

KAFEİN TECHNOLOGY

ACTIVITY REPORT 31.12.2021





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I. GENERAL INFORMATION

a) About Kafein

Kafein Yazılım Hizmetleri Ticaret A.Ş. (Kafein; the Company) 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 establishment and improved competencies each and every year. Kafein continues operations in strict conformance 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.



- MISSION

To contribute to the development of the industry by offering high quality services and turnkey solutions and products to corporate firms based on Service Level Agreements (SLAs).

- VISION

To serve as the pioneering service and product provider company in all the telecommunication, energy and financial industries and be the most preferred company among the leaders of such industries.

- TARGET

To grow with clients by adding value to them.



b) Reporting Period

This report covers the information of the period between 01.01.2021 and 31.12.2021.

c) Registry Information

| | |
|--|---|
| Trade Name | Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi |
| Date of Establishment | 26.08.2005 - Istanbul, TURKEY |
| Paid Capital | TRY 19.750.000 |
| Authorized Registered Capital Stock | TRY 200.000.000 (Two Hundred Million Turkish Lira) |
| Trade Registration No. | ISTANBUL - 563336 |
| Tax Office and Number | ESENLER - 487 051 8539 |
| Address | Head Office: Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01 Esenler İstanbul Atasehir Branch: Barbaros Mah. Mor sümbül Sk. Deluxia Palace K:17 D:48 Ataşehir-İstanbul Ankara Branch: Aşağı Öveçler, 1309. Sk. No:5 D:6, 06460 Çankaya/Ankara |
| Telephone / Fax | 0212 924 20 30 / 0212 483 70 27 |
| Website | www.kafein.com.tr |
| Area of Activity | Software Development |
| NACE Code | 62.01.01 (Computer Programming Activities) |



d) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.S. is engaged in software services. The fields of activity of the Company can be analyzed under the following six items:

- 1. Managed Services**
- 2. Turnkey Solutions**
- 3. Outsourcing Services**
- 4. Technology & Software Development**
- 5. Software Product (License) Sales**
- 6. Innovative Products and Services**

Kafein carries out all the operational processes according to the ISO 9001 quality management system and offers services in compliance with these processes. The Company provides turnkey solutions in insurance, transportation, banking, tertiary and, in particular, telecommunication industries.

1. Managed Services

Managed service is the management of a part of the IT system of a company on behalf of a client and rendering it as a service. All or a part of software development, analysis, test and operation services can be considered as managed services. Managed services also include personnel supply, employment and management. The difference between personnel supply under managed services and standard employment is;

| Outsourcing | Managed Services |
|---|--|
| Personnel selection is made by the client. | Personnel selection is made by the supplier company. |
| Performance review is made by the client. | Performance review is made by the supplier company. |
| The number of personnel is defined by the client. | The number of personnel is defined mutually; the goal is to render services. |
| A mixed team is established for the same purpose and goal. | The team consists of a single company. |
| Fund of knowledge is transmitted in a limited way. | Fund of knowledge is created within the company. |
| Payment is made according to the days of work by personnel. | Payment is made according to the rendered service. |



Kafein offers managed services and assigns a team for software development, analysis, test and operation in accordance with a Service Level Agreement (SLA) to be concluded with the client. The quality of these services is measured with the comparison of key performance indicators mutually defined by the parties.

This approach attributes the cost of work and personnel to Kafein. Therefore, it serves not only as an approach to reduce management costs but also as a competitive element that improves performance and efficiency.

Thanks to the knowledge and experience acquired with managed services, Kafein has become one of the key suppliers according to the clients. This ensures longer terms of business and agreements for Kafein.

2. Turn-Key Solutions

Kafein offers turnkey solutions tailored for the needs of clients. These solutions are implemented by a project team specially established for the purpose. With turnkey solutions, software development and integration requests are completed and offered for use within a particular time as defined by clients. These activities are performed with a certain discipline and method by a special team. With these projects, Kafein offers the softwares developed by the Company or business partners to the clients of telecommunication, service, insurance and transportation industries, in particular.

In this sense, Kafein implements the project management methodologies that are accepted as the industrial standards. These methodologies are identified with the consideration of the complexity and size of projects, the profile and structure of clients, and the parameters to be regarded for the project team. Similarly, project managers use various management tools throughout the projects.

In general, a project management process consists of the following stages:

- Identification and analysis of client needs - Scope Analysis
- System analysis and design
- Solution development, adaptation or integration
- Tests
- Commissioning
- Formation and maintenance of operation and maintenance processes
- Project closing, lessons learned and process evaluation
- Observation process



3. Outsourcing Services

Kafein employs and assigns personnel according to the knowledge and experience levels required by clients. The personnel assigned to render services are selected by clients from among the proposed candidates. In this service, client is the party responsible for the management of a dedicated Kafein team and also undertakes the risk for the quality and completion of works.

4. Technology & Software Development

Kafein evaluates client needs and technological developments and continues R&D activities in technology and product development areas. In this regard, the Company evaluates the support and incentives by TUBITAK, KOSGEB and similar other institutions, and aims to contribute to the national software vision of Turkey. The developed products and technologies do not only meet the demands of the national market but are also intended for export. Kafein attaches great importance to the following four areas;

- Internet of things
- Big data analysis
- Mobile Applications
- Security

5. Software Product (License) Sales

Kafein has been engaged in license sales in Turkey as the business partner of many international software and technology companies. Having initiated license sales in Turkey by collaborating with the leading companies of the relevant industries, the Company expands its operations to abroad.



Kafein
Technology Solutions

INNOVATIVE PRODUCTS AND SOLUTIONS





ROBOTIC PROCESS AUTOMATION

Robotic Process Automation refers to automatic processes and operations realized by employees through software robots. Robotic Process Automation reduces the errors in operations, enhances service quality and ensures cost and time saving for manual and repetitive procedures.



END TO END SOLUTION TO PROTECTION OF PERSONNEL DATA

It enables organizations to discover, properly configure, process, and store sensitive data in compliance with the Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR), and in accordance with legal requirements.

End-to-end Solution for Personal Data Protection ensures sensitive data detection, accurate configuration, efficient processing and storing in compliance with Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR).



CYBER SECURITY

Cyber security can be defined as the aggregated methods, technologies and processes that help protect the confidentiality, integrity and availability of computer systems, networks and data against cyber-attacks or unauthorized access. The main purpose of cybersecurity is to protect all corporate assets from both internal and external threats.

By completing trainings and accreditations, our company has become an Authorized Solution Partner with Microfocus International Plc – Arcsight (Log Management and Security Operations); Mentis Software (Dynamic Data Masking, Database Monitoring and Firewall) and NetWitness Software - RSA (Network, Endpoint Threat Detection and Response) products.



KAFEIN ALLINCYBER BRAND

Under the roof of Kafein, a Cyber Security Solutions Department is established with the **AllinCyber** brand. AllinCyber is the brand name of the cyber security consultancy services and solutions provided by Kafein Technology. The long-term goals of the department are to provide cyber security services in the Turkic Republics, especially in Azerbaijan, to produce domestic and national cyber security products, to establish an academy and train talented young people in this field to position them in customer locations, and to be one of the competent Cyber Security Integrators in Turkey. The AllinCyber brand can be accessed from the www.allin cyber.com website.



The services provided are as follows:

- Advanced Persistent Threat (APT) and Malware Analysis
- Managed Endpoint Monitoring and Forensic Analysis
- E-Mail Security and Management
- Security Verification
- Protection, Detection and Response in the Entire Chain of Attack
- Cyber Threat Intelligence Integration

SMART SENTIMENT ANALYSIS

Smart Sentiment Analysis enables the recognition, comprehension, and classification of visitor sentiments with the immediate analysis of real-time images. Smart Sentiment Analysis makes it possible for institutions to understand their customers and offer the correct service.



In addition, with the artificial intelligence supported profile analysis (Profile Photo Analyze) developed by Kafein Technology, photographs can be evaluated in terms of face, composition and image quality. The relevant application can be accessed at www.analyzephoto.com.



INSURANCE MANAGEMENT SYSTEM

Enabling efficient insurance inventory and policy tracking, Insurance Management System also facilitates premium management and allows tracking with monthly reports.



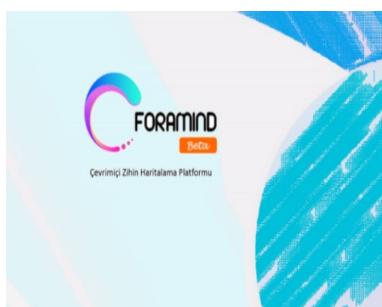
K-BI

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. It can be used for problem solving, planning, review, 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.

SMART PLATFORM TO HELP THE TREATMENT AND FOLLOW-UP PROCESS OF PARKINSON'S DISEASE

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.

In particular, the invention relates to a system and method that evaluates the disease level with the help of artificial intelligence and enables patients to perform and evaluate UPDRS (Unified Parkinson's Disease Rating Scale) tests independently of time and place.

As part of “the Big Data Mining Applications for Health Data”, TUBITAK granted project support on 21.01.2020 covers the activities until 31.12.2020. On 11.02.2021, an Additional Protocol toward initial Counselling Agreement was signed with Istanbul Medipol University Technology Transfer Office for the "Intelligent Platform Assisting the Treatment and Follow-up Process of Parkinson's Disease" to remain in effect until 01.10.2021. On 01.09.2021, a patent application was made via EPATS (Turkish Patent and Trademark Institution Electronic Application System) for the project titled “Parkinson Tracking System and Method”.



TEST DATA MANAGEMENT (TDM)

The TDM product developed by Kafein is used in corporate companies to generate test data. Digitization and increasing application needs lead to an increase in test data production needs. It is possible to produce test data independent of real data and fully compliant with regulations, with the Test Data Management (TDM) product, which imitates real data of institutions and creates data sets. The product developed by our company was included in the product catalog of the global software provider Micro Focus LLC on 19.04.2021 to be sold all over the world.



MICROREPORTER

It is an integrated reporting product capable of dynamic reporting. With Micro Reporter, reports specific to the company and its needs can be created quickly and accurately. With the application, the reports can be exported to Excel, each user can view the reports within their authorization, you can customize the reports with the filtering feature, and you can make as many reports as you want through a report. In addition, you can watch the data you want on your screens with the SQL queries you will create.



e) Capital and Partnership Structure

The issued capital of Kafein Yazılım Hizmetleri Ticaret A.S. consists of 19.750.000 shares with TRY 1.00 as the nominal value of each share.

By 31.12.2021, the distribution of the issued capital of Kafein among the partners is as follows:

| Partners | Group A | Group B | Group C | Total Capital Amount (TRY) | Capital Share (%) | Voting Right (%) |
|------------------|----------------|----------------|-------------------|----------------------------|-------------------|------------------|
| Ali Cem Kalyoncu | 183.333 | 183.333 | 4.571.716 | 4.938.382 | 25,00 | 40,48 |
| Ümit Eroğlu | | | 1.005.909 | 1.005.909 | 5,09 | 4,04 |
| Public | | | 13.805.709 | 13.805.709 | 69,91 | 55,48 |
| TOTAL | 183.333 | 183.333 | 19.383.334 | 19.750.000 | 100,00 | 100,00 |

f) Privileged Shares and Explanations for the Voting Rights of Such Shares

As specified under article 7 of the Articles of Association, the shares of the Company are classified under three groups as Group (A), (B) and (C) shares. Group (A) and (B) shares are registered shares and represent the special rights and privileges defined in the Articles of Association. Group (C) shares are bearer shares and are not furnished with special rights and privileges.

According to article 9 of the Articles of Association, 2 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 6 or 7 members. Similarly, 3 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 8 members.

One among the Group A shareholders or a person assigned by them takes office as the Chairman of the Board while one among the Group B shareholders or a person assigned by them serves as the Vice Chairman of the Board.

As specified in article 15 of the Articles of Association, each and every Group A and B shareholder has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right in the ordinary and extraordinary general assembly meetings.



II. INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Information about the Board of Directors, Senior Management and Personnel

| BOARD OF DIRECTORS | | |
|---------------------------|--------------------------|--|
| Full Name | Role | Current External Assignments |
| Ali Cem Kalyoncu | Board Chairman | <ul style="list-style-type: none">• Netsite Iletisim ve Elektronik Sistemleri San. ve Tic. A.S. Managing Partner and Vice Chairman• Intranet Yazilim A.S. Board Chairman• Karmasis Bilisim Cozumleri Tic. A.S. Board Chairman• Papilon Savunma Teknoloji ve Ticaret A.S. Vice Chairman• Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Chairman |
| Neval Onen | Vice Chairwoman | <ul style="list-style-type: none">• Intranet Yazilim A.S Board Member• Karmasis Bilisim Cozumleri Tic. A.S. Board Member• Smartiks Yazilim A.S. Board Member• Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Member |
| Hatice Sevim Oral | Board Member | - |
| Kenan Subekci | Board Member | <ul style="list-style-type: none">• Birlik Insaat Otomotiv ve Bilisim Hizm. Controlling Shareholder |
| Ibrahim Semih Arslanoglu | Independent Board Member | <ul style="list-style-type: none">• Smartiks Yazilim A.S. Independent Board Member |
| Yuce Erim | Independent Board Member | <ul style="list-style-type: none">• Angular Velocity OY Board Member and Partner• Smartiks Yazilim A.S. Independent Board Member |



Ali Cem Kalyoncu (Board Chairman - Director General)

Ali Cem Kalyoncu was born in 1960 and is an alumnus of the Electronics Engineering department, Istanbul Technical University. Later, he got his master's degree from the Autocontrol and Computers department Istanbul Technical University Institute of Science. As part of his professional career, he took office in Nixdorf A.S. as a Service Engineer, Digital Equipment Turkiye A.S. as Service Manager, and Datapro A.S. as a Director General and Managing Partner. Ali Cem Kalyoncu holds office as the Board Chairman and Director General of Kafein Yazilim Hizmetleri Ticaret A.S.

Neval Onen (Vice Chairwoman of the Board - HR & Administrative Affairs Manager)

In 1989, Neval Onen started her professional career as a part-time sales representative in Danisman Bilgisayar. Later, she also served as an Administrative Affairs Officer under the same company. In 1994, she was employed by 4K Bilgi Islam as a Sales Representative where, in 1997, she held office in the Oem Department as the Sales Manager. In 2000, she started to serve as the IT Sales Manager in Genpa. Subsequently, she started to work under the project sales department of Datapro A.S. in 2002. In 2003, she was assigned by Datapro as the Sales and Customer Services Manager responsible for the relations with IBM, Fujitsu Siemens, Kodak, Oki, Epso and HP companies. She holds office under Kafein Yazilim Hizmetleri Ticaret A.S. since 2008, and currently serves as the Vice Chairwoman and HR & Administrative Affairs Manager of the Company.

Hatice Sevim Oral (Board Member - Accounting Manager)

Hatice Sevim Oral was born on 22.12.1964, in Malatya. She graduated from Malatya Trade Vocational School in 1981, School of Economics and Administrative Sciences of Inonu University in 1982 and Business Administration Department (Open Education Faculty) of Anadolu University in 2019. She served as a Chief Accountant under Onur air - TK Air between 1992 and 1994; Financial Affairs Manager under Akdeniz Airlines between 1995 and 1996; Internal Auditor under Cenajans Grey Reklamcilik A.S. between 1997 and 1999; Specialist Accountant under the Banks Association of Turkey between 1999 and 2002; and Assistant Accounting Manager under Datapro A.S. Between 2005 and 2008. Since 2008, she has held office as the Accounting Manager of Kafein Yazilim Hizmetleri Ticaret A.S.

Kenan Subekci (Board Member - IT, Administrative Affairs and Purchasing Manager)

Kenan Subekci was born in 1979. Subekci graduated from the Department of Electronics of Abant Izzet Baysal University and the Department of Labour Economics and Industrial Relations of Anadolu University. He took office in Datapro A.S. as a Broad Service Officer, and in Probil A.S. as a Team Leader and Project Officer. Kenan Subekci currently holds office as the Board Member



and IT, Administrative Affairs and Purchasing Manager of Kafein Yazılım Hizmetleri Ticaret A.S

Yuce Erim (Independent Board Member)

Having graduated from the Department of Mechanical Engineering of METU in 1984, Yuce Erim worked as a research assistant in the same university until 1986. Following his military service, Erim decided to work in the sales industry until 1987 and, during his 30 years of professional career, worked in NCR, Digital Equipment Corporation, Compaq Computer, Sun Microsystems and Software AG companies, respectively, as Sales Manager, Regional Manager, Director and Director General. He also played various other regional roles. Lastly, he held office under Oracle as the Regional Manager of Business Applications responsible for the Central Asia. He also improved himself as a professional Coach. In this sense, Yuce Erim completed the ICF ACTP Professional Coaching Certification (Management Coaching) in Flow Coaching International and acquired the titles FCPC (Flow Certified Professional Coach) and ACP, respectively.

