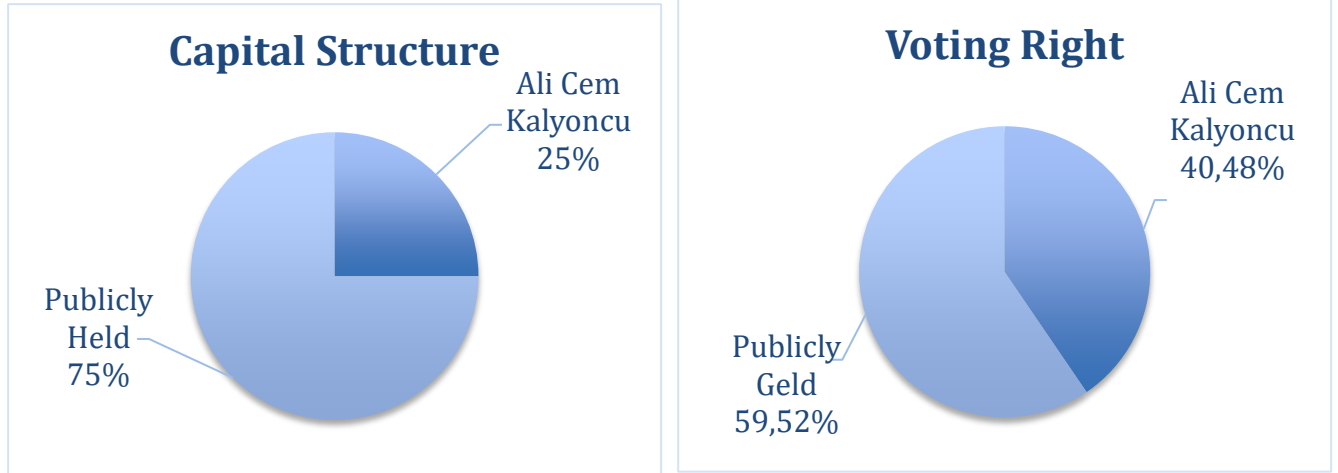
Kafein Yazılım Hizmetleri Ticaret A.Ş. was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, 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 has been traded under the Informatics Index at Istanbul Stock Exchange. The company is traded at the Main Market by the end of 2021 and has 75% of Actual Outstanding Share.

Offices		
Head Office	Ataşehir Brand	Ankara Brand
Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01 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 31.12.2021



Board of Directors as of 31.12.2021

Ali Cem Kalyoncu	Chairman of the Board
Neval Önen	Vice Chairwoman of the Board of Directors
Hatice Sevim Oral	Member of the Board
Kenan Sübekci	Member of the Board
Yüce Erim	Independent Member of the Board
İbrahim Semih Arslanoğlu	Independent Member of the Board

Services:



Turnkey Projects



Consultancy



Managed 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 the Istanbul Stock Exchange in May.

2019:

- Clients were acquired in the field of Robotic Process Automation (RPA), and 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%.

2021:

- The first Sustainability Report and the United Nations Global Compact Progress Report were presented.
- Investments were made in the field of Cyber Security. By establishing an in-house cyber security department (AllinCyber - Cyber Security Academy), accreditations have been completed and the company has become an authorized solution partner of many international companies.
- The "Test Data Management (TDM)" product developed by our company entered the international product catalogue.
- The company started to be traded on the BIST Dividend Index starting by 01/02/2022.
- In 2021, exports were made to the Netherlands, Ireland, Portugal and Spain.



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 50th 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 the 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://bilisimzirvesi.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.

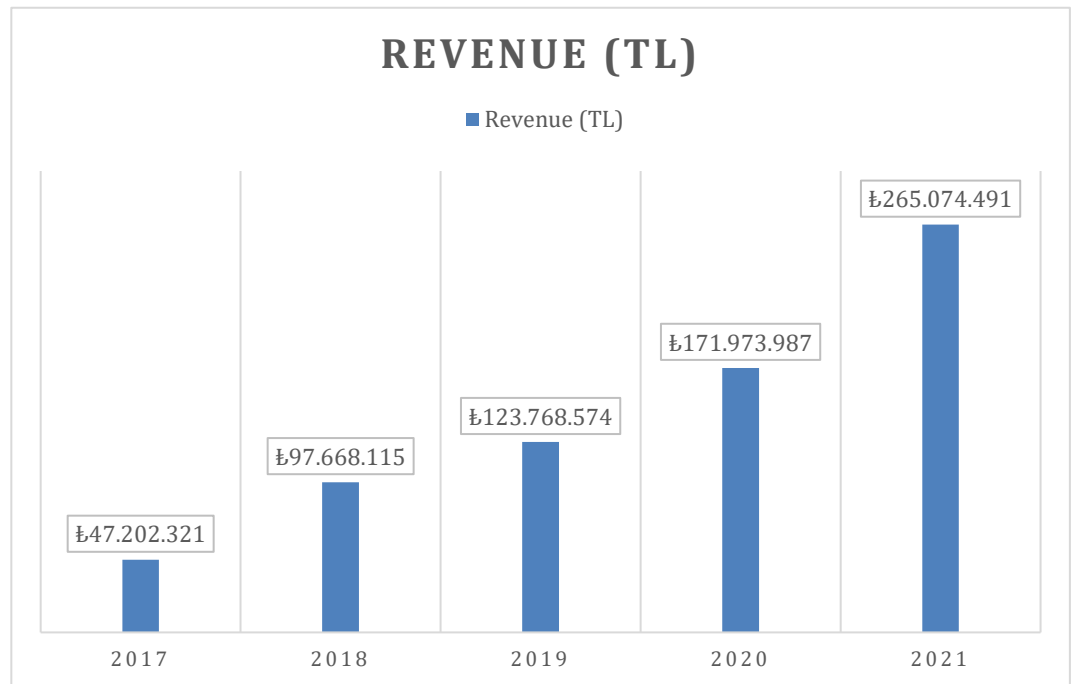
In June 2021, the company was selected as **one of Turkey’s 250 companies that spend the most on R&D**, with 13.9 million TRY in R&D by the end of 2020.



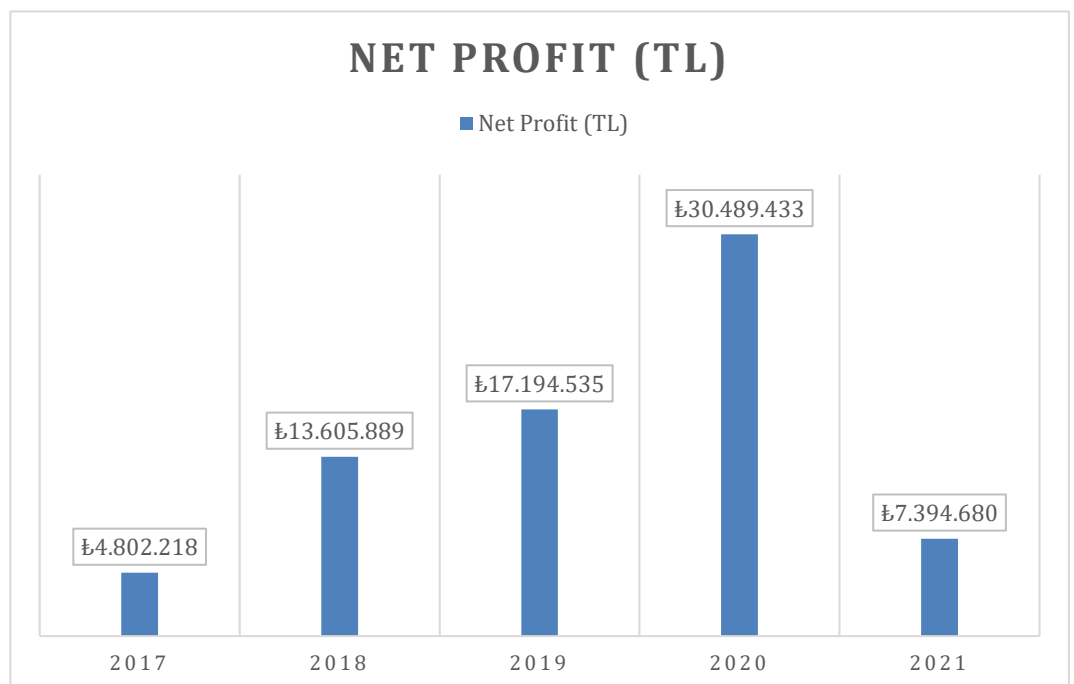
Operational and Financial Information

In 2021, 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 Holland, Ireland, Portugal, Spain.

The revenue of the company was 265.074.491 TL with a 54 % increase compared to the previous year. Among the revenue items, the predominant service item was Managed Services with a ratio of approximately 50%.