Ibrahim Semih Arslanoglu (Independent Board Member)

Ibrahim Semih Arslanoglu was born in Adapazari in 1948. Arslanoglu currently holds office in mSolve Partners Turkey as a managing director and in Istanbul ISA Danismanlik as a manager. He previously acted as a manager in Intel, TeleMedia Grup, Digital Equipment Corporation USA, AT&T Capital Corporation and SeaChange International. Arslanoglu gave lectures on International Business ve Marketing and Computer Sciences for seven years in Boston University's Metropolitan College and got his master's degree from California State University after graduating from the department of "International Marketing and Computer Sciences"

b) Independence Statements of Independence Board Members

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "**independent member**" at the board of **Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi** (the Company) within the scope of the articles of association and the Corporate Governance Principles annexed to the Capital Market Board.

Within this scope, I declare that;

- a) I, myself, my spouse, and my blood and relative by marriage up to the second degree have not been in the company's management control or partnerships in which it has significant influence, and the company's management control in a managerial position where important duties and responsibilities will be raised between the partners in the



last five years; there is no employment relationship, 5% or more of the capital or voting rights are not directly or indirectly owned, no significant commercial relationship has been established,

- b) I have not worked or become a member of the Managing Board in companies that manage the division and that perform the audit of the company (including tax audit, legal audit, business audit), its rating and consultancy and the companies that, have been able to complete the company's activities and organization within the framework of the agreements made or to a certain extend in the last five years,
- c) I have no partnership (5% or more), no direct or indirect caller or a member of the Managing Board in any of the companies that provide significant services and funds to the company in the last five years,
- d) I do not have a share in the capital of the company, and I have the professional education, knowledge, and experience to properly fulfill the duties I will be assigned due to being a member of the independent managing board,
- e) I am not employed full-time in public institutions and organizations as of now,
- f) I am deemed to have settled in Turkey according to the Income Tax Law,
- g) I will make positive contributions to the activities of the company, I will protect my impartiality in the conflicts of interest between the company shareholders, and I will decide freely by taking into account the rights of the stakeholders,
- h) I will spare time for company affairs to the extent that I can follow the operation of the company's activities and fully fulfill the requirements of the duties I have undertaken,

Signature: Yüce Erim

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an “**independent member**” at the board of **Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi** (the Company) within the scope of the articles of association and the Corporate Governance Principles annexed to the Capital Market Board.

Within this scope, I declare that;

- a) I, myself, my spouse, and my blood and relative by marriage up to the second degree have not been in the company's management control or partnerships in which it has significant influence, and the company's management control in a managerial position where important duties and responsibilities will be raised between the partners in the last five years; there is no employment relationship, 5% or more of the capital or voting rights are not directly or indirectly owned, no significant commercial relationship has been established,
- b) I have not worked or become a member of the Managing Board in companies that manage the division and that perform the audit of the company (including tax audit,



legal audit, business audit), its rating and consultancy and the companies that, have been able to complete the company's activities and organization within the framework of the agreements made or to a certain extend in the last five years,

- c) I have no partnership (5% or more), no direct or indirect caller or a member of the Managing Board in any of the companies that provide significant services and funds to the company in the last five years,
- d) I do not have a share in the capital of the company, and I have the professional education, knowledge and experience to properly fulfill the duties I will be assigned due to being a member of the independent managing board,
- e) I am not employed full-time in public institutions and organizations as of now,
- f) I am deemed to have settled in Turkey according to the Income Tax Law,
- g) I will make positive contributions to the activities of the company, I will protect my impartiality in the conflicts of interest between the company shareholders, and I will decide freely by taking into account the rights of the stakeholders,
- h) I will spare time for company affairs to the extent that I can follow the operation of the company's activities and fully fulfill the requirements of the duties I have undertaken,

Signature: İbrahim Semih Arslanoğlu

c) Senior Management and Personnel

The senior management of the Company consists of the Chairman of the Board, Board members and other managers acting as directors general.

| Senior Management | Title |
|--------------------------|--|
| Ali Cem Kalyoncu | Chairman of the Board; General Manager |
| Neval Onen | Vice Chairwoman of the Board; HR and Administrative Affairs Director |
| Kenan Subekci | Member of the Board; IT, Administrative Affairs and Purchase Manager |
| Hatice Sevim Oral | Member of the Board; Accounting Manager |
| Yuce Erim | Independent Board Member |
| Ibrahim Semih Arslanoglu | Independent Board Member |
| Ozlem Tibet | Sales Manager |



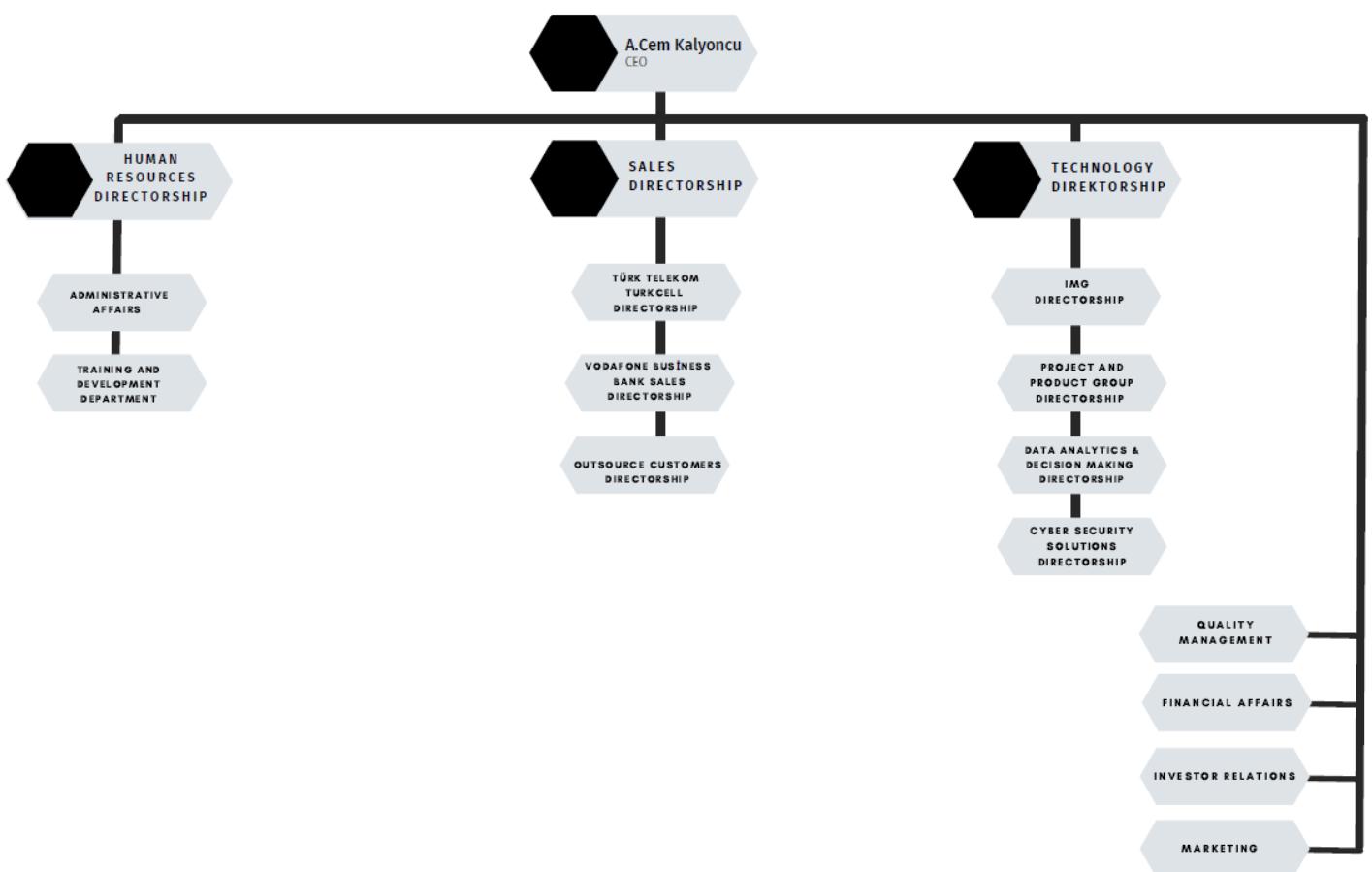
| | |
|---------------|---------------|
| Ilker Kinaci | Sales Manager |
| Tugrul Gokcen | Sales Manager |

For the period ending on 31.12.2021, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is 5.174.521 TRY. (31.12.2020: 3.610.964 TL)

On 31.12.2021, the company's average number of employees working during the year is 622 (December 31, 2020: 663)

d) Management and Administrative Structure

ORGANIZATION CHART





III. INFORMATION ABOUT THE OPERATIONS

a) Information about the Share Buy-Back

The Company has not acquired any share of its own in 2021.

After the year-end, Based on the resolution taken by the Board of Directors dated 25.02.2022 and numbered 2022/05, It has been decided to repurchase its shares on the Stock Exchange with respect to the announcements made by the Capital Markets Board of Turkey on 21.07.2016 and 25.07.2016 and within the framework of the "Communiqué on Buy-Backed Shares" numbered II-22.1, initiate the buyback program regarding our Company's shares traded on BIST, since our share values in Borsa Istanbul (BIST) do not reflect the actual performance of our Company's operations, determine the maximum number of shares, which may be subject to the buyback as 500.000 and determine the maximum amount of funds to be allocated for the share buyback as TRY 10.000.000 and to finance respective share repurchases from the Company's internal resources and submit the share buyback program to the shareholders' approval at the upcoming General Assembly Meeting.

In this context, the summary table regarding the buy-backed shares as of the date of this report is as follows:

| Transaction Date | Nominal Value of Shares Subject to Transaction (TRY) | Transaction Price (TRY / Unit) | Total Amount (TL) | Ratio To Capital (%) |
|------------------|--|--------------------------------|-------------------|----------------------|
| 25.02.2022 | 109.000 | 18,12 TL - 18,274 | 1.981.250 TL | %0,55 |
| 28.02.2022 | 10.000 | 17,80 TL | 178.000 TL | %0,05 |
| Toplam | 119.000 | - | 2.159.250 | %0,60 |

b) Information about Private and Public Audits

The internal control system and internal audit activities of the Company is regularly checked and carried out by Finans Denetim Yeminli Mali Musavirlik A.S.

In the Ordinary General Assembly Meeting held on 12.04.2021, Kavram Bagimsiz Denetim ve Danismanlik A.S. was assigned as the Independent Auditor to perform the audit and other relevant procedures in the financial year of 2021 in accordance with Turkish Code of Commerce, Capital Markets Regulation, and other relevant regulations.

c) Information about the On-going Legal Procedures

Currently, there is no initiated or pending case which may affect the financial condition or the activities of the Company.



d) Sanctions Imposed under the Regulations

Currently, there is no administrative or judicial sanction imposed on the Company or the Board members due to illegal procedures.

e) Donations and Grants

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, 7.750 TL was donated to TEMA (Turkish Foundation for Combating Erosion, Afforestation and Conservation of Natural Assets) by obtaining a certificate within the scope of the "New Year Education Certificate", which contributes to the nature education of children.

f) Information about the Group Involving the Company

The Company is not a part of an association of companies.

g) Legislative changes that may affect company activities

Law No. 7263, which includes changes on R&D and innovation activities in Technology Development Zones and R&D / Design Centers, was published in the Official Gazette dated February 3, 2021. Accordingly, the incentive periods provided for Technology Development Zones and R&D / Design Centers have been extended until 31.12.2028.

Under the Law No. 7263 (The Amendment of the Law on Technology Development Zones and Some Laws), the total working hours of the personnel working in the R&D/design centres and technology development zones, which can be subject to income tax withholding incentives are increased to %50 from %20 by the decision published in the Official Gazette dated October 17, 2021, to remain affect until 31.12.2022

h) Information about the Affiliates and Subsidiaries

Intranet Yazılım A.S. (%51)

On June 13, 2017, Intranet Yazılım A.S. was established by Kafein Yazılım Hizmetleri Ticaret A.S. The company was registered on the same date. The main fields of activity of Intranet Yazılım A.S. include research and consultancy services as regards to quality management, information technology and system integration; product and service design, development, manufacture and



assembly in any field of computer industry and information technologies; consultancy in information technologies and similar other subjects and projects; and project management and control. As the current period Kafein Technology owns %51 of Intranet Software.

Karmasis Bilişim Çözümleri Ticaret A.Ş (%51)

The main activity of Karmasis Bilişim Çözümleri Ticaret A.Ş., which was established in 2003, is to produce information processing software, to sell the usage rights as the owner of these software, to carry out training activities on information processing and software, and to provide consultancy services on these issues if necessary. On 12 November 2020, Kafein Technology purchased %51 of Karmasis for a price of 45.390.000 TRY and include it into the scope of consolidation with a full consolidation method starting by the financial statements of the period ending as of 31 October 2020.

Papilon Savunma Teknoloji ve Ticaret A.Ş. (%11)

On 24.11.2020, Kafein Technology, purchased non-trading shares of Papilon Savunma Teknoloji ve Ticaret A.S with an amount of 71.465.625 TRY by 18,90 TRY. The acquiring transaction covers 3.781.250 shares which comprises %11 of capital that has a non-public offering situation.

i) Amendments to the Articles of Association within the Period

On 19.01.2021, Due to the expiration of the current registered capital ceiling by the end of 2020, the application was made to the Capital Markets Board for the purpose of the Extension of the Registered Share Capital Ceiling Validity Period from 2021 to 2025 (5 years) and increasing the current capital ceiling from 50.000.000 TRY to 200.000.000 TRY. The application has been approved by the Capital Market Board on 15.02.2021 and by T.R. Ministry of Trade on 25.02.2021. It is accepted on general assembly dated 12.04.2021 and has been registered by the Istanbul Trade Registry Office as of 15.04.2021.

j) Information About the Conflict of Interest Between the Company and the Institutions from which it receives Services such as Investment Consultancy and Rating Firms

Kafein Technology takes care to prevent potential conflicts of interest that may arise between it and the institutions it receives services from, such as investment consultancy and rating firms. For the current period, there is no conflict of interest between the company and the institutions from which it receives services such as investment consultancy and rating.

k) Number, Structure and Operating Principles of the Committees Established by the Board of Directors

In accordance with the Corporate Governance Communiqué II-17.1 published by the Capital



Markets Board; With the decision of our Board of Directors dated 21.01.2019 and numbered 2019/01, "Audit Committee", "Corporate Governance Committee" and "Early Detection of Risk Committee" are created; It is also authorized the Corporate Governance Committee to fulfill the duties of the Nomination Committee and Remuneration Committee.

In the Board of Directors' meeting held on 11.12.2020 with the decision number of 2020/28, it has been decided to appoint the Corporate Governance Committee to constitute the necessary policies within the scope of "Environmental, Social, Corporate Governance (ESG)" toward Sustainability Principles Compliance Framework and to carry out and follow-up related practices.

The three committees that continue operations under the Board of Directors of Kafein Yazilim are as follows;

Audit Committee:

The Audit Committee was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Yuce Erim and Ibrahim Semih Arslanoglu were appointed as the Audit Committee Chairman and Audit Committee Member, respectively.

| Name | Title | State of Independence |
|--------------------------|---------------------------|------------------------------|
| Yuce Erim | Head of Audit Committee | Independent member |
| Ibrahim Semih Arslanoglu | Member of Audit Committee | Independent member |

The Audit Committee oversees the company's accounting system, disclosure of financial information to the public, independent audit, and the functioning and efficiency of the company's internal control and internal audit system. The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of the audit committee. The Audit committee convenes at least once every three months, at least four times a year. The results of the meeting are recorded, and the decisions taken are presented to the board of directors.

Corporate Governance Committee:

The Corporate Governance Committee was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Ibrahim Semih Arslanoglu and Yuce Erim were appointed as the Committee Chairman and Committee Member, respectively.



| Name | Title | State of Independence |
|--------------------------|--|-----------------------|
| Ibrahim Semih Arslanoglu | Head of Corporate Governance Committee | Independent member |
| Yuce Erim | Member of Corporate Governance Committee | Independent member |
| Zehra Uluc | Investor Relations Manager | Natural Member |

The corporate governance committee determines whether the corporate governance principles are applied in the company, if not, detects the reasons and conflicts of interest that arise due to not fully complying with these principles, and advises the board of directors to improve corporate governance practices and oversees the activities of the investor relations department. Corporate Governance Committee meetings are held at least once a year.

Early Detection of Risk Committee:

The Early Risk Identification Committee of Kafein Yazilim was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Yuce Erim and Ibrahim Semih Arslanoglu were appointed as the Early Risk Identification Committee Chairman and Early Risk Identification Committee Member, respectively.

| Name | Title | State of Independence |
|--------------------------|---|-----------------------|
| Yuce Erim | Head of Early Detection of Risk Committee | Independent member |
| Ibrahim Semih Arslanoglu | Member of Early Detection of Risk Committee | Independent member |

The purpose of the Committee is to identify, define, prioritize, monitor and review strategic, financial and operational risks and opportunities that may affect the activities of the Company; to make suggestions and recommendations to the Board of Directors about these risks and opportunities that may affect the company's risk profile and decision-making mechanisms. The Early Risk Detection Committee convenes once every two months and presents the meeting results to the board of directors.



KAFEIN YAZILIM HİZMETLERİ TİCARET ANONİM ŞİRKETİ COMMITTEE DUTIES AND OPERATING PRINCIPLES

The fields of activity, working principles and members of the committees are determined by the board of directors and disclosed to the public. All members of the Audit Committee and the chairmen of other committees are elected from among independent board members. Chief executive officer / general manager cannot take part in committees. The composition of these committees, their fields of duty, working principles and the members to be composed are determined by the board of directors and disclosed to the public in accordance with the Capital Market Corporate Governance Principles and the principles set out in the relevant legislation.

A. EARLY DETERMINATION OF RISK COMMITTEE DUTIES AND WORKING PRINCIPLES

The purpose of the Committee is to identify, define, prioritize, monitor and review strategic, financial, operational and risks and opportunities that may affect the activities of the company by calculating their effects and probabilities; To make suggestions and recommendations to the Board of Directors on the management of these risks and opportunities that may be exposed to, in parallel with the risk profile of the company, and their reporting and consideration in decision-making mechanisms. The Early Detection of Risk Committee convenes once every two months and presents the meeting results to the board of directors. Early Detection of Risk Committee;

- a) Establishes effective internal control systems in order to define, evaluate, monitor and manage the risk factors that may affect the achievement of the company targets, according to the effect and probability,
- b) Monitors the integration and effectiveness of risk management and internal control systems into the corporate structure of the company,
- c) Carries out studies on the risk management and internal control systems of the company to measure, report and use risk factors in decision-making mechanisms by observing appropriate controls,
- d) The Committee periodically reviews its working principles and, if necessary, submits the proposals for changes to the board of directors for approval.

B. CORPORATE GOVERNANCE COMMITTEE DUTIES AND WORKING PRINCIPLES

The corporate governance committee determines whether the corporate governance principles are applied in the company, if not, the reasons and conflicts of interest that arise due to not fully complying with these principles and advises the board of directors to improve corporate



governance practices and oversees the activities of the investor relations department. Corporate Governance Committee meetings are held at least once a year. Corporate Governance Committee,

- a) Ensures that the Corporate Governance Principles are developed, adopted, and applied within the company,
- b) Makes the annual corporate governance evaluation of the board of directors and submits it to the approval of the board of directors,
- c) Supervises the work of the shareholders and investor relations unit,
- d) It makes recommendations regarding the functioning, structure, and efficiency of the board of directors and its committees.

C. AUDIT COMMITTEE DUTIES AND WORKING PRINCIPLES

Audit Committee; Oversees the company's accounting system, disclosure of financial information to the public, independent audit, and the operation and efficiency of the company's internal control and internal audit system. The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of the audit committee. Audit committee; It convenes at least every three months, at least four times a year, and the results of the meeting are recorded in the minutes and the decisions taken are presented to the board of directors. Audit Committee,

- a) Audits the accuracy, transparency, compliance of financial statements, footnotes and other financial information with the legislation and international accounting standards and notifies the Board of Directors in writing, taking the opinion of the independent audit board.
- b) Examines whether the independent audit committee and its employees are independent and their adequacy on behalf of the Board of Directors.
- c) Oversees the operation and efficiency of the company's accounting system, public disclosure of financial information, independent audit and internal control system of the company.
- d) Oversees the selection of the independent audit board, the preparation of audit contracts and the initiation of the independent audit process, and the work of the independent audit board at every stage.
- e) Examines and concludes the internal and external company complaints regarding the company's accounting, internal control system and independent audit within the framework of confidentiality principle.
- f) Observes the compliance with legal regulations and internal regulations.



IV. RESEARCH AND DEVELOPMENT ACTIVITIES

Carried out at the Technology Development Zone of Yildiz Technical University the projects concluded between 01.01.2021 and 31.12.2021 or in progress by Kafein as part of R&D works are as follows chronologically:

| # | Project Name | Date of Commencement | Date of Completion * | Project Summary/ Purpose |
|---|--|----------------------|----------------------|---|
| 1 | <i>Telco 1.5L Digitalization Automation Project</i> | 1.06.2019 | 31.03.2021 | <i>The project aims to perform Level 1.5 automation procedures with robotic processes without human intervention using Artificial Intelligence Integrations and UiPath tool. Human-free processing with robotic processes targets to reduce error margins, ensure saving on time and resources, allow faster standardization and realization of corporate processes, and, thus, improve efficiency.</i> |
| 2 | <i>Smart Platform to Assist Treatment and Follow-up Process of Parkinson's Disease</i> | 1.06.2020 | 1.06.2021 | <i>The aim of the project is to produce an analytical solution that will support the remote monitoring of the treatment processes of Parkinson's, a chronic disease. Within the scope of this project, which can be used by patients, relatives, and doctors; A mobile platform supported by data mining, image processing and artificial intelligence is being developed.</i> |
| 3 | <i>Foramind Project</i> | 14.04.2021 | 14.06.2021 | <i>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.</i> |



| | | | | |
|---|---|------------|------------|--|
| 4 | <i>Telco Network Monitor Project</i> | 3.10.2019 | 30.06.2021 | <p><i>In order to prevent potential delays and damages which may arise due to human error especially as regards to Network, the project aims to track the network devices of customers and keep statistics with a system. In this regard, the project plans to take immediate and real-time actions against malfunctions, completely remove human error and improve efficiency. In consequence of the project, we expect a better workflow, zero error, increased satisfaction, and decreased costs.</i></p> |
| 5 | <i>Digital Sales Automation Platform</i> | 12.12.2019 | 12.12.2021 | <p><i>The project aims to provide efficiency in sales operations by ensuring instantaneous field monitoring and customer visit route planning and direction with the use of IOT-supported systems. Present customer visits and customer needs and purchases will be stored at “Data Warehouse” systems, and potential new sales offers will be created, and the field will be supported with data using the models in the Big Data.</i></p> |
| 6 | <i>Telco Transformation Project, Phase II</i> | 13.12.2019 | 13.12.2021 | <p><i>The project helps to create a playlist on the Mobile Music Application of the client according to the music played or streams listened to by end-users.</i></p> |
| 7 | Smart Assistant | 16.03.2020 | 16.03.2022 | <p>The project aims to use artificial intelligence in order to ensure the understanding of customer needs and appropriate response to such needs with a customer-based approach. The areas using smart assistant include reminder services, audible reading of messages, location services, voice calls and message writing processes.</p> |
| 8 | Reseller Management System Project | 18.05.2020 | 18.05.2022 | <p>The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve</p> |



| | | | | |
|-----------|--|------------|------------|---|
| | | | | efficiency. |
| 9 | Telco Online Processing Centre, Phase IV | 2.06.2020 | 2.06.2022 | The project aims to carry out the authentication, session management, asset management and similar other processes of the web applications of the online processing centers of telecommunication companies from a single center by protecting and integrating Legacy systems with a secure system |
| 10 | Interface Project | 10.06.2020 | 10.06.2022 | The project intends to improve monthly sales figures by renewing customers' cart and purchase screens on the website. Besides, the project ensures that customers are directed to desired subjects by using a webchat supported with artificial intelligence. This allows less labor and time for the call center. |
| 11 | Collection Risk System Project | 10.06.2020 | 10.06.2022 | The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency. Furthermore, the project aims to re-develop former systems with new technologies. |
| 12 | Telco Premium System Development Project Phase 2 | 1.07.2020 | 1.07.2022 | With the project, a platform will be created where the customer can automate the premium processes and transparently present the outputs to the dealers. With the source system analysis, areas that may be subject to premium will be determined, related data will be taken considering the large data volume, a structure will be designed in which the calculation engine can work with performance, reporting layers will be created that dealers can access within their authority, and dealers will be able to see their current status. |



| | | | | |
|----|--|------------|------------|---|
| 13 | New Generation E-Commerce Platform Software Project | 3.07.2020 | 3.07.2022 | The project aims to develop the model which will ensure the best shopping experience according to the information collected from customers and products. |
| 14 | Kafein Sentiment Analysis Project | 13.07.2020 | 15.07.2022 | The project aims to identify and categorize the sentiments expressed with facial mimics. For the algorithm to enable such categorization, we plan to use Convolutional neural network (CNN). Image processing parameters can comprehend and interpret data as designed beforehand. Using databases including various faces, the algorithm comprehends and analyses human sentiments by categorizing the shots received from video images. |
| 15 | Digitalization Infrastructure Project for Telecommunication Companies Phase II | 18.07.2020 | 18.07.2022 | The project aims to ensure consistency among all the data on SMS, Online, IVR, mobile and similar other channels which are created by telecommunication companies in order to render better service, and to create a common infrastructure so as to ensure consistent client experience. |
| 16 | Smart Warehouse and Field Counting Project | 07.12.2021 | 07.08.2022 | An Android-based Mobile application and web project is designed for the execution and reporting of the counting operations of the fields located throughout the country and for the inventory counting to be carried out in the warehouses of the institutions in need. |
| 17 | Marketing Solutions Modules Project Phase II | 14.09.2020 | 20.09.2022 | It is aimed to improve the harmonized infrastructure within ICT and Marketing Solutions Portfolio of Telco customers, and to reduce the workload of the customer's teams by decreasing the received bug number within the customer and to make the modules more stable. |
| 18 | Income Practices Control Project | 29.11.2020 | 29.11.2022 | The problems in customer IT systems regarding the applications which are working integrated with each other is one of the problems that are constantly |



| | | | | |
|-----------|---|------------|------------|--|
| | | | | <p>experienced. It is aimed to develop a system that will ensure controls and keep statistics by following the revenue practices of our customers in IT systems, and to automate the actions to be taken in case of inconsistencies, preventing human error and minimizing errors that may cause income losses. For this, it is aimed to increase the success rate by using machine learning and Big Data analysis techniques in addition to the methods in existing software in the market. These techniques will be used to improve the sample subscriber list chosen for invoice control, aiming to prevent human error, detect incompatibilities between systems more effectively and minimize revenue loss.</p> |
| 19 | Telco Script Project | 29.11.2020 | 29.11.2022 | In the project, it is aimed to attract more users by adding new modules to the application in order to create a social media platform together with the Telco customer. It is planned to include filtering and story modules on the pictures. |
| 20 | Telco Siebel Sales Force Module Replacement | 1.10.2018 | 1.01.2023 | The project aims to automatize the communication between the sales team management system and team leaders/managers and their sales personnel and, thus, to create a more efficient and affordable solution. |
| 21 | Telco Campaign Creator Module | 1.02.2021 | 1.02.2023 | It was developed for a telecommunications company. It is aimed to provide to end user an opportunity to create and use the packages they want by eliminating the necessity of choosing among the packages determined by the marketing teams. |
| 22 | Robotic Process Design | 1.06.2019 | 01.02.2023 | The project refers to the design and coding of all the procedures in Windows operated systems using RPA (Robotic Process Automation) technology. This project plans to minimize human errors in various procedures, finalize processes within a |



| | | | | |
|----|--|------------|------------|---|
| | | | | shorter time with robots and ensure continuous process standards. |
| 23 | Genesis ADM, Phase II | 21.01.2019 | 14.03.2023 | The project plans transition from on-premises systems to systems managed on cloud as part of the completion of new development requests and the transition to micro service infrastructure. |
| 24 | Personal Data Protection Law | 4.12.2019 | 02.03.2023 | The project covers all the technological procedures which are necessary for compliance with Personal Data Protection Law (KVKK), which is a version of GDPR (General Data Protection Law) of the EU harmonized according to the conditions in Turkey. Client ensures full compliance with the Personal Data Protection Law at the end of the project. |
| 25 | World Commodity Index (WCI) Development Project | 18.03.2021 | 18.03.2023 | It involves the development of a commodity exchange system for a Netherlands-based company. Instead of the existing Legacy system used by the company, it is aimed to develop a system suitable for the future and new usage patterns, thus increasing customer satisfaction and profitability of the company. |
| 26 | New generation smart CRM Project | 12.07.2021 | 12.01.2023 | It is aimed to develop a simple and easy-to-use CRM platform that will enable institutions to manage their businesses quickly and securely from a single place. The SMART CRM Platform includes features such as revenue estimation, invoicing and reporting on the portal, and customer tracking. |
| 27 | MSP Test Environments Management Project Phase I | 01.07.2021 | 01.07.2023 | It is aimed to create a new MSP test environment in order to present test applications related to the project and transformation processes of our Telco customer. With the shift left methodology to be made within the scope of the project, increasing efficiency in internal processes in all products and transformations, |



| | | | | |
|-----------|---------------------------|------------|------------|--|
| | | | | reducing response times, time saving, general process improvements and implementation of various accelerators and tools (such as artificial intelligence, machine learning, etc.) will be made. |
| 28 | Script Automation Project | 13.07.2021 | 13.07.2023 | The project intends to prepare automatic scripts by making Unix and DB optimizations so as to ensure stable and uninterrupted operation of test media. The alarm systems in the project will refer possible issues to relevant teams using an early warning system. The project will also ensure automatic case opening thanks to the integration of tools tested with the alarm system. |
| 29 | Microreporter Project | 01.09.2021 | 01.09.2023 | It is an integrated reporting product with dynamic reporting. |

After the “Completion Date”, depending on the status of the product, extensions for these projects can be obtained, a new phase can be started, the productization stage can be progressed or the customer can start to use it.



V. FINANCIAL INFORMATION

a) Information about the Financial Condition and Operations

On 31.12.2021, the total assets of Kafein are equal to TRY 300.327.454 while total equities correspond to TRY 179.919.317. The Equity Attributable to Parent Company corresponds to TRY 167.589.660 while the same of the Non-Controlling Shares is equal to TRY 12.329.657.

The Company has TRY 16.905.470 period profit on 31.12.2021. Of this amount, TRY 7.394.680 belongs to the Share of Main Partnership while TRY 9.510.790 belongs to the Non-Controlling Shares.

As of 31.12.2021, the sales revenue is TRY 265.074.491 while the same was TRY 171.973.987 for 31.12.2020.

b) Financial Information Summary

| BALANCE SHEET (TRY) | 31.12.2021 | 31.12.2020 |
|---------------------------|--------------------|--------------------|
| Current Assets | 148.044.069 | 100.504.842 |
| Cash and Cash Equivalents | 23.001.141 | 28.066.969 |
| Trade Receivables | 96.857.100 | 51.292.003 |
| Non - Current Assets | 152.283.385 | 226.698.063 |
| Total Assets | 300.327.454 | 327.202.905 |

| | | |
|---|--------------------|--------------------|
| Short-Term Liabilities | 98.475.080 | 82.650.594 |
| Long-Term Liabilities | 21.933.057 | 15.730.987 |
| Equity Attributable to Parent Company | 167.589.660 | 161.380.600 |
| Equity Attributable to Non-Controlling Shares | 12.329.657 | 67.440.724 |
| Total Equities | 179.919.317 | 228.821.324 |
| Total Liabilities | 300.327.454 | 327.202.905 |



| INCOME STATEMENT (TRY) | 31.12.2021 | 31.12.2020 |
|---|--------------------|--------------------|
| Sales Revenue | 265.074.491 | 171.973.987 |
| Gross Profit | 80.402.405 | 48.735.502 |
| General Administrative Expenses | (20.644.093) | (19.096.819) |
| Marketing Expenses | (145.159) | (368.399) |
| Research and Development Expenses | (17.975.769) | (13.901.821) |
| Other Operating Income | 12.842.523 | 4.798.792 |
| Other Operating Expense | (11.575.522) | (4.446.494) |
| Main Operation Profit | 42.904.385 | 15.720.761 |
| Income/Expense from Investment Activities | (32.428.444) | 15.011.911 |
| Operating Profit (or Loss) before Financial Income/Expense | 10.475.941 | 30.732.672 |
| Financial Income/(Expense) | 929.682 | 5.451.173 |
| Net Profit for the Period | 7.394.680 | 30.489.433 |

c) Information about Dividends

During the Ordinary General Assembly Meeting held on 12.04.2021, it was agreed to distribute a total of TRY 1.000.000 of gross dividend among the partners according to the proportion of their shares after the allocation of the amounts to be assigned/paid from the profit of 2020 under the laws and the articles of association. It was also agreed to identify the starting date of dividend distribution as 19.04.2021.