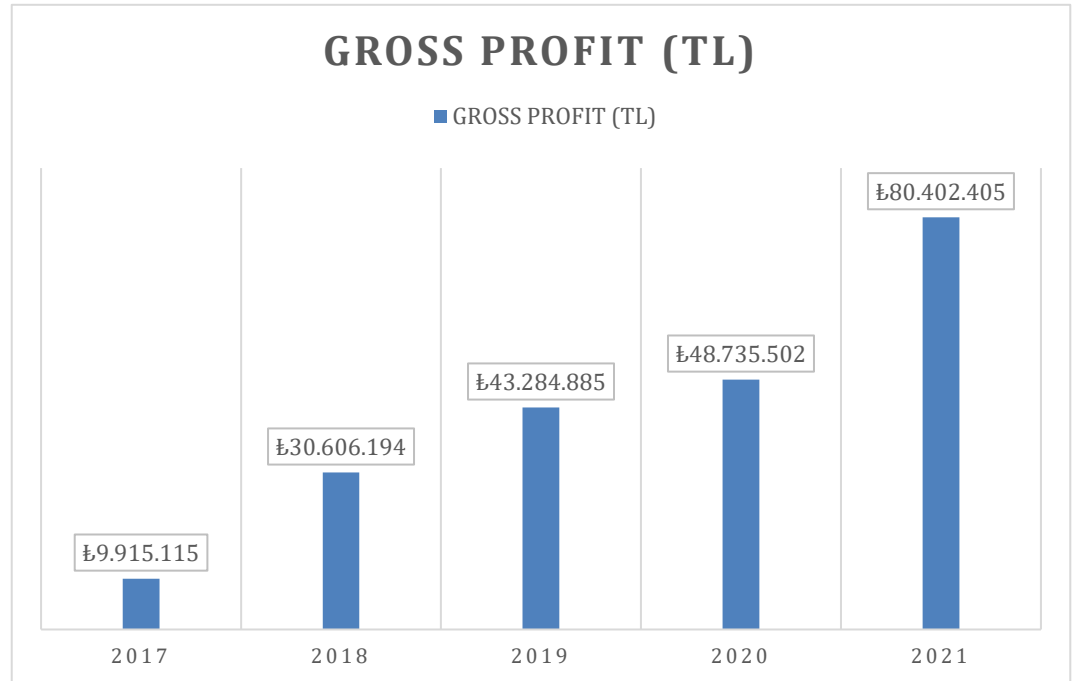


As of 31.12.2021, net profit was realized as 7.394.680 TL. (As of 31.12.2021, there are 32.771.835 TL Expenses from Investment Activities)