VI. RISKS AND EVALUATION BY THE BOARD OF DIRECTORS

The risks with possible effects to the Company and the financial investments are as follows:

a) Industrial Risks

- There are certain legal regulations and restrictions which Kafein should comply with. Kafein is a company engaged in the software industry. The Turkish government grants certain privileges to the industry. However, these privileges may be removed in time, and the privileges granted to Kafein may decrease or completely disappear.
- The activities of Kafein may be subject to the effects of economic inconsistency. There may be political and/or economic inconsistencies in Turkey and the world. Kafein and the industry may be affected negatively and have retarded activities.

b) Operational Risks

- Kafein ensures sales revenue mainly from only a single industry. Although Kafein carries out sales transactions of electronic communication companies for more than 15 years, the Company is still subject to the risk of sectoral condensation. Certain issues which may arise in the electronic communication industry may affect Kafein negatively.
- The bidding stage of tenders and the commencement periods of undertaken projects may exceed prescribed times. In general, Kafein makes sales revenue by winning tenders and making project offers to clients. In case of extended bidding stage or longer project periods due to uncontrollable reasons may create a negative impact on the expected profitability of Kafein.
- There may be delays in tender and project preparation and implementation processes: Material errors during the preparation or price and specification evaluation processes of the tenders wherein Kafein ensures participation may lead to a failure in timely performance and/or decrease in profitability from a project.
- There may also be risks due to the location of the head office: The head and the R&D offices of Kafein are situated in the Technopark of Yildiz Technical University which takes place in Esenler, Istanbul. The activities of Kafein may be affected in case authorized bodies decide to move the Technopark or amend the relevant regulation.
- The operations of the softwares and business support systems developed by the Company fail. The operations of the softwares and business support systems developed by Kafein may fail. The Company's personnel may need to put effort for long periods so as to remove these failures.



c) Other Risks

Apart from the foregoing, the Company may be subject to various financial risks due to the activities. These are credit risk, liquidity risk and interest rate risk.

Credit Risk: Credit risk becomes a question when the other party cannot perform its contractual liabilities. For the current period, the Company's other short-term receivables from non-affiliated parties are TRY 1.112.210 while short-term trade receivables from non-affiliated parties are TRY 96.671.131.

Liquidity Risk: Liquidity risk refers to the risk of failure to perform funding liabilities and arises from various reasons that lead to a decrease in fund sources such as undesired market conditions and/or decrease in credit score. For the current period, the Company's short- and long-term liabilities are TRY 98.475.080 and TRY 21.933.057, respectively, which corresponds to TRY 120.408.137 in total.

Exchange Risk: Exchange risk is the effect of the changes in exchange rates. For current period, Company is not under serious exchange risk since it has foreign asset position equals to TRY 10.202.835.

Interest Rate Risk: Interest rate risk may occur when the changes in the interest rates of the market cause fluctuation in the price of financial instruments. Sensitivity to interest rate risk is associated with the inconsistency of the maturities of assets and liabilities to a great extent. The Company manages this risk with a natural measure which is ensured by balancing sensitive assets and liabilities. For the current period, the Company has TRY 13.500.626 cash and cash equivalents which are subject to interest risk.



d) Risk Management

The Company is under industrial condensation risk. Apart from that, the Company risk management plan focuses on the minimization of the negative effects of the uncertainties in financial markets on the Company's financial performance.



VII. DEVELOPMENTS WITHIN AND FOLLOWING THE PERIOD

- An Additional Protocol on Outsourcing is signed with Innova Bilisim Cozumleri A.S. to remain in effect between 01.01.2021 and 31.12.2021.
- On 05.01.2021, The agreement of "The Project of GDPR (Personal Data Protection Regulation) Software Supply Service" is signed with a third-party bank to take effect between 01.01.2021 and 31.12.2021. Total service amount covers 662.750 USD License + 2.050.000 TRY implementation services.
- On 06.01.2021, Our company has become a Micro Focus Platinum Partner by completing the "Reseller Partner Program" certifications within the scope of the Business Partnership Program for the Vertica which is an Integrated Data Analytics product of Micro Focus.
- On 08.02.2021, our company signed a Reseller Agreement with California USA-based Diamanti, Inc. The term of the contract is 1 year and will automatically be extended by 1 year unless the parties terminate it.
- On 05.02.2021, our company signed the Additional Protocol of the Service Framework Agreement with Garanti Faktöring A.Ş. within the scope of software consultancy which will remain in effect until 31.12.2021.
- On 11.02.2021, a consultancy contract additional protocol is signed with Istanbul Medipol University to remain in effect until 01.10.2021 within the scope of the "Smart Platform for the Treatment and Follow-up of Parkinson's Disease" developed by our company.
- 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.
- On 19.02.2021, our company signed the Outsourcing Agreement Additional Protocol with Allianz Sigorta A.Ş. to remain in effect between 01.01.2021-01.01.2022.
- In the Board of Directors' meeting held on 19.01.2021 with the decision number of 2021/02, Due to the expiration of the current registered capital ceiling by the end of 2020; It has been decided to apply to the Capital Markets Board and T.R. Ministry of Commerce in order to complete legal procedures for attached amendment of Article No. 7 of the Company's Articles of Association with the heading "Capital" for the purpose of the Extension of the Registered Share Capital Ceiling Validity Period from 2021 to 2025 (5 years) by increasing the current capital ceiling from 50.000.000 TRY to 200.000.000 TRY where our company adopts the registered capital system upon the permit no. 21/279 by the Capital Market Board dated 30.06.2016. The application has been approved by the Capital Market Board on 15.02.2021 and by T.R. Ministry of Trade on 25.02.2021. It is accepted



on general assembly dated 12.04.2021 and has been registered by the Istanbul Trade Registry Office as of 15.04.2021.

- On 22.03.2021, an additional protocol on "Software Consultancy and Adaptation Projects Procurement" is signed Ziraat Teknoloji A.Ş, which will remain in effect until 28.02.2022.
- On 22.03.2021, an additional protocol on "IT Infrastructure Consulting Service Projects " is signed Ziraat Teknoloji A.Ş, which will remain in effect until 28.02.2022.
- On 30.03.2021, an indefinite outsourcing contract for software development is signed with India-based Wipro Limited.
- An additional protocol on “Robotic Process Automation (RPA) Solution 3-Year License Acquisition” is signed with Turkish Airlines AO on 07.04.2021. The protocol will remain in force between 07.04.2021 – 31.05.2023.
- On 07.04.2021, a 2-year Outsourcing Service Agreement is signed with Global Kapital Group Teknoloji Hizmetleri on "software support for integrating the customer's existing systems with new applications and improving their performance".
- At the meeting of our Company's General Assembly dated 12.04.2021, the proposal of the board of directors regarding profit distribution is accepted, and it is decided to distribute a cash dividend of 1.000.000- TRY (gross). The cash dividend distribution process is completed on 19.04.2021.
- On 19.04.2021, The "Test Data Management (TDM)" product developed by our company has been included in the product catalogue of the global software provider Micro Focus LLC to be sold all over the world, and the relevant product contract is signed on 19.04.2021.
- On 01.05.2021, a 6-month "outsource providing agreement" is signed with Portugal-based Celfocus for the micro-service software development process which will take part in the digital transformation of its customers.
- On 11.06.2021, A 1-year service contract on RPA (Robotic Process Development) is signed with Şölen Çikolata Gida Sanayi Tic. A.S.
- On 15.06.2021, our company has been elected as the "Vice Chairman of the Board of Directors" (Represented by Mr. Ali Cem Kalyoncu) and co-signatory by our %11 affiliate Papilon Savunma Teknoloji ve Tic. A.Ş. based on their board decision numbered 2021/19.
- On second quarter, by completing necessary trainings and accreditations, our company has become an Authorized Solution Partner with Microfocus International Plc – Arcsight (Log Management and Security Operations); Mantis Software (Dynamic Data Masking,



Database Monitoring and Firewall) and NetWitness Software - RSA (Network, Endpoint Threat Detection and Response) products.

- Kafein Software took its place in the list of "Turkey's 250 Companies with the Highest R&D Expenditures" organized by Turkishtime Economy and Business Culture Portal on 23.06.2021, with a total R&D investment of 13.901.821 TRY in 2020. (<https://turkishtimedergi.com/arge250/>)
- On 01.07.2021, an authorized business partnership agreement is signed with Inter-Tech Bilgi İşlem ve Pazarlama Tic. A.Ş. to remain in effect until 01.07.2022.
- On 09.07.2021, "Agile Solution & SDLC Turnkey Projects Work Order Extension" is signed with a third-party Telekom company. With this contract, the number of our personnel working in the relevant Telecom company has exceeded 180 people.
- Within the scope of the business partnership agreement signed with California-based Couchbase Inc., an order form is received for LC Waikiki Mağazacılık Hizmetleri Ticaret A.Ş. on 12.07.2021. The relevant service amount is \$45.300
- In July 2021, the Company won the tender on GDPR Compliance Software Supply issued by the Devlet Hava Meydanları İşletmesi Genel Müdürlüğü ("DHMI").
- To be valid from 02.08.2021 until 15.09.2021, a Consultancy Service Agreement on RPA training for customer teams is signed with the Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.
- On 24.08.2021, Our %51 subsidiary Karmasis Bilisim Cozumleri Tic. A.S. has decided to become a founding partner in the company "Karmasis Azerbaijan MMC" with %20 participation rate over a total establishment capital of 10.000 USD, which will be operated in the field of cyber security and established at the address "Azerbaijan, Baku. Nizami Street 92. Arena". Registration procedures regarding the establishment of Karmasis Azerbaijan MMC company were completed on 14.01.2022 and the establishment is registered.
- On 01.09.2021, a patent application was made to the Turkish Patent and Trademark Office for the project titled "Parkinson Tracking System and Method" by our company. In particular, the invention relates to a system and method that evaluates the disease level with the help of artificial intelligence, enabling patients to perform and evaluate UPDRS (Unified Parkinson's Disease Rating Scale) tests independently of time and place.
- The company signed a Partnership Agreement on "Services and Staffing Supply" in the Test area with a third-party global software services provider based in the USA, to be effective on 01.09.2021. The contract is indefinite and will remain in effect until terminated.



- On 06.09.2021 An additional service agreement is signed with the Kale Holding A.Ş. for the provision of additional licenses, robots, and services regarding the current Robotic Process Automation services.
- On 08.09.2021, In accordance with the article 4.2.8 of Corporate Governance Communiqué, Executive Liability Insurance Policy is extended with a validity from 03/09/2021 to 03/09/2022 with the total liability amount of 3.000.000 USD.
- On 08.09.2021, The service agreement is signed with Mapfre Sigorta A.Ş. to remain in affect until 07.09.2022 based on the subject of Business Analyst Outsource Service.
- On 14.09.2021, the "Etisalat Data Tokenization Project" agreement on Encryption of Dubai Etisalat Telecom Hadoop Environment is signed with United Arab Emirates-based TechVista Systems LLC. The service revenue is 146.000 USD.
- A 1-year Partnership Service Agreement is signed with the Ithinka Bilişim Yazılım Danışmanlık Hizm. Tic. Ltd.
- To be valid between 15.09.2021 and 15.09.2022, an “E-Commerce Market Place Additional Agreement” is signed with the third-party Telekom company on the provision of Digital Channels Marketplace and E-commerce Application Development services. With this contract, the number of our personnel working in the relevant Telecom company has exceeded 90 people. The approximate annual value of the contract is 3.500.000 TL.
- On 05.10.2021, “GDPR Program and GD Inventory Management and Disposal Project Phase 3 Work Order” is signed with a third-party Telecom company. The project amount is 2.350.000 TL.
- Within the Digital Services Team of a third-party Telecom company, a team of 6 people is assigned to work on domestic and international projects, a team of 3 people is assigned to work on the development of Mall & Supermarket applications, a team of 4 people is assigned to work on Campaign Analytics and Management, and a team of 4 people is assigned to work on front-end development for websites and applications, a team of 2 people is assigned to work within the scope of the management and monitoring of Devops systems, equally a total of 19 of our personnel are placed within customer location. “Warehouse Counting Application Software Project” with a revenue of 350.000 TL and a “Dunning Assurance Project” with a revenue of 300.000 TL are signed within the same third-party Telekom company, and the current RPA (Robotic Process Automation) service which is providing by our company is passed to the 5th Phase.

Within the scope of the Kafein Test Academy program, a two-month training program is provided by our company to 10 new graduates in the field of Software-Testing, to be evaluated in test positions and mainly placed at our third-party Telecom company customer.



- On 25.10.2021, our company became the Authorized Solution Partner of McAfee LLC, a global online security company, within the framework of the "McAfee Partner Program".
- On 26.10.2021, the application of the project ARB-SIB (Absolute Real-time Threat Protection for Smart Infrastructures and Smart Buildings) was approved and labeled under EURIPIDES2 -PENTA 2021 Joint Call. The application was made with a consortium. The relevant consortium consists of the following companies: Wedge Networks, Inc. - Canada, ThinkRF - Canada, Mavinci Bilişim Sanayi ve Ticaret A.Ş. - Turkey, Bewell Teknoloji Sanayi ve Ticaret A.Ş. - Turkey, Kafein Yazılım Hizmetleri Ticaret A.Ş. - Turkey, Oredata Yazılım Limited Şirketi - Turkey, Karel Elektronik San. ve Tic. A.Ş. - Turkey, Televés - Spain, Hopu - Spain, ISS RFID sp. z o.o. - Poland and Gdańsk University of Technology - Poland.
- Our company has been selected as the "Solution Partner of the Year" for 2021 by the global software provider Micro Focus LLC in the field of "Data Security and Protection".
- On 09.11.2021, the Company became the Platinum Sponsor of the "Micro Focus Virtual Realize Tour" event where information technology trends are the subject.
- On 12.11.2021 a contract on GDPR Personal Data Discovery, Data Inventory Management and Data Dictionary Management was signed between Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. and the Company.
- In December 2021, the Company became a Micro Focus Platinum Partner by completing the "Reseller Partner Program" certification within the scope of the Business Partnership Program for the ITOM product group of Micro Focus.
- On 01.12.2021, a one-year GDPR License Procurement contract was signed between the Company and Garanti Filo Yönetim Hizmetleri A.S. to be valid between 30.09.2021 - 30.09.2022.
- On 02.12.2021, a patent application was made by our company to the Turkish Patent and Trademark Office for the project titled "An Online Pre-Interview System and Method". The invention relates to an online interview system and method to be used in the human resources sector, which can provide data to the human resources specialist about the candidate by checking the compatibility of job applicants for certain positions, and thus suggest which candidates can be called for a physical interview.
- On 17.12.2021, our company won the tender on "License and Maintenance Agreement for a Group of Software Products" organized by a third-party telecom company. The tender revenue is 37.750.000 TL and covers a 3-year service period.
- On 22.12.2021, a Playstore Agile MS project contract was signed with a third party telecom company with a total value of 596.160 TL + VAT.



- To be valid between 01.01.2022 - 31.12.2022, An Outsourcing Service Agreement was signed with a third-party insurance company with a total value of 2.950.000 TL.
- On 01.01.2022, a consultancy and service agreement was signed between the Company and “OTD Uluslararası Bilisim Teknolojileri Teknik Destek ve Danismanlik Tic. Ltd”, as Aromsa Besin Aroma ve Katki Maddeleri San. Tic A.S to be the end-user and to be valid until 31.12.2024.
- According to the Board of Directors Decision dated 24.01.2022 and numbered 2022/01, It is decided to move the company's head office address from "Yıldız Teknik Üniversitesi Teknoloji Geliştirme Bölgesi Davutpaşa Kampüsü C1 Blok K 2 No 403 Esenler İstanbul" to "Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No: 151/1B İç Kapı No: B01 Esenler İstanbul". The address change is registered by the Istanbul Trade Registry Office and published in the Turkish Trade Registry Gazette numbered 10507 and dated 01.02.2022.
- Within the scope of the Cyber Security Products Test and Certificates of the Turkish Cyber Security Cluster which is established under the T.R. Presidency of Defense Industries, the SIEM (Security Information and Event Management) Certification is received by our %51 subsidiary Karmasis Bilisim Cozumleri Tic. A.S on 11.02.2022.

VIII. OTHER ISSUES

On 18.01.2022, constituent changes of BIST Dividend indices were decided by Borsa İstanbul Management for the February 1, 2022 - January 31, 2023 period and Kafein Technology is placed within BIST Dividend Indices.



IX. CORPORATE GOVERNANCE COMPLIANCE REPORT 2021

PART I - CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Corporate Governance Compliance Report of 2021 is attached to this statement as assessed by the Corporate Governance Committee.

Kafein Yazılım Hizmetleri Ticaret A.S., (“Kafein Yazılım” and/or “the Company”) adopts the rules of equality, transparency, accountability and responsibility indicated under the Corporate Governance Principles (“Principles”) issued by the Capital Markets Board (“CMB”) of Turkey and operates with the precise implementation of these rules.

As regards the operations, the Company showed utmost care in 2021 for the regulations under the Corporate Governance Principles which is an annex to “Corporate Governance Communiqué” no. II-17.1 of CMB. On 21.01.2019, process for the determination of the committees under the Corporate Governance Communiqué was conducted and the election was held in accordance with the regulations. The established committees then actively proceeded with operations. With a General Assembly Information Letter, the issues regarding the General Assembly (such as preferred shares, voting rights and organizational changes which must be announced according to the principles) are submitted to the information of investors 3 weeks before General Assembly meetings. The policies and the working principles of the committees created under the Corporate Governance Principles can be found on our website.

Kafein Yazılım believes in the significance of strict compliance with the Corporate Governance Principles. Even though Kafein Yazılım does not ensure full compliance with some voluntary items, full compliance for compulsory principles has been established as of 31.12.2021, except for principle 4.3.2. Administrative, legal, and technical adaptation processes are currently continuing for the compliance of these principles. Upon the completion of such works, the compliance procedure regarding the regulations of the Corporate Governance Principles will be completed in every aspect.



PART II – SHAREHOLDERS

2.1 Investor Relations

The Investor Relations Department of the Company operates as regards to the execution of shareholding rights and carries out activities for the communication between the Board of Directors and current and potential shareholders and the performance of the necessary procedures thereto in compliance with the Corporate Governance Rules of CMB. The information regarding the department carrying out investor relations is as follows:

Zehra Uluç

Investor Relations Manager

Tel: 0212 924 20 30

Fax: 0212 483 70 27

E-mail: yatirimci@kafein.com.tr

Capital Markets Board Activities, Level 3 License (License no: 903877)

Corporate Governance Rating License (License no: 903878)

By the Investor Relations Department, material events are immediately announced to the public and the responsibilities against the regulatory authorities such as the Istanbul Stock Exchange and CMB are fulfilled. The financial statements, its footnotes, operational and financial activity results are quarterly submitted to the Public Disclosure Platform and are also published on the website of the Company. The partners, corporate investors and investment institutions reply to the requests for information during the year via telephone and e-mail. The Investor Relations Department provides annual reports regarding the works of the unit to the Board of Directors and shows the necessary sensitivity to inform the Board of Directors and senior management about the related developments.

The Duties of the Investor Relations Department

- Arising out of the regulations, the primary duties of the Investor Relations Department are as follows:
- To ensure sound, secure, and updated records of the correspondence between investors and the Company and other relevant information and documents,
- To provide response to the written information requests concerning the Company by the Company's shareholders, current and potential investors and analysts,
- To prepare the documents to be submitted to the information and examination of the shareholders as regards to the general assembly, and to take necessary measures in order to ensure that general assembly meetings are held in conformance with the relevant regulations, the articles of association and other partnership regulations,



- To observe and monitor the performance of the liabilities under the capital market regulation including corporate governance, public disclosure, and any other subject therein,
- To regularly review and, if necessary, update the contents of the “Investor Relations” page on the website,
- To evaluate and reply to the questions by investors and analysts, make tete-a-tete interviews when necessary or attend the conferences and meetings held in this context,
- To observe and monitor any and all developments regarding the public disclosure regulation and, in this context, prepare and submit specific condition explanations which must be served to the Public Disclosure Platform,
- To respond to the questions and information requests sent via telephone or e-mail by current and potential Turkish and foreigner investors to the extent permitted by the legal regulations,
- To prepare quarterly reports for the Company’s activities of a relevant period and the financial condition,
- To make a list of the persons who have access to internal information and ensure the updates thereto, and
- To monitor the information in the Central Registry Agency including the Registry System.

2.2 Execution of the Right to Information by the Shareholders

All requests for information delivered to the Investor Relations Department are meticulously responded without any discrimination among the shareholders provided that such information is not a trade secret or undisclosed information. In this sense, clear, neat, and detailed written and verbal information was provided via telephone and e-mail to information requests delivered by the shareholders. The Company made its best to respond to each and every question as long as these did not relate to trade secrets.

Apart from this, investors are able to access any kind of complete, accurate and updated data from the “Investor Relations” page on (www.kafein.com.tr) website of the Company. The instruments used to announce the developments to investors which would affect the execution of the rights of the shareholders are shared on the Company’s website and with the material event disclosure made through the Public Disclosure Platform.

The request of the shareholders as regards to private auditor assignment has not been regulated as a personal right in the company’s articles of association yet, and no private auditor assignment has been conveyed to the Company.



2.3 General Assembly Meetings

The ordinary general assembly of the Company meets at least once in a year and, at the latest, within three months following the end of a financial period. The general assembly discusses and takes decisions about the agenda items prepared by the board of directors in consideration of article 413 of Turkish Code of Commerce. The notifications and notices for the general assembly meetings are announced via all means of communication tools including electronic instruments, which can ensure that the highest possible number of shareholders are notified, by taking into consideration the minimum times defined by Turkish Code of Commerce, the Capital Markets Board and relevant legal regulations.

In this sense, the General Assembly meeting for 2020 was held at 09:00 o'clock on 12.04.2021 at Yildiz Teknik Universitesi Teknoloji Geliştirme Bölgesi Davutpasa Kampüsü C1 Blok Kat 2 No:403 Esenler, İstanbul, Turkey. The necessary quorum was present for the General Assembly meeting to be held. On such date, the meeting was carried out under the observance of a Ministerial Representative and in conformance with the provisions of "the Regulation on the General Assemblies of Joint Stock Companies to be Held Online and "the Communiqué on the Online General Assembly System (EGKS) to be Implemented at the General Assemblies of Joint Stock Companies".

The decisions taken during the meeting were as follows:

1. The Activity Report for the financial period of 2020 has been agreed.
2. The Independent Audit Report for the financial period of 2020 has been agreed.
3. The Financial Statements for the financial period of 2020 have been agreed.
4. The members of the Board of Directors are separately acquitted for their expenses and activities of 2020.
5. It has been unanimously agreed to distribute the dividend corresponding to TRY 1.000.000 in total, among the shareholders in proportion to their shares after assigning from the profit of 2020 the amounts to be reserved / paid according to the laws and the articles of association, and to establish the date of cash dividend distribution as 19.04.2021.
6. It has been agreed to pay TRY 5.750 to the independent board members as an attendance fee. It has been agreed to reject the attendance fee payment to the Chairman and the other board members.
7. In accordance with the Corporate Governance Principles, the shareholders were informed within the scope of footnote 6 of the financial statements that a payment of 3.610.964 TL



was made within the scope of the wages and benefits provided to the members of the board of directors and senior managers within the scope of the company's wage policy.

8. The General Assembly was informed that there was no income or benefits obtained through guarantees, pledges, mortgages and sureties given in favor of third parties in 2020.
9. Concerning the financial period of 2021, it has been agreed to assign Kavram Bagimsiz Denetim ve Danismanlik A.S. as the Auditor to carry out auditing services and other activities under the Turkish Code of Commerce, the Capital Markets Regulation and other relevant regulations.
10. The shareholders have been informed that no donation is made in 2020. An upper limit of TRY 100.000 has been determined for 2021 according to the submitted proposal.
11. As per articles 395 and 396 of Turkish Code of Commerce, it is allowed that the members of the Board of Directors can do business with the Company, perform the works under the fields of activity of the Company in person or on behalf of others and be partners with other companies that perform such works. As per the Corporate Governance Rule no. 1.3.6. issued by the Capital Markets Board, the shareholders are notified that there is no such transaction carried out within 2020.
12. Ali Cem Kalyoncu, Neval Önen, Kenan Sübekci, Hatice Sevim Oral, Yüce Erim and İbrahim Semih Arslanoğlu were elected as members of the Board of Directors for a period of 3 years.
13. The amendment to article 7 titled "Company's Capital" of our Company's Articles of Association which aims to extend the due date for authorized capital to 2025 and increase the authorized capital to 200.000.000 TL, has been approved.

2.4 Voting Rights and Minority Rights

Among the participants of ordinary or extraordinary General Assembly Meetings, each and every shareholder of Group A and B has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right.

The shareholders may decide to assign an attorney to represent them in General Assembly meetings. The attorneys who are also the shareholders of the Company can vote for the shares of the represented shareholders as well as for their own shares. The Capital Markets Regulation shall apply for the voting and proxy voting procedures.

Secret and written voting may be applied upon the request of the shareholders who represent shares equal to at least one-tenth of the capital.



2.5 Dividend Right and Profit Distribution Policy

After the deduction of the amounts which must be paid and reserved by the Company (such as the general expenses and sundry depreciation items), the amounts to be paid against compulsory taxes and, if any, the losses of a previous year, the remaining net profit of the revenues established at the end of a financial period is distributed as follows:

General Legal Reserves:

a) 5% is allocated as legal reserves.

First Dividend:

b) As per Turkish Code of Commerce and the Capital Markets Regulation and in accordance with the profit distribution policy of the Company, the first dividend is allocated on the amount to be calculated with the addition of the donation amount, if any, to the remaining balance.

c) After the foregoing deductions, the General Assembly may agree to distribute the dividend to board members, partnership staff and other persons excluding shareholders.

Second Dividend:

d) After the deduction of the amounts specified under paragraphs (a), (b) and (c) herein, the General Assembly may decide to distribute, in part or as a whole, the remaining balance as the second dividend or, as per article 521 of Turkish Code of Commerce, to allocate as legal reserve.

General Legal Reserves

e) After deducting 5% of the capital as dividend from the amount to be distributed to the shareholders and other participants of the profit, ten percent of the remaining balance is added to general legal reserves as per paragraph 2, article 519 of Turkish Code of Commerce.

As long as the legal reserves and the dividends are not allocated as specified in Turkish Code of Commerce, the articles of association or the profit distribution policy, no further legal reserve can be assigned or carried out to a next year and no dividend can be given to board members, partnership personnel and other persons excluding shareholders. Furthermore, the foregoing persons cannot receive shares from profit as long as the dividend allocated for the shareholders are paid in cash.

Dividends are equally distributed for each and every share that are present on the date of distribution regardless of the dates of issuance and acquisition of such shares.



As per the provisions of the articles of association, the dividends given by the general assembly are irrevocable.

As per the provisions of the relevant regulation, the Board of Directors can distribute one or more advance dividends within a financial year in compliance with the Turkish Code of Commerce and the Capital Markets Regulation.

The mode and time of an established profit distribution must be decided by the general assembly upon the proposal of the board of directors in consideration of the Capital Markets Regulation.

The Board of Directors must distribute dividend advances in times prescribed by the Turkish Code of Commerce, the Capital Markets Law, and the relevant regulations.

Profit Distribution Policy

In accordance with the legislations, regulations and decisions issued under the Profit Distribution Policy, Turkish Code of Commerce, the Capital Markets Law and the Capital Markets Board and with the relevant provisions of Tax Procedure Law, Kafein Yazılım Hizmetleri Ticaret A.S. (Kafein) determines Corporate Governance applications in conformance with the strategies and financial plans of Kafein and in consideration of the Turkish economy and the sectorial conditions by paying regard to the sensitive balance between the expectations of the shareholders and the needs of Kafein.

The principles of profit distribution by Kafein are explained under article 17 of the Articles of Association.

As a principle, Kafein determines the amount of the dividends to be distributed in accordance with the decisions of the General Assembly which are taken in compliance with the provisions of Turkish Code of Commerce and the relevant provisions of the Capital Markets Law and the Articles of Association and ensures that these are equal to or higher than the amounts prescribed by the Capital Markets Board.

Kafein conforms to the regulations of the Capital Markets Board according to the terms of profit distribution. No privilege applies for the profit distribution by Kafein, and profit is distributed equally for all the shares.

In case the Board of Directors proposes to the General Assembly that profit should not be distributed, the General Assembly informs the shareholders during meetings about the grounds of non-distribution and the mode of use of retained profit. Similarly, such information is also shared with the public by publishing it on activity reports and the website.



This policy entered into force with the Board of Directors Decision dated 31.01.2019 and numbered 2019/03 and was approved in the Ordinary General Assembly of 2018 dated 15.03.2019. Later on, the amendments are also disclosed to the public by showing them on activity reports or publishing on the website.

2.6 Share Transfer

The transfer of the Group A and B registered shares is subject to the approval of the Board of Directors, and the provisions of the article 493 of Turkish Code of Commerce shall apply thereto. On the other hand, Group C bearer shares can be transferred freely without any restriction. The articles of association are available at www.kafein.com.tr under the Investor Relations menu.



PART III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Information Policy

Kafein Information Policy entered into force with the decision of the Board of Directors dated 28.05.2018 and numbered 2018/20.

The Information Policy of the Company has been issued to offer accurate, timely, complete, comprehensible, equal, and easily accessible non-confidential information and the developments about the Company's former performance, future plans, expectations, strategy and target by observing the balance between transparency and the interests of the Company in order to help the shareholders and stakeholders make decisions. The Information Policy is available at www.kafein.com.tr under the investor relations menu.

3.2. Corporate Website and its Contents

The Company's website is www.kafein.com.tr, and the Investor Relations menu incorporates the subjects specified under the Corporate Governance Rules of the Capital Markets Board (CMB). The website was created to provide clear, definite, and immediate information available for the shareholders, stakeholders and all the public. The information on the website is continuously updated.

The information on the website is offered in Turkish and English.

3.3. Activity Report

The Company's activity reports are prepared in compliance with the legal regulations so as to ensure that the public is informed in time, accurately and completely about the operations of the Company. As per Item 8. of the Corporate Governance Communiqué of the Capital Markets Board (II-17.1), Annual Activity Reports mentioned whether the Corporate Governance and Sustainability Principles are implemented or not. It also covers the additional information which is requested in the annex of the same Communiqué numbered 2.2. Corporate Governance Principle.



PART IV- STAKEHOLDERS

4.1. Notification of Stakeholders

As specified under the relevant sections of the Corporate Governance Rules by the Capital Markets Board, stakeholders are provided with fair, reliable, and public information about the conditions of the Company in accordance with the public information rules. In this sense, the Company notifies the public with regard to all the significant developments in accordance with the relevant regulations. The Company shows utmost attention to comply with the provisions of the relevant regulations which safeguard the rights of stakeholders, and to protect the capital of the Company. The corporate governance applications and ethical rules of the Company secure the rights of stakeholders that are established with the regulations and contracts. Stakeholders may convey illegitimate and unethical transactions to the Company through the Corporate Governance Committee, Audit Committee, the heads of the committees and the independent members.

The Stakeholder Policy is available at www.kafein.com.tr under the investor relations menu.

4.2. Participation of Stakeholders

The articles of association do not include any provision regarding the participation of stakeholders in management. However, the directors evaluate the requests and recommendations transmitted through the employees and develop policies and applications thereto.

4.3. Human Resources Policy

The human resources policy of the Company aims to create a competent organization consisting of loyal employees and ensure that Kafein Yazılım Hizmetleri Ticaret A.S. is a preferred company. To this end, the Company dwells on continuous improvement principle as regards to the following main strategic priorities:

- Ensuring equal opportunities to the candidates with equal conditions in employment, training, development, wage, and career planning
- Approaching equally to the employees with regard to development and promotion and creating development policies and plans so as to improve the knowledge, skills and experiences of the employees.
- Developing main organizational competencies which may potentially enhance competitive capacity.
- Promoting loyalty and performance
- Building a common company culture which incorporates variety and benefits from such tapestry.



Kafein Yazılım Hizmetleri Ticaret A.S. ensures, promotes and rewards continuous development and high performance in all human resources systems such as labour requirement planning, employment, labour placement, performance management, talent management, training and development management, wage and allowance management, and reward management.

In this regard, employee development is a part of the personal goals of both the directors and the employees, and their performance is calculated according to this personal development.

Not only knowledge and skill development but also competence development is featured for development and high performance. We believe that it is significant to serve an example as a clear, fair, sensitive, and developing company which protects the pecuniary and non-pecuniary rights of employees and considers their opinion and advice to ensure continuous development and high performance.

Kafein Technology commits to fully comply with the Universal Declaration of Human Rights, ILO (International Labor Organization) Conventions ratified by Turkey, and the legal framework and legislations which are regulating human rights and working life in Turkey.

4.4 Corporate Social Responsibility Policy

Kafein Corporate Social Responsibility Policy entered into force with the Board of Directors Decision No. 2018/20, dated 28.05.2018.