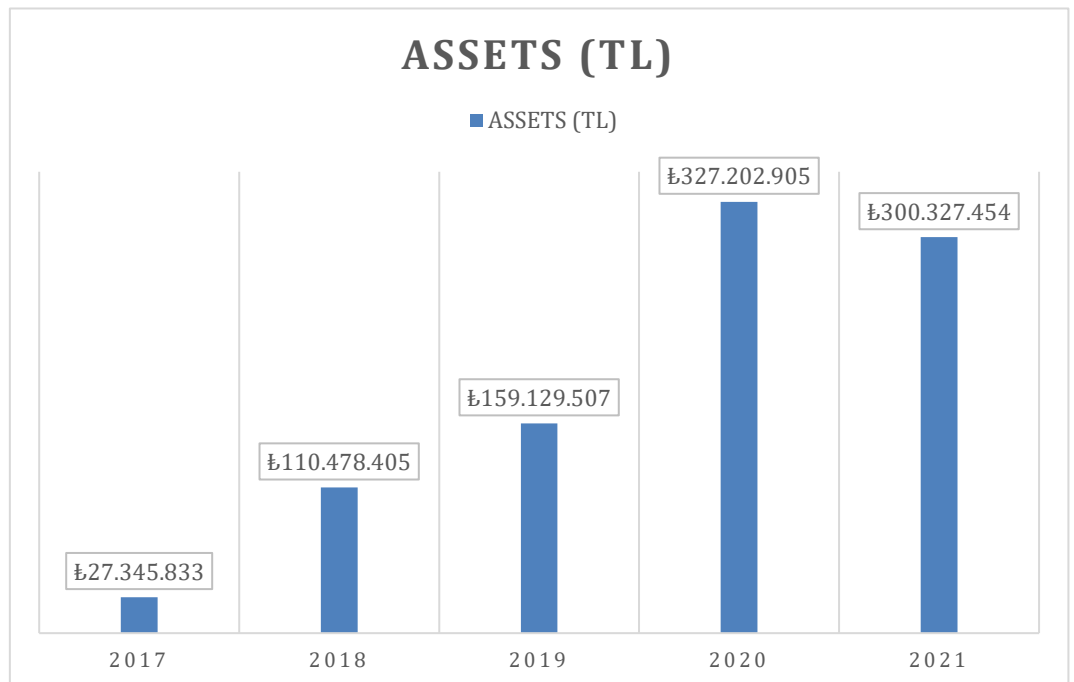




As of the end of 2021, our gross profit reached to 80.402.405 TL with a 65 % increase.



As of the end of 2021, our total assets realized as 300.327.454 TL.





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.



Energy Management: Total Energy Consumption

The energy consumption of the Davutpasa Teknopark Office for the 2019-2021 period is given on the table below as follows. Compared to previous terms, there was **7%** saving on total energy consumption in 2021.

Total Energy Consumption (KWH)			
	2019	2020	2021
January	32.899	26.406	19.023
February	26.369	23.606	18.331
March	23.810	19.339	18.155
April	19.824	13.477	14.080
May	9.032	12.604	12.571
June	25.212	21.478	15.960
July	25.761	22.587	20.777
August	24.368	25.510	23.674
September	21.404	18.250	17.933
October	18.542	14.417	16.506
November	17.149	15.950	18.863
December	22.471	18.638	21.040
TOPLAM	266.841	232.262	216.914



Sapling and Education Donation to TEMA (Turkish Foundation for Combating Erosion, Afforestation and Protection of Natural Assets)

Due to forest fires in our country, it was decided to donate 2.000 saplings corresponding to the amount of 20.000 TRY to "Turkish Foundation for Combating Erosion, Afforestation and Protection of Natural Assets" (TEMA) with the Board Decision dated 04.08.2021 and numbered 2021/16 within the scope of our Company's Donation and Aid Policy.



On 15.12.2021, our company ordered "New Year Education Certificates" of TEMA (Turkish Foundation for Combating Erosion, Afforestation and Conservation of Natural Assets) which contributes to the Nature Education of Children for a total donation amount of 7.750 TL.

Company Practices in Reducing Paper Waste:

- By switching to the Electronic Board of Directors System (E-YKS), the meetings of the board of directors were made online, and e-signatures were preferred instead of wet signatures on all possible platforms and contracts. In addition, with the E-General Assembly application, all stakeholders can legally participate in the General Assembly electronically.
- All applications and forms related to HR Processes (permission form, embezzlement form, purchase form, etc.) were moved to the company's online portal, thereby reducing paper usage.
- Transfer of Printed Kafein Journal to Electronic Media: Kafein Journal is a 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. It has been decided to publish our journal online.
- In our company's head office, recycling bins in the Technopark common area are used for paper, battery and glass recycling.

The Measures Taken against the Covid-19 Pandemic

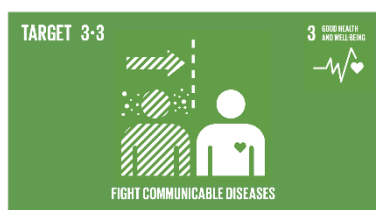
Due to the Covid-19 pandemic which also appeared in Turkey in March 2020, we prioritized any and all measures in order to protect the health of our employees and offer help during this process. The measures that started to be taken in 2020 continued in this context in 2021 as well. During this process,

- We ensured a 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 and show symptoms in the risk group.
- PCR Tests were covered by policy.
- The Human Resources department offered recommendations and suggestions for stress management during the pandemic.

By prioritizing the health of our employees, online sports lessons and training were offered to increase mobility and reduce inactivity during the pandemic period.



UN SUSTAINABLE DEVELOPMENT GOALS WE SUPPORT ON SECTION 1 - PROTECT: ENVIRONMENTAL PRINCIPLES





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 the 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.