Kafein Yazılım adopts social responsibility awareness in all activities as a key element of the management concept. With sustainable growth, the original purpose of Kafein Yazılım is to perform the responsibilities towards the public and the environment. Kafein Yazılım pays regard to realizing these responsibilities in all the relevant industries and in collaboration with the shareholders, employees, governmental and non-governmental organizations, and other stakeholders.

Kafein Yazılım prioritizes continuity, takes decisions based on economic criteria with the purpose of creating value for the shareholders and ensures the management of resources and assets in the most efficient way with an accountability approach.

4.5. Quality Policy

Kafein Yazılım Hizmetleri Tic. A.Ş. The principles of the Quality Policy are as follows:

- To provide solutions and professional approaches to our customers' Software and Consultancy needs in the field of Information Technologies.



- To understand and interpret customer needs and expectations in the best way and to provide the necessary support in a fast and high-quality way.
- To ensure the participation of all our personnel to the requirements of the ISO 9001 Quality Management System, to work in accordance with the standards stipulated by the conditions.
- To complete all our services on time and within the framework of the conditions we undertake
- To adopt continuous improvement and development as our basic philosophy, rather than maintaining our current position.
- To ensure the participation of employees in necessary training, events, meetings, and seminars in order to support their professional and social development.



PART V- BOARD OF DIRECTORS

5.1. The Board of Directors and its Structure

To enable efficient and constructive activities, fast and rational decisions, establishment of committees and efficient organization of activities, the Board of Directors of the Company is assigned by the general assembly to consist of 6 to 8 members.

In case the number of members of the Board of Directors consists of 6 or 7 people; 2 members are selected among the A group shareholders or the candidates they will appoint; 1 member is selected among the B group shareholders or the candidates they will appoint. If the number of members of the Board of Directors consists of 8 people, 3 members are selected among the A group shareholders or the candidates they will nominate; 1 member is selected among the B group shareholders or the candidates they will appoint.

The number and qualifications of the independent members who will take place in the Board of Directors are determined according to the regulations of the Capital Markets Board regarding Corporate Governance.

A person selected from among the Group A shareholders or the candidates they will nominate serves as the Chairman of the Board of Directors. A person selected from among the B Group shareholders or the candidates they will nominate shall serve as the Deputy Chairman of the Board of Directors.

As of 31.12.2021, the Board of Directors of Kafein Yazilim consists of the following members.

| Kafein Yazilim Hizmetleri Ticaret A.S. Board of Directors | |
|--|--------------------------|
| Ali Cem Kalyoncu | Board Chairman |
| Neval Onen | Vice Chairwoman |
| Hatice Sevim Oral | Board Member |
| Kenan Subekci | Board Member |
| Ibrahim Semih Arslanoglu | Independent Board Member |
| Yuce Erim | Independent Board Member |



5.2. The Operation Principles of the Board of Directors

The Board of Directors manages and represents the company. The independent members of the board of directors reserve the duties, rights and authorities assigned by the Capital Markets Law and the relevant regulation. The Board of Directors is liable to establish the committees and commissions prescribed by the regulation. Apart from these, the Board of Directors may also create committees and commissions for the management and supervision of the decisions and policies regarding the activities. The regulations of the Capital Markets Law apply for such committees.

The meeting of the Board of Directors is held when it becomes necessary due to the activities and procedures of the Company. The meeting and quorum articles and provisions of the Turkish Code of Commerce apply for the meetings. On the other hand, the regulations by the Capital Markets Law and Capital Markets Board are reserved.

Every year, a fixed wage is determined in ordinary general assembly meetings to be applicable for all the members of the Board of Directors. Regardless of short-term performance, the fixed wages to be made to the Board Members, Senior Management, and the employees of Kafein are determined in compliance with the ethical values, internal balance, and strategic targets of the Company.

24 meetings have been held by the Board of Directors within the period. The Members of the Board of Directors ensured participation by 90 % in these meetings.

On 25.10.2019, In accordance with article 4.2.8 of Principles of Corporate Governance; Executive Liability Insurance policy was signed with the total liability amount of USD 5.000.000. The Policy is extended with a validity from 03.09.2021 to 03.09.2022 with the total liability amount of USD 3.000.000 on 08.09.2021.

5.3 Risk Management and Internal Control Mechanism

The Company's risk management procedure is carried out by the Early Risk Identification Committee established under the Board of Directors. The Committee includes two independent members from the Board of Directors, and the operational principle of the committee is available on the website of the Company. The Early Detection of Risk Committee convenes at least six times a year.

The main risks our company is exposed to are; risks arising from the sector, risks arising from activities and other risks (credit, liquidity, exchange rate and interest rate) are followed under three main headings and the Board of Directors is periodically informed about these risks. Detailed information on risk management can be found in the relevant section of the annual report.



The Company's risk management program generally focuses on minimizing the potential negative effects of uncertainty in financial markets on the Company's financial performance.

5.4 Strategic Targets of the Company

The Company's Board of Directors pays attention to receiving the opinion and advice of relevant departments while identifying strategic targets. The advice for strategic targets is reported to the Board of Directors, and the targets are implemented within the shortest time possible. In this sense, the rate of success is evaluated during financial statement terms and at the end of relevant years by reviewing operations. Once in every year, the Board of Directors holds a meeting to evaluate the rate of success, operations, and former performance of the Company.

5.5 Financial Rights, Remuneration Policy and Compensation Policy

The allowances allocated to the Board Members and the Senior Management in 2021 are as follows:

| Year | Total of Financial Benefits Paid to Chairman of the Board of Directors, Members and Executives at the General Manager Level |
|-------------|--|
| 2021 | 5.174.521 TL |
| 2020 | 3.610.964 TL |
| 2019 | 5.450.325 TL |

- Wage Policy covers all managers and employees at all levels working in Kafein.
- Every year, a fixed wage is determined in ordinary general assembly meetings to be applicable for all the members of the Board of Directors.
- Fixed wages are cash payments in fixed amounts which are regularly and constantly made at certain periods of a year regardless of performance. Such wages are determined by considering the financial status of Kafein and are mainly paid to all employees according to the working time, title, and the nature of the job.
- It is essential that the fixed wages to be given to the Members of the Board of Directors, Senior Management, and employees of Kafein are compatible with the ethical values, internal balances, and strategic goals of Kafein and not associated with short-term performance.



- The senior management of Kafein is responsible to the Board of Directors for the effective execution and management of the company's remuneration practices within the framework of the relevant legislation and this Policy.

Kafein Remuneration Policy entered into force with the Board of Directors Decision dated 28.05.2018 and numbered 2018/20 and was approved at the 2018 Ordinary General Assembly dated 15.03.2019.

The total amount of any and all the rights, benefits and wages provided to the Board members and the senior management is quarterly disclosed to the public in the footnotes of Independent Auditor's Report and Activity Reports.

The provisions of the Labor Law No. 4857 is in force regarding severance and notice pay are applied in our company. The Compensation Policy is published in the investor relations section of the Company's website at www.kafein.com.tr.



KAMUYU AYDINLATMA PLATFORMU

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
Representation Letter (Consolidated)
2021 - 4. 3 Monthly Notification

Summary

Responsibility Statement

Representation Letter

| | |
|--------------------------------|--------------|
| Nature of Financial Statements | Consolidated |
|--------------------------------|--------------|

Related Companies [expand]

Related Funds [expand]

| Representation Letter | |
|--|------------|
| Correction Notification Flag | Hayır (No) |
| Date Of The Previous Notification About The Same Subject | - |
| Board Decision Date and Number for Approval of Financial Statements and Operating Review Report | |
| Board Decision Date | 11/03/2022 |
| Board Decision Number | 2022/06 |
| Representation Letter Prepared According to Item 9, Section 2 of "Principles About Financial Reporting in Capital Market" Communiqué of CMB | |

BOARD OF DIRECTOR'S STATE OF RESPONSIBILITY FOR THE APPROVAL OF FINANCIAL STATEMENTS AND OPERATING REVIEW REPORT SUBMITTED AS PER ARTICLE 9 IN PART 2 IN CAPITAL MARKETS BOARD COMMUNIQUE ON PRINCIPLES OF FINANCIAL REPORTING

- a) We hereby inform you that the consolidated financial statements together with the notes, Activity Report, Sustainability Principles Compliance Report, Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) for the period of 01/01/2021 - 31/12/2021 have been reviewed by us;
- b) Based on the information available to us as a result of our duty at the Company, do not contain any incorrect disclosure on material issues or any insufficiencies that may be misleading as of the date the disclosure is made;
- c) Based on the information available to us as a result of our duty at the Company, the financial statements prepared in accordance with the applicable financial reporting standards and based on the principle of consolidation, reflect fairly on the Company's assets, liabilities, financial standing and profit/loss for the relevant period, and the activity report, again based on the principle of consolidation, reflect fairly on the development of the business, performance and the important risks and uncertainties faced by the Company, and we hereby declare our responsibility for this statement.

Respectfully yours,

Ali Cem Kalyoncu, General Manager

Hatice Sevim Oral, Accounting Manager

Yüce Erim, Chairman of the Audit Committee

İbrahim Semih Arslanoğlu, Member of the Audit Committee

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
Corporate Governance Compliance Report
2021 - Annual Notification

Summary

Corporate Governance Compliance Report

Related Companies □

Related Funds □

| | Company Compliance Status | | | | | Explanation |
|---|---------------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| Corporate Governance Compliance Report | | | | | | |
| 1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS | | | | | | |
| 1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website. | X | | | | | |
| 1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION | | | | | | |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit. | X | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics. | X | | | | | |
| 1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting. | | | | | X | |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X | | | | | |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. | X | | | | | |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak. | X | | | | | |
| 1.4. VOTING RIGHTS | | | | | | |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights. | X | | | | | |
| 1.4.2 - The company does not have shares that carry privileged voting rights. | | X | | | | A and B Group shares have 15 voting rights at the General Assembly. |
| 1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. | | | | X | | |
| 1.5. MINORITY RIGHTS | | | | | | |
| 1.5.1 - The company pays maximum diligence to the exercise of minority rights. | X | | | | | |
| 1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights. | | X | | | | There is no arrangement about the subject in the Company's Articles of Association. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website. | X | | | | | |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X | | | | | |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item. | | | | X | | |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company. | X | | | | | |
| 1.7. TRANSFER OF SHARES | | | | | | |
| 1.7.1 - There are no restrictions preventing shares from being transferred. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1. | X | | | | | |

| | | | | | |
|--|---|--|--|--|--|
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | X | | | | |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content. | X | | | | |
| 2.2. ANNUAL REPORT | | | | | |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities. | X | | | | |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2. | X | | | | |
| 3.1. CORPORATION'S POLICY ON STAKEHOLDERS | | | | | |
| 3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles. | X | | | | |
| 3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website. | X | | | | |
| 3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues. | X | | | | |
| 3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner. | X | | | | |
| 3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT | | | | | |
| 3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management. | X | | | | |
| 3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. | X | | | | |
| 3.3. HUMAN RESOURCES POLICY | | | | | |
| 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions. | X | | | | Equality of opportunity has been defined in the company's human resources policy but a succession plan has not been prepared for key management positions. |
| 3.3.2 - Recruitment criteria are documented. | X | | | | |
| 3.3.3 - The company has a policy on human resources development, and organises trainings for employees. | X | | | | |
| 3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health. | X | | | | |
| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. | X | | | | |
| 3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration. | X | | | | |
| 3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment. | X | | | | |
| 3.3.8 - The company ensures freedom of association and supports the right for collective bargaining. | X | | | | |
| 3.3.9 - A safe working environment for employees is maintained. | X | | | | |
| 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS | | | | | |
| 3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction. | X | | | | |
| 3.4.2 - Customers are notified of any delays in handling their requests. | X | | | | |
| 3.4.3 - The company complied with the quality standards with respect to its products and services. | X | | | | |
| 3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers. | X | | | | |
| 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY | | | | | |
| 3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website. | X | | | | |
| 3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery. | X | | | | |
| 4.1. ROLE OF THE BOARD OF DIRECTORS | | | | | |
| 4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place. | X | | | | |

| | | | | | |
|--|---|---|---|--|--|
| 4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance. | X | | | | |
| 4.2. ACTIVITIES OF THE BOARD OF DIRECTORS | | | | | |
| 4.2.1-The board of directors documented its meetings and reported its activities to the shareholders. | X | | | | |
| 4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report. | X | | | | |
| 4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity. | X | | | | |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | |
| 4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined. | | X | | | The duty of The Chief Executive Officer (General Manager) and the Chairman of the Board are not separated and they are the same person. |
| 4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders. | X | | | | |
| 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital. | X | | | | |
| 4.3. STRUCTURE OF THE BOARD OF DIRECTORS | | | | | |
| 4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. | X | | | | The minimum target for woman members has not been set in writing. However, this ratio has been reached by our board of directors. |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. | | X | | | The members of the audit committee do not have 5 years of experience in audit / accounting and finance. |
| 4.4. BOARD MEETING PROCEDURES | | | | | |
| 4.4.1-Each board member attended the majority of the board meetings in person. | X | | | | |
| 4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members. | X | | | | |
| 4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members. | | | X | | |
| 4.4.4 - Each member of the board has one vote. | X | | | | |
| 4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board. | X | | | | |
| 4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any. | X | | | | |
| 4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. | | X | | | Members of the Board of Directors are not restricted from undertaking other duties outside the company. However, the duties of the members of the board of directors outside the company were presented to the information of the shareholders in the general assembly meeting information document. |
| 4.5. BOARD COMMITTEES | | | | | |
| 4.5.5 - Board members serve in only one of the Board's committees. | | X | | | Members of the Board of Directors can take part in more than one committee. |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views. | | | X | | |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report. | | | X | | |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members. | X | | | | |

| 4.6. FINANCIAL RIGHTS | | | | | | |
|---|---|---|--|--|--|---|
| 4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. | X | | | | | |
| 4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them. | X | | | | | |
| 4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report. | | X | | | | Remuneration of the members of the Board of Directors and executives with administrative responsibilities are stated collectively in the annual report. |



KAMUYU AYDINLATMA PLATFORMU

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
Corporate Governance Information Form
2021 - Annual Notification

Summary

Corporate Governance Information Form

1. SHAREHOLDERS

Related Companies [expand]

Related Funds [expand]

| 1. SHAREHOLDERS | |
|---|---|
| 1.1. Facilitating the Exercise of Shareholders Rights | |
| The number of investor meetings (conference, seminar/etc.) organised by the company during the year | 12 |
| 1.2. Right to Obtain and Examine Information | |
| The number of special audit request(s) | 0 |
| The number of special audit requests that were accepted at the General Shareholders' Meeting | 0 |
| 1.3. General Assembly | |
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) | www.kap.org.tr/en/ Bildirim/917950 |
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time | Presented |
| The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 | None |
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1) | None |
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1) | None |
| The name of the section on the corporate website that demonstrates the donation policy of the company | Investor Relations - Corporate Governance - Policies - Donations and Aid Policy |
| The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved | www.kap.org.tr/tr/ Bildirim/7480274 |
| The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting | None |
| Identified stakeholder groups that participated in the General Shareholders' Meeting, if any | None |
| 1.4. Voting Rights | |
| Whether the shares of the company have differential voting rights | Evet (Yes) |
| In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. | Ali Cem Kalyoncu %40,48 |
| The percentage of ownership of the largest shareholder | % 25 |

| | |
|--|---|
| 1.5. Minority Rights | |
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association | Hayır (No) |
| If yes, specify the relevant provision of the articles of association. | None |
| 1.6. Dividend Right | |
| The name of the section on the corporate website that describes the dividend distribution policy | Investor Relations - Corporate Governance - Policies - Profit Distribution Policy |
| Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. | None |
| PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends | None |

General Assembly Meetings

| General Meeting Date | The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting | Shareholder participation rate to the General Shareholders' Meeting | Percentage of shares directly present at the GSM | Percentage of shares represented by proxy | Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against | Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them | The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions | The number of declarations by insiders received by the board of directors | The link to the related PDP general shareholder meeting notification |
|----------------------|---|---|--|---|--|---|---|---|---|
| 12/04/2021 | 0 | % 25 | % 25 | % 0 | Investor Relations - General Assembly Information | Investor Relations - General Assembly Information | None | 0 | https://www.kap.org.tr/tr/Bildirim/926752 |

2. DISCLOSURE AND TRANSPARENCY

| | | |
|--|--|---|
| 2. DISCLOSURE AND TRANSPARENCY | | |
| 2.1. Corporate Website | | |
| Specify the name of the sections of the website providing the information requested by the Principle 2.1.1. | | Investor Relations - Main Information, Public Offering Information, Corporate Governance, Financial Reports, Annual Reports, General Assembly Information |
| If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares. | | Investor Relations - Main Information - General Information and Shareholding Structure |
| List of languages for which the website is available | | Turkish and English |
| 2.2. Annual Report | | |
| The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2. | | |
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members | | Information About the Board of Directors and Senior Management |
| b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure | | Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings | | Corporate Governance Principles Compliance Report - Operating Principles of the Board of Directors |
| ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation | | Legislative Changes that may Affect Company Activities |
| d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof | | Information about the On-going Legal Procedures |