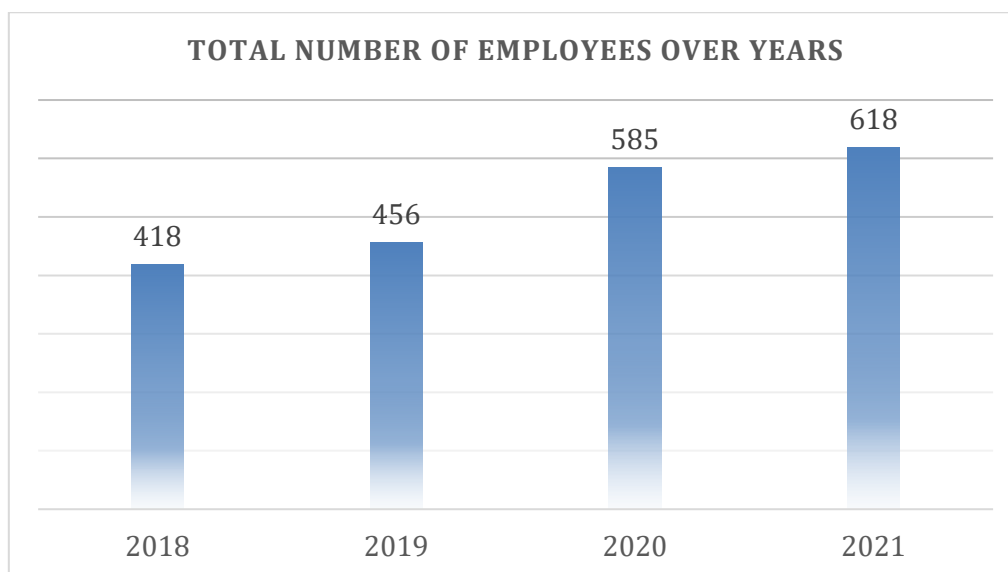
Continuous Labor Procurement and Employment Development

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 2021, the company alone had 618 employees, in total, with knowledge and experience above the sectorial average.

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

YEAR	TECHNICAL PERSONNEL	ADMINISTRATIVE STAFF	TOTAL
2021	574	44	618
2020	546	39	585
2019	419	37	456
2018	381	37	418

Between 2020-2021, there has been a **6% increase** in the solo number of personnel.



Increase in the Number of the Women Employees

By the end of 2021, **31% of our employees are women**. Between 2020-2021, the rate of women employed by the company **increased 19%**.

YEAR	Number of Male Employees	Number of Female Employees	Total	Rate of Female Employees %
2021	426	192	618	31,07
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 31.12.2021, 2 of 6 Board Members (33%) 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 labor. The company and affiliates have not reported a single case of child workers or forced labor up to this day. Kafein also does not tolerate child and forced labor in suppliers and business partners.

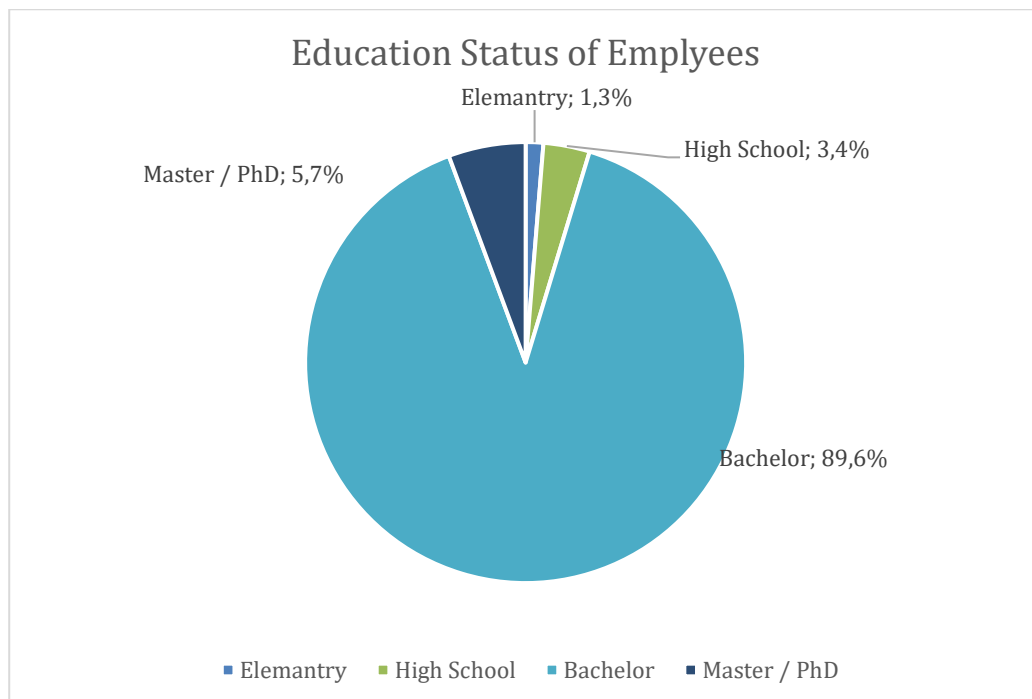
As per the European Convention on and the UN Declaration of Human Rights, Kafein undertakes to respect and observe human rights as fundamental values. This applies, in particular, for child and forced labor, equal treatment towards employees, right to interest representation and collective labor agreements.

YEAR	0-18	19-35	35+	Total Number of Personnel
2021	-	483	135	618
2020	-	445	140	585
2019	-	333	123	456
2018	-	315	103	418

Educational Status of the Employees

By 2021, 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 Centers and Art Programs offering Certificates.

YEAR	Elementary School	High School	Bachelor	+Master's Degree/Ph.D.	Total Number of Personnel
2021	8	21	554	35	618
2020	7	24	524	30	585
2019	6	24	393	33	456
2018	6	21	376	15	418



Employee Loyalty

By the end of 2021, 12% of the employees were working in the company for more than 5 years.
(2020: %11,1)

Year	The Number of the Employees Working for less than 5 years	The Number of the Employees Working for more than 5 years	Total Number of Personnel
2021	536	82	618
2020	520	65	585

Some of the HR practices implemented within the company in order to increase the commitment to the workplace and to support the social lives of the employees are as follows:

- **Reference Bonus:** It is the incentive premium provided to our employees for our new colleagues who join our company through the reference of our current employees.
- **Marriage Bonus:** It is the support premium provided to our current employees due to their marriage.
- **Team Leader Bonus:** It is the incentive bonus provided to the team leaders working in our projects.



- **Performance Evaluation System:** Performance evaluations are carried out once a year by the manager, taking into account the "Performance Evaluation Scales" on our company's portal, and then the relevant scoring is transparently processed in the performance scorecard on the portal so that the employee can access it.
- **"I Have an Idea" Application:** The "I Have an Idea" application on our company portal is an internal application where our employees can share their suggestions, complaints, and improvement ideas.
- **Personnel Satisfaction Survey:** It is a periodic survey conducted by our company's human resources in order to monitor the satisfaction of our employees and to make the necessary improvements and developments accordingly.
- **K-Award Application:** It is an application specially designed by our company in order to maintain the motivation of the employees and to create a culture of thanks. When our employees earn points based on certain criteria and reach a certain limit, they are rewarded with a gift certificate.

Kafein conducts an annual employee satisfaction survey on the company portal, anonymously. For 2021, the satisfaction rate among our employees is 81%. Within the scope of the feedback received, our HR department evaluates opinions and suggestions, improves working conditions and takes actions to increase employee satisfaction.

University Cooperations and Education Supports for our Employees

On 01.10.2020, our company signed a Cooperation Protocol with Bahcesehir University as part of the CO-OP (Cooperative Education Model) framework of the University & Industry Cooperation to remain in effect and automatically extend for one year unless terminated.

The protocol also aims to

- Promoting solidarity and sharing between universities and companies
- Set an example to society.
- Educate youth for a good life and career.
- Mutually improve the efficiency and quality of important areas such as resource utilization.

This protocol ensured that

- The university students employed by the company could get hands-on education in the fields of activity of Kafein.
- The experts from both parties could create "Branded Courses" where the academic members of the university agreed thereto.
- Our company employees and students will be able to attend CO-OP branded courses free of charge.



- Company employees are entitled to scholarships of 15%-25% in the University's Continuing Education Center Programs; 20%-40% in Master and Doctorate programs and 25% in Certified Art Education.

Our company also has an Internship Collaboration with Yıldız Technical University. During the 2021 period, 16 trainees were recruited from YTU.

In 2021, our employees were trained and lectured on a total of 87 subjects, including soft skills and technical training by online or expert trainers and various certifications have been completed. Some of these trainings are Agile, Project PMP, Scrum Master, Introduction to Java, Corporate Spring, Finance for Non-Financiers, Remote Team Management and Motivation, Cyber Security, English, Blockchain...

On February 21, 2022, the online Kafein Training and Development Portal application was made available to our employees. Through this portal, our employees can access over 900 E-Trainings, ISG Trainings, catalog English trainings.