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| e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest | Information about the Conflict of Interest Between the Company and the Institutions from which it Receives Services such as Investment Consultancy and Rating |
| f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% | Capital and Partnership Structure |
| g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results | Corporate Governance Principles Compliance Report - Human Resources Policy, Corporate Social Responsibility Policy |

3. STAKEHOLDERS

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| 3. STAKEHOLDERS | |
| 3.1. Corporation's Policy on Stakeholders | |
| The name of the section on the corporate website that demonstrates the employee remedy or severance policy | Investor Relations - Corporate Governance - Policies - Compensation Policy |
| The number of definitive convictions the company was subject to in relation to breach of employee rights | 1 |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism) | HR and Administrative Affairs Directorship |
| The contact detail of the company alert mechanism | info@kafein.com.tr |
| 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management | |
| Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies | Investor Relations - Corporate Governance - Policies - Stakeholder Policy |
| Corporate bodies where employees are actually represented | Company employees can convey their complaints, wishes and suggestions to the management through the "I Have an Idea" application on the company portal. |
| 3.3. Human Resources Policy | |
| The role of the board on developing and ensuring that the company has a succession plan for the key management positions | The Board of Directors is the decision-making mechanism in the appointment of certain senior executives. |
| The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy. | Investor Relations - Corporate Governance - Policies - HR Policy |
| Whether the company provides an employee stock ownership programme | Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme) |
| The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to | |

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| prevent them. Also provide a summary of relevant parts of the human resource policy. | Investor Relations - Corporate Governance - Policies - HR Policy |
| The number of definitive convictions the company is subject to in relation to health and safety measures | 0 |
| 3.5. Ethical Rules and Social Responsibility | |
| The name of the section on the corporate website that demonstrates the code of ethics | Investor Relations - Corporate Governance - Policies - Code of Conduct |
| The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. | Investor Relations - Sustainability - Sustainability Reports |
| Any measures combating any kind of corruption including embezzlement and bribery | Investor Relations - Corporate Governance - Policies - Anti Bribery |

4. BOARD OF DIRECTORS-I

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| 4. BOARD OF DIRECTORS-I | |
| 4.2. Activity of the Board of Directors | |
| Date of the last board evaluation conducted | 26.01.2022 |
| Whether the board evaluation was externally facilitated | Hayır (No) |
| Whether all board members released from their duties at the GSM | Evet (Yes) |
| Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties | Chairman of the Board - Ali Cem Kalyoncu, Deputy Chairman of the Board - Neval Önen, Board Members - Kenan Sübekçi and Hatice Sevim Oral, Independent Board Members - Yüce Erim and İbrahim Semih Arslanoğlu |
| Number of reports presented by internal auditors to the audit committee or any relevant committee to the board | 0 |
| Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls | Activity Report - Risks and Evaluation by the Board of Directors |
| Name of the Chairman | Ali Cem Kalyoncu |
| Name of the CEO | Ali Cem Kalyoncu |
| If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles | www.kap.org.tr/en/ Bildirim/926888 |
| Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital | www.kap.org.tr/en/ Bildirim/962477 |
| The name of the section on the corporate website that demonstrates current diversity policy targeting women directors | None |
| The number and ratio of female directors within the Board of Directors | %33 |

Composition of Board of Directors

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| Name, Surname of Board Member | Whether Executive Director Or Not | Whether Independent Director Or Not | The First Election Date To Board | Link To PDP Notification That Includes The Independence Declaration | Whether the Independent Director Considered By The Nomination Committee | Whether She/He is the Director Who Ceased to Satisfy The Independence or Not | Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not |
|-------------------------------|--|--|----------------------------------|---|---|--|--|
| Ali Cem Kalyoncu | İcrada görevli (Executive) | Bağımsız üye değil (Not independent director) | 16/12/ 2011 | | İlgisiz (Not applicable) | İlgisiz (Not applicable) | Hayır (No) |
| Neval Önen | İcrada görevli (Executive) | Bağımsız üye değil (Not independent director) | 10/04/ 2013 | | İlgisiz (Not applicable) | İlgisiz (Not applicable) | Hayır (No) |
| Kenan Sübekci | İcrada görevli (Executive) | Bağımsız üye değil (Not independent director) | 02/01/ 2012 | | İlgisiz (Not applicable) | İlgisiz (Not applicable) | Hayır (No) |
| Hatice Sevim Oral | İcrada görevli (Executive) | Bağımsız üye değil (Not independent director) | 10/04/ 2013 | | İlgisiz (Not applicable) | İlgisiz (Not applicable) | Evet (Yes) |
| Yüce Erim | İcrada Görevli Değil (Non-executive) | Bağımsız üye (Independent director) | 23/08/ 2016 | www.kap.org.tr/ tr/Bildirim/ 910591 | Değerlendirilmedi (Not considered) | Hayır (No) | Hayır (No) |
| İbrahim Semih Arslanoğlu | İcrada Görevli Değil (Non-executive) | Bağımsız üye (Independent director) | 02/03/ 2018 | www.kap.org.tr/ tr/Bildirim/ 910591 | Değerlendirilmedi (Not considered) | Hayır (No) | Hayır (No) |

4. BOARD OF DIRECTORS-II

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| 4. BOARD OF DIRECTORS-II | |
| 4.4. Meeting Procedures of the Board of Directors | |
| Number of physical board meetings in the reporting period (meetings in person) | 24 |
| Director average attendance rate at board meetings | % 90 |
| Whether the board uses an electronic portal to support its work or not | Evet (Yes) |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter | 2 Days |
| The name of the section on the corporate website that demonstrates information about the board charter | Investor Relations - Corporate Governance - Internal Directives |
| Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors | None |
| 4.5. Board Committees | |
| Page numbers or section names of the annual report where information about the board committees are presented | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| Link(s) to the PDP announcement(s) with the board committee charters | www.kap.org.tr/tr/ Bildirim/734372 |

Composition of Board Committees-I

| Names Of The Board Committees | Name Of Committees Defined As "Other" In The First Column | Name-Surname of Committee Members | Whether Committee Chair Or Not | Whether Board Member Or Not |
|--|---|-----------------------------------|--------------------------------|-------------------------------------|
| Denetim Komitesi (Audit Committee) | | Yüce Erim | Evet (Yes) | Yönetim kurulu üyesi (Board member) |
| Denetim Komitesi (Audit Committee) | | İbrahim Semih Arslanoğlu | Hayır (No) | Yönetim kurulu üyesi (Board member) |
| Kurumsal Yönetim Komitesi (Corporate Governance Committee) | | Yüce Erim | Hayır (No) | Yönetim kurulu üyesi (Board member) |

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|---|--------------------------|------------|---|
| Kurumsal Yönetim Komitesi (Corporate Governance Committee) | İbrahim Semih Arslanoğlu | Evet (Yes) | Yönetim kurulu üyesi (Board member) |
| Kurumsal Yönetim Komitesi (Corporate Governance Committee) | Zehra Uluç | Hayır (No) | Yönetim kurulu üyesi değil (Not board member) |
| Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk) | Yüce Erim | Evet (Yes) | Yönetim kurulu üyesi (Board member) |
| Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk) | İbrahim Semih Arslanoğlu | Hayır (No) | Yönetim kurulu üyesi (Board member) |

4. BOARD OF DIRECTORS-III

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| 4. BOARD OF DIRECTORS-III | |
| 4.5. Board Committees-II | |
| Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website) | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website) | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website) | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website) | Activity Report - Number, Structure and Operating Principles of the Committees Established by the Board of Directors |
| 4.6. Financial Rights | |
| Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) | Activity Report - Corporate Governance Principles Compliance Report - Strategic Goals of the Company |
| Specify the section of website where remuneration policy for executive and non-executive directors are presented. | Investor Relations - Corporate Governance - Policies - Remuneration Policy |
| Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report) | Activity Report - Senior Management and Personnel |

Composition of Board Committees-II

| Names Of The Board Committees | Name of committees defined as "Other" in the first column | The Percentage Of Non-executive Directors | The Percentage Of Independent Directors In The Committee | The Number Of Meetings Held In Person | The Number Of Reports On Its Activities Submitted To The Board |
|--|---|---|--|---------------------------------------|--|
| Denetim Komitesi (Audit Committee) | | % 100 | % 100 | 5 | 5 |
| Kurumsal Yönetim Komitesi (Corporate Governance Committee) | | % 66 | % 66 | 1 | 1 |
| Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk) | | % 100 | % 100 | 6 | 6 |



X. SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT 2021

The Communiqué numbered II-17.1.a on amending the Corporate Governance Communiqué of the Capital Markets Board No. II-17.1 was published in the Official Gazette dated 02.10.2020 and numbered 31262. Within the scope of the amendments made in the Corporate Governance Communiqué, “Sustainability Principles” were introduced, in which compliance is made on a voluntary basis. Kafein Yazılım adopts the Sustainability Principles Compliance Framework on a voluntary basis and aims to comply with all principles in this context. The principles that have not been put into practice are still being worked on, and it is planned to implement the principles in line with the current structure of the Company.

| Principle Category | Code | Principle Number | Principle Explanation | Compliance Status | Explanation | Link |
|--------------------|------------------------------------|------------------|--|-------------------|---|---|
| General | A1. Strategy, Politics and Targets | 1 | The Board of Directors determines ESG material issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; in partnership directives, business procedures etc. can be prepared. The Board of Directors takes decisions for these policies and makes them public. | Full Compliance | Upon the decision and approval of the Board of Directors, the Company has a Corporate Sustainability Policy and it is disclosed publicly. | https://www.kafein.com.tr/images/relations/adfaec36-f94a-4b9b-8168-044c4fae5492.pdf |
| | A1. Strategy, Politics and Targets | 2 | Determines the Company Strategy in line with the ESG policies, risks and opportunities. It determines the short and long term goals in line with the Company strategy and ESG policies and makes them public. | Full Compliance | Partnership strategy and compliance with “ESG” policies, and the short and long term goals are disclosed in the Sustainability report. | ">www.kafein.com.tr/home/investorrelations#> Sustainability Report |



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| A2. Implemen tation/ Monitori ng | 3 | It determines and publicly discloses the committees/ units responsible for the execution of the ESG policies. The responsible committee/unit reports the activities conducted under the policies to the Board of Directors at least once a year and, in any case, within the maximum periods stipulated for the public disclosure of the annual reports in the relevant regulations of the Board. | Full Compliance | In accordance with the Compliance to Sustainability Principles Framework, the Corporate Governance Committee is to carry out Environmental, Social and Corporate Governance “ESG” operations, and to implement and follow up the relevant policies. The Committee reports to the Board of Directors once a year. | > Activity Reports https://www.kafein.org.tr/en/Bildirim/892863 |
| A2. Implemen tation/ Monitori ng | 4 | It develops and publicly discloses implementation and action plans in line with the set short- and long-term goals. | Full Compliance | The Company's sustainability goals and operations are disclosed in the Sustainability Report annually. | > Sustainability Reports |
| A2. Implemen tation/ Monitori ng | 5 | ESG identifies Key Performance Indicators (KPI) and discloses them cooperatively on a yearly basis, and if verifiable data is available, it provides KPIs with local and international industry comparisons. | Partial Compliance | ESG performance indicators are publicly disclosed on the Sustainability Report with its comparisons over the years.. There is no industry comparison available. | > Sustainability Reports |



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| A2. Impleme ntation/ Monitori ng | 6 | It discloses the innovation activities that improve the sustainability performance for business processes or products and services. | Full Compliance | Within the scope of products and services in accordance with integrated management system standards; RBA, ISO 9001, ISO 22301, ISO 27001, ISO 37001 audit results were publicly disclosed. | |
| A3. Reportin g | 7 | It reports and publicly discloses its sustainability performance, goals and actions at least once a year. It discloses the information on sustainability activities within the scope of the activity report. | Full Compliance | Our Sustainability performance, goals and operations are reported and publicly disclosed once a year on Sustainability Report and sustainability activities are disclosed on activity reports. | ">www.kafein.co m.tr/home/inve storrelations#> Sustainability Reports |
| A3. Reportin g | 8 | It is essential to share important information for stakeholders in a direct and concise manner so that they can understand the position, performance, and development of the partnership. It can also disclose detailed information and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders. | Full Compliance | Stakeholder communication is carried through corporate website, annual reports, public disclosure platform (KAP) announcements, and news bulletins. | |
| A3. Reportin g | 9 | It shows utmost care in terms of transparency and reliability. It objectively discloses all kinds of developments about priority issues in disclosures and reports with a balanced | Full Compliance | All reports and announcements are prepared with full transparency and reliability perspective. | |



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| | | | approach. | | | |
| A3. Reportin g | 10 | | It provides information about which of its activities are associated with the United Nations (UN) 2030 Sustainable Development Goals. | Full Compliance | Associations between the Company's activities and the UN Sustainable Development Goals are disclosed in the Sustainability Report. | #> Sustainability Reports |
| A3. Reportin g | 11 | | It makes a disclosure regarding the lawsuits filed against and/or concluded regarding environmental, social and corporate governance issues. | Full Compliance | There isn't any lawsuit against the Company regarding environmental, social and corporate governance issues. The relevant information is disclosed in annual reports under the heading of "Information about the On-going Legal Procedures". | |
| A4. Verificati on | 12 | | If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase the frequency of such verification processes. | Unrelated | | |
| Environ mental | | | It discloses the policies and practices, action | Partial Compliance | Policies and practices in | |



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| B. Environ mental Principle s | 13 | plans, environmental management systems (known by the ISO 14001 standard) and programs in the environmental management field. | | terms of environmental management systems are disclosed in Sustainability Report. We do not have an ISO 14001 standard. | |
| B. Environ mental Principle s | 14 | It complies with environmental laws and other relevant regulations and discloses them. | Full Compliance | Our company complies with environmental laws and other relevant regulations and disclosed them publicly in its Sustainability Report. | |
| B. Environm ental Principles | 15 | It discloses the environmental report constraints in the report to be prepared in line with the Sustainability Principles including the report constraints, reporting period, reporting date, data collection process and reporting conditions. | Full Compliance | | |
| B. Environm ental Principles | 16 | It discloses the highest authority, relevant committees and their tasks in the partnership concerning environment and climate change issues. | Full Compliance | The relevant committee, Corporate Governance Committee, working parties and their tasks are disclosed in the Activity Report. | > Activity Reports |
| B. Environm ental Principles | 17 | It discloses the incentives it offers for the management of environmental issues, including the achievement of objectives. | Full Compliance | | |



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| B. Environm ental Principles | 18 | It discloses how environmental problems are integrated into business goals and strategies. | Full Compliance | The relevant integration is included on our website under the heading of "Environment" in the Electronic Industry Citizenship Coalition Code of Conduct and the annual Sustainability Report. | https://www.kafein.com.tr/images/relations/99d72565-ee0c-4a39-95d2-4b6ca339badc.pdf |
| B. Environm ental Principles | 19 | It discloses the sustainability performance for business processes or products and services and the activities to improve the performance. | Full Compliance | Within the scope of products and services in accordance with integrated management system standards; RBA, ISO 9001, ISO 22301, ISO 27001, ISO 37001 audit results were publicly disclosed. | |
| B. Environm ental Principles | 20 | It discloses how it manages environmental issues not just in terms of direct operations but also along the partnership value chain and how it integrates suppliers and customers into its strategies. | Non- Compliance | While utmost care is taken to comply with environmental policies on the basis of the company and its subsidiaries, infrastructure studies continue for integration on the basis of customers and suppliers. | |



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| B. Environm ental Principles | 21 | It discloses whether its is involved in policy-making processes on environmental issues (industry-specific, regional, national and international), its cooperation with the related associations, organizations and non-governmental organizations it is a member, the tasks it has undertaken and the activities, if any, it supports. | Partial Compliance | Our company is not involved in national, sectoral and regional policy making processes. However, In our annual Sustainability Report, the “International Standards, Initiatives and Certifications” that we comply with are included, additionally the “Associated National and International non-Governmental Organizations” are reported. | |
| B. Environm ental Principles | 22 | In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), it reports information on its environmental impacts in a periodically comparable manner. | Partial Compliance | While there is no Greenhouse Gas, Water and Waste Management Measurement in place, the results of Energy Consumption are published in a comparable manner periodically. | |
| B. Environm ental Principles | 23 | It discloses the standard, protocol, methodology and base year details used to collect and calculate its data. | Full Compliance | | |
| B. Environm ental Principles | 24 | It discloses the status (increase or decrease) of the environmental indicators for the reporting year in | Full Compliance | | |