A training program for young talents: Kafein Academy

The "Kafein Academy" program was established in 2021 to support new graduates or newly recruited young talents to reveal their potential and to enable them to develop in the sector. In addition to providing training to 100 people and incorporating these talents to the firm, Kafein Technology aims to provide training to 150 people in 2022, and to cooperate with at least 5 universities.

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:

- Labor 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

The number of personnel receiving basic OHS (Occupational Health and Safety) training by years and total training hours is as follows:

OHS Training	2018	2019	2020	2021
Personnel Number	24	62	65	59
Total Hours	192	496	520	472

In 2021, there is no judicial decision against the company due to liability related to work accidents.

Additionally, our payroll department is audited annually and quarterly in terms of measuring the quality of business processes.

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/images/relations/117b214b-e085-4641-9768-b40b620ca189.pdf>



Anti-Bribery and Anti-Corruption Policy

Kafein Yazilim Anti-Bribery and Anti-Corruption Policy is applicable for all the employees of Kafein (including the Kafein Yazilim 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 Yazilim (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 who goods and services are traded to comply with the principles of the Policy and other relevant legal regulations.

>

While choosing the companies and business partners with who 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.

>

The agreements and contracts to be concluded with the companies and business partners that have a favorable 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 regard 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 Yazilim 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 Yazilim terminates business relations with third parties that desire to carry out activities with bribes and corruption.

>

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 Yazilim 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.

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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).

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Kafein Yazilim 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 aid 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.

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The criteria to be provided by the accounting and recording system of Kafein Yazilim 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.

>

The Anti-Bribery and Anti-Corruption Policy is announced to the employees of Kafein Yazilim and can be always and easily accessible on Kafein Portal 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.

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

Kafein Yazilim encourages an honest and transparent approach, supports employees and others who act on behalf of Kafein Yazilim 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 behaviors 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 Yazilim 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.

UN SUSTAINABLE DEVELOPMENT GOALS WE SUPPORT ON SECTION 2 - EMPOWER: SOCIAL PRINCIPLES





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 and to the Law no. 5746 on the Support to Research and Development Activities for Kafein provides support, deduction, and incentives.

In 2021, there were 29 R&D projects carried out by Kafein in the Teknopark area. These projects are as follows:

Kafein Teknopark R&D Projects

- 1) Telco 1.5L Digitalization Automation Project
- 2) Smart Platform to Assist Treatment and Follow-up Process of Parkinson's Disease
- 3) Foramind Project
- 4) Telco Network Monitor Project
- 5) Digital Sales Automation Platform
- 6) Telco Transformation Project, Phase II
- 7) Smart Assistant
- 8) Reseller Management System Project
- 9) Telco Online Processing Centre, Phase IV
- 10) Interface Project
- 11) Collection Risk System Project
- 12) Telco Premium System Development Project Phase 2
- 13) New Generation E-Commerce Platform Software Project
- 14) Kafein Sentiment Analysis Project
- 15) Digitalization Infrastructure Project for Telecommunication Companies Phase II
- 16) Smart Warehouse and Field Counting Project
- 17) Marketing Solutions Modules Project Phase II)
- 18) Income Practices Control Project
- 19) Telco Script Project
- 20) Telco Siebel Sales Force Module Replacement
- 21) Telco Campaign Creator Module
- 22) Robotic Process Design
- 23) Genesis ADM, Phase II
- 24) Personal Data Protection Law
- 25) World Commodity Index (WCI) Development Project
- 26) New Generation Smart CRM Project
- 27) MSP Test Environments Management Project Phase I
- 28) Script Automation Project
- 29) MicroReporter Project



A lease agreement was concluded between the Teknopark A.S. and the Company for the period between 11.02.2022 and 10.02.2023.

As of 31.12.21, 521 employees out of 618, in total, are employed within the Technology Development Zone while 97 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
2021	521	97	618
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
2021	36.206.358	54%
2020	23.544.477	3%
2019	22.920.254	%36
2018	16.866.800	-



In-House Developed HR Applications

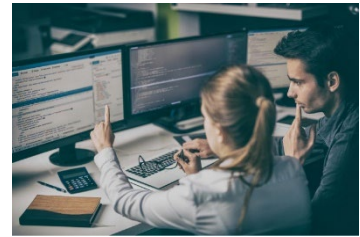
K-BI

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.



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.





In-House Developed Eco-Friendly Applications

KAFEIN 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. It has been decided to publish our journal online in order to contribute to paper saving.



SMART PARKING

With the Smart Parking System, which enables the determination of the occupancy rate in the parking lots and the instant monitoring of the data, users can quickly find the nearest available parking lot. In this system, IOT devices placed in the parking lots control the density status and the nearest available parking lot is determined via the mobile application and the user is directed. Therefore, the system also provides energy, fuel and time savings.



International Standards, Initiatives and Certifications

The Audit of 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 honorable treatment towards employees and a 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/images/relations/99d72565-ee0c-4a39-95d2-4b6ca339badc.pdf>

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, analyze, 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 24.09.2022 and renewed once in every year.

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 24.09.2022 and renewed once in every year.

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 24.09.2022 and renewed once in every year.

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 for financial reporting.

UN SUSTAINABLE DEVELOPMENT GOALS WE SUPPORT ON SECTION 3 - IMPROVE: STAKEHOLDERS, INTERNATIONAL STANDARDS AND INITIATIVES





PERFORMANCE EVALUATION AND GOALS FOR THE NEXT PERIOD:

Our Company's Corporate Governance Committee regularly informs the Board of Directors and Senior Management about the sustainability efforts and prepares a report on a yearly basis. Kafein also provides various certifications and audit reviews showing the performance regarding the management of quality, anti-corruption, social security, employee's well-being and energy consumption. HR Department, constantly work to improve working conditions, take all necessary actions by implementing related policies, monitor the "yearly performance and development review" and conduct surveys to analyze employee satisfactions on a regular basis.

Our goals for following periods:

· To Measure Firm's Carbon Footprint

Carbon footprint means the damage caused by the use of energy by individuals and companies directly or in terms of the production of the products they use, by the carbon dioxide (CO₂) emission, which is shown as the main responsible for global warming, causes the formation of gases that cause the greenhouse effect and spreads to the atmosphere with the use of fossil fuels.

In order to reduce the global carbon emissions of our company and to minimize the effects of climate change, the operational and technical preparation and infrastructure works continue on the way to net zero. In 2021, the Investor Relations Department completed the ISO 14001 Environmental Management System Standard and ISO 14064 -1: 2018 Greenhouse Gas Emissions Calculation and Reporting Training.

· To be listed in "Corporate Governance Index" on Istanbul Stock Exchange in the Long Run

The Corporate Governance Index consists of the shares of companies traded in Borsa Istanbul Stars Market, Main Market and Sub-Market with a corporate governance compliance rating of at least 7 out of 10 and at least 6.5 out of 10 for each main heading. The rating of compliance with the Corporate Governance Principles is made by the rating agencies authorized by the CMB.

In order to be included in this index in the long term, our company aims to fully comply with the mandatory and voluntary Corporate Governance Principles within the framework of the Capital Markets Board's (CMB) Corporate Governance Communiqué numbered II-17.1. In this context, administrative, legal and technical infrastructure studies are continuing regarding the principles that have been partially complied or not yet complied.

In this context, our company has established a Stakeholders Policy and Compensation Policy in 2021, has committed to full compliance with the International Labor Organization (ILO)



Conventions in HR Policy and notifications on the Public Disclosure Platform (KAP) and website have been made both in Turkish and English.

· Improve Collaboration with Universities and Creating Training Programs for Employees

Since 01.10.2020, our company has a Cooperation Intention Protocol within the framework of the CO-OP (Cooperative Education Model) signed with Bahçeşehir University within the scope of University-Industry cooperation, to remain in effect and automatically extend for one year unless terminated.

Our company also has an Internship Collaboration with Yıldız Technical University. During the 2021 period, 16 trainees were recruited from YTU.

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 Centers and Art Programs offering Certificates.

The "Kafein Academy" program was established in 2021 to support new graduates or newly recruited young talents to reveal their potential and to enable them to develop in the sector. In addition to providing training to 100 people and incorporating these talents to the firm, Kafein Technology aims to provide training to 150 people in 2022, and to cooperate with at least 5 universities.

· Increase the Size of R&D Investments

As of 31.12.2021, Kafein has a total of 29 R&D projects carried out within the Technopark. The consolidated budget allocated to Research and Development Activities has increased regularly over the years. R&D expense, which was 23.544.477 TL in 2020, reached 36.206.358 TL in 2021 with an increase of 54%.

· Have a Higher Rate of Employee Satisfaction

Kafein conducts an annual employee satisfaction survey on the company portal, anonymously. For 2021, the satisfaction rate among our employees is 81%. Within the scope of the feedback received, our HR department evaluates opinions and suggestions, improves working conditions and takes actions to increase employee satisfaction.