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| | | comparison with previous years. | | | |
| B. Environmental Principles | 25 | It sets short and long-term targets to reduce its environmental impacts and discloses them. It is recommended that these goals be set on the basis of science as recommended by the United Nations Climate Change Conference of the Parties. It discloses relevant information if there is progress in the reporting year according to the previously set targets. | Full Compliance | Our targets and the progress achieved in the reporting year according to the targets are explained in the Sustainability Report. | |
| B. Environmental Principles | 26 | It discloses its strategy and actions to combat the climate crisis. | Partial Compliance | Although the company does not have a direct climate crisis response policy, the relevant strategies and actions are mentioned in the sustainability policy. | |
| B. Environmental Principles | 27 | It discloses programs or procedures to prevent or minimize the potential negative impact of products and/or services it offers; also, it discloses its actions to make third parties reduce their greenhouse gas emissions. | Partial Compliance | Our company activities are managed in compliance with the legislation within the scope of international certifications. We do not have any action to reduce the greenhouse gas emissions of third parties. | |



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| B. Environm ental Principles | 28 | It discloses the total number of its actions, projects and initiatives it carries out to reduce its environmental impacts as well as their environmental benefits/gains and cost savings. | Partial Compliance | While our Environmentally friendly R&D Projects and In-house Developed Applications that save paper and energy are disclosed on Sustainability Reports, environmental gain/benefit has not been quantified. | |
| B. Environm ental Principles | 29 | It reports the total energy consumption data (excluding raw materials) and discloses the energy consumption under Scope-1 and Scope-2. | Partial Compliance | Electricity consumption data is stated on the basis of KWH. (kilowatt) | |
| B. Environm ental Principles | 30 | It provides information on electricity, heat, steam and cooling generated and consumed throughout the reporting year. | Partiel Compliance | Electrical data is broadcast. | |
| B. Environm ental Principles | 31 | It conducts and discloses research on increasing the use of renewable energy, transition to zero or low-carbon electricity. | Non- Compliance | There is no study on Renewable Energy. | |
| B. Environm ental Principles | 32 | It discloses the renewable energy production and usage data. | Non- Compliance | There is no study on Renewable Energy. | |



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|---------------------------------------|----|---|-----------------------|--|--|
| B. Environm ental Principles | 33 | It devises energy efficiency projects and discloses their energy consumption and emission savings. | Partial Compliance | Energy consumption data is published in our Sustainability Report. The amount of emission reduction is not measured. | |
| | 34 | It reports the amount, sources and procedures for water withdrawn, used, recycled and discharged from underground or surface waters (total water withdrawal by source, water sources affected by withdrawal, percentage and total volume of recycled and reused water, etc.). | Non- Compliance | Water data is not measured. | |
| | 35 | It discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax). | Unrelated | Our activities are not included in any carbon pricing system. | |
| | 36 | It discloses information on the carbon credit accumulated or purchased during the reporting period. | Unrelated | No such statement has been made. | |
| | 37 | It discloses the details if carbon pricing is applied within the partnership. | Unrelated | There is no such pricing, and no explanation has been given. | |
| | 38 | It discloses all compulsory and voluntary platforms where it announces environmental | Full Compliance | Sustainability Report, UNGC Progress Report | |



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|--------|---|----|---|--------------------|---|---|
| | | | information. | | | |
| Social | C1. Human Rights and Employee Rights | 39 | <p>It forms the Corporate Human Rights and Employee Rights Policy whereby it makes a commitment for full compliance with the Universal Declaration of Human Rights, ILO Agreements ratified by Turkey and the legal framework and regulations governing human rights and labor in Turkey. It discloses the policy in question and the roles and responsibilities associated with its implementation</p> | Full Compliance | <p>Human Resources Policy and Electronic Industry Citizenship Coalition (EICC) Code of Conduct, which includes the relevant commitment, are available on our website.</p> | <p>https://www.kafein.com.tr/images/relations/230e7d24-04dd-420b-bcf3-2b4d164e8a9e.pdf</p> <p>https://www.kafein.com.tr/images/relations/99d72565-ee0c-4a39-95d2-4b6ca339badc.pdf</p> |
| | C1. Human Rights and Employee Rights | 40 | <p>It ensures equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such non-discrimination of women, men, religious beliefs, languages, races, ethnic origins, ages, disabilities, refugees, etc.) in its policies.</p> | Full Compliance | <p>Human Resources Policy is available on our Corporate Website.</p> | <p>https://www.kafein.com.tr/images/relations/230e7d24-04dd-420b-bcf3-2b4d164e8a9e.pdf</p> |



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| C1. Human Rights and Employe e Rights | 41 | It discloses the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equality of opportunity. | Full Compliance | The "Code of Conduct" commitment on our company's website also includes the measures in the supply chain. | https://www.kafein.com.tr/images/relations/99d72565-ee0c-4a39-95d2-4b6ca339badc.pdf |
| C1. Human Rights and Employe e Rights | 42 | It reports developments regarding preventive and corrective practices for discrimination, inequality, human rights violations, and forced labor. It discloses the regulations for the prevention of child labor | Full Compliance | Our Human Resources Policy and regulations regarding the avoidance of child labor are included in our annual Sustainability Report under the heading "Social Principles". | |
| C1. Human Rights and Employe e Rights | 43 | It discloses policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management. It identifies dispute resolution processes by creating employee complaint and dispute resolution mechanisms and regularly discloses the activities undertaken to ensure employee satisfaction | Full Compliance | Human Resources Policy, Compensation Policy and Stakeholders Policy are published on our corporate website. An employee satisfaction survey is conducted anonymously every year on the company portal. | https://www.kafein.com.tr/images/relations/e0f4876b-8d44-4ed1-b268-ee6b0cd64b97.pdf https://www.kafein.com.tr/images/relations/e533f8f3-a7e5-4f1e-9c62-1ddf058de790.pdf https://www.kafein.com.tr/images/relations/e533f8f3-a7e5-4f1e-9c62-1ddf058de790.pdf |



| | | | | | |
|--------------------------------------|----|---|--------------------|--|---|
| C1. Human Rights and Employee Rights | 44 | It develops and publicly discloses occupational health and safety policies. It discloses the precautions taken and accident statistics to prevent occupational accidents and health | Full Compliance | The title of Occupational Health and Safety is included in our Sustainability Report. | |
| C1. Human Rights and Employee Rights | 45 | It develops and publicly discloses personal data protection and data security policies. | Full Compliance | Processing of Personal Data Clarification Text is published on our website. | https://www.kafein.com.tr/images/relations/898fd618-1384-42ac-817d-050906c066c3.pdf |
| C1. Human Rights and Employee Rights | 46 | It develops and publicly discloses an ethics policy (including business, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.). | Full Compliance | The Electronic Industry Citizenship Coalition (EICC) Code of Conduct is available on our website. | https://www.kafein.com.tr/images/relations/99d72565-ee0c-4a39-95d2-4b6ca339badc.pdf |
| C1. Human Rights and Employee Rights | 47 | It discloses its activities for social investment, social responsibility, financial inclusion and access to finance. | Full Compliance | Our Corporate Social Responsibility policy is available on our website. | https://www.kafein.com.tr/images/relations/2bb1ddd1-aac7-4257-8079-e5e4d8a1a7aa.pdf |
| C1. Human Rights and Employee Rights | 48 | It organizes informative meetings and training programs for employees on ESG policies and practices. | Partial Compliance | Employees were informed about ESG policies and practices through our website but a training program was not implemented. | |



| | | | | | |
|--|----|---|--------------------|---|---|
| C2. Stakeholders, International Standards and Initiatives | 49 | It undertakes its sustainability-focused activities by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.). | Full Compliance | | |
| | 50 | It develops and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints. | Full Compliance | There are policies regarding quality and product quality management, feedback is evaluated. | https://www.kafein.com.tr/images/relations/256f36f4-6c17-4c1a-9176-e7697a644332.pdf |
| | 51 | It conducts communication with stakeholders continuously and transparently disclosing which stakeholders were contacted for what purposes, issues and frequencies, and the developments in sustainability activities. | Full Compliance | | |
| | 52 | It publicly discloses the adopted international reporting standards (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate Related Financial Disclosures Task Force (TCFD), etc.). | Full Compliance | The company uses and is subject to International Financial Reporting Standards (IFRS) and Turkish Accounting Standards. (TMS) | |



| | | | | | | |
|----------------------|---|----|--|-----------------|--|--|
| Corporate Governance | C2. Stakeholders, International Standards and Initiatives | 53 | It publicly discloses international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) where it is a signatory or member as well as adopted international principles (such as the International Capital Markets Association (ICMA) Green/Sustainable Bond Principles). | Full Compliance | Our company is a signatory company in the United Nations Global Compact (UNGC). https://ungc-production.s3.us-west-2.amazonaws.com/commitment_letters/141725/original/UNG_C_Commitment_Letter - Signed.pdf?1602749037 | |
| | C2. Stakeholders, International Standards and Initiatives | 54 | It exerts concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.). | Full Compliance | Infrastructure studies have started to be included in the BIST Sustainability Index. | |
| | Corporate Governance Principles | 55 | It exerts maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles under the Capital Markets Board Corporate Governance Communiqué No II-17.1. | Full Compliance | Although full compliance with some non-mandatory principles has not yet been achieved by Kafein Technology, as of 31.12.2021, full compliance has been achieved with the exception of principle 4.3.2. | |
| | | | It takes into account the sustainability issue, the environmental impacts of its activities | Full Compliance | | |



| | | | | | |
|---------------------------------|----|--|-----------------|---|---|
| Corporate Governance Principles | 56 | and the principles in this regard while determining its corporate governance strategy. | | | |
| Corporate Governance Principles | 57 | As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It takes the opinions of stakeholders in determining sustainability-related measures and strategies. | Full Compliance | Our Stakeholders Policy is available on the corporate website. | www.kafein.com.tr/images/relations/b676e5b4-87bb-47b6-ba52-2be0d91f9a20.pdf |
| Corporate Governance Principles | 58 | It works on raising awareness on the sustainability issue and its importance through social responsibility projects, awareness activities and trainings. | Full Compliance | | |
| Corporate Governance Principles | 59 | It strives to become a member of international sustainability standards and initiatives and to contribute to those efforts. | Full Compliance | Our company is a signatory to the United Nations Global Compact (UNGC). | https://ungc-production.s3.us-west-2.amazonaws.com/commitment_letters/141725/original/UNG_C_Commitment_Letter_-_Signed.pdf?1602749037 |
| Corporate Governance Principles | 60 | It discloses the policies and programs for the fight against bribery and corruption and the principle of tax integrity. | Full Compliance | The Anti-Bribery and Anti-Corruption Policy of our company is published on the company website. | https://www.kafein.com.tr/images/relations/ba2076c5-8f69-47d1-a6da-799e45309906.pdf |



XI. SUSTAINABILITY REPORT 2021

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 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.

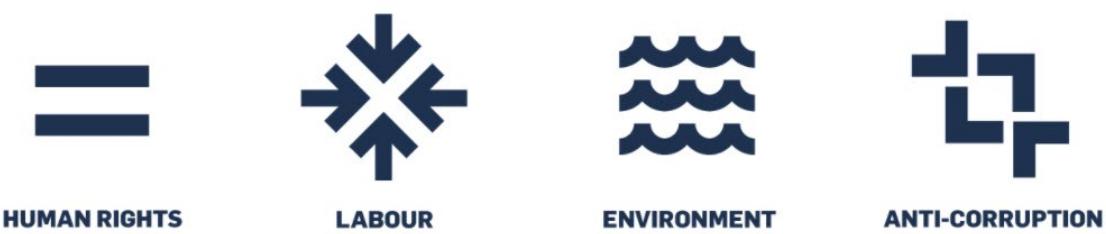
The report analyses the development and targets of sustainability under four main categories which are “Environmental Relations, Social Principles, Stakeholders: International Standards and Initiatives, and Corporate Management Principles (Corporate Governance Compliance Report).”

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 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

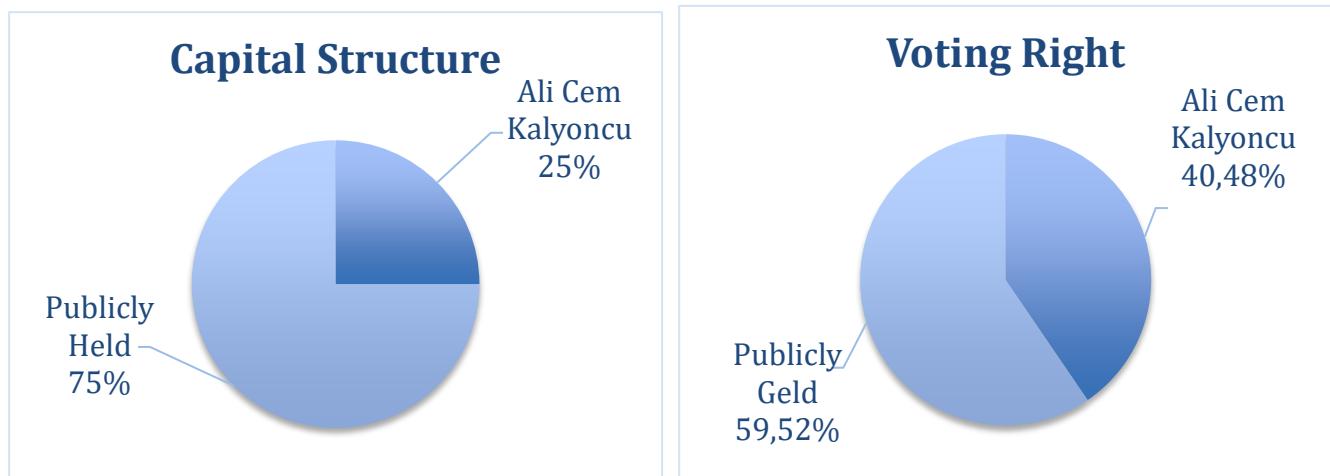
Kafein Yazılım Hizmetleri Ticaret A.S. was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, 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 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 Sübekçi | 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.

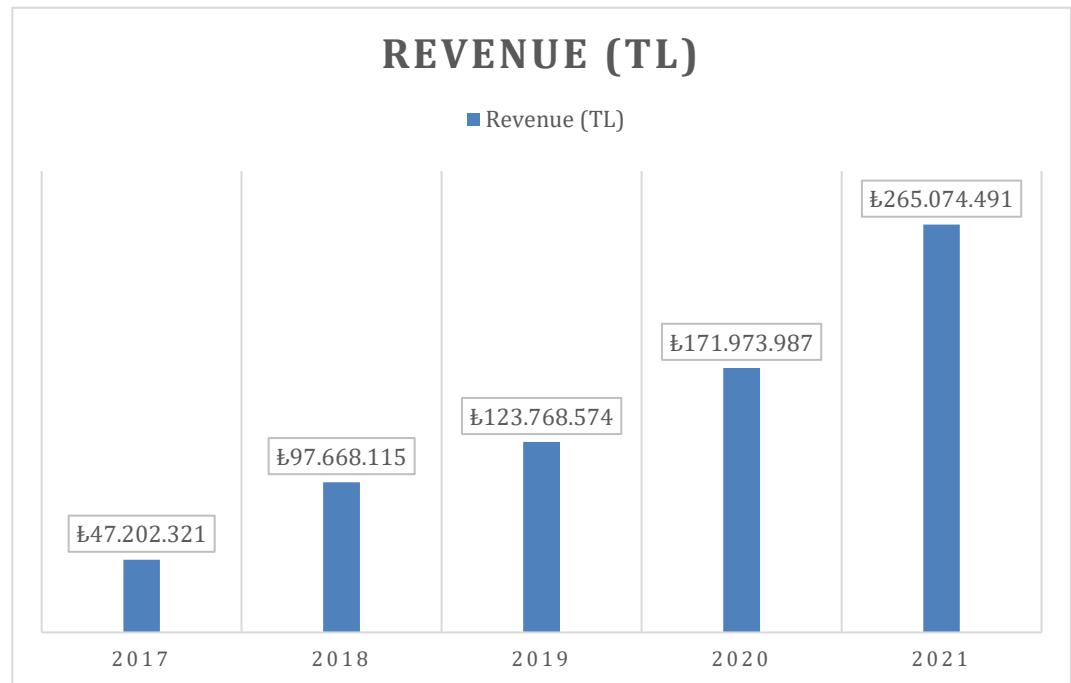
In June 2021, the company was selected as **one of Turkey's 250 companies that spend the most on R&D**, with 13.9 million TRY in R&D by the end of 2020.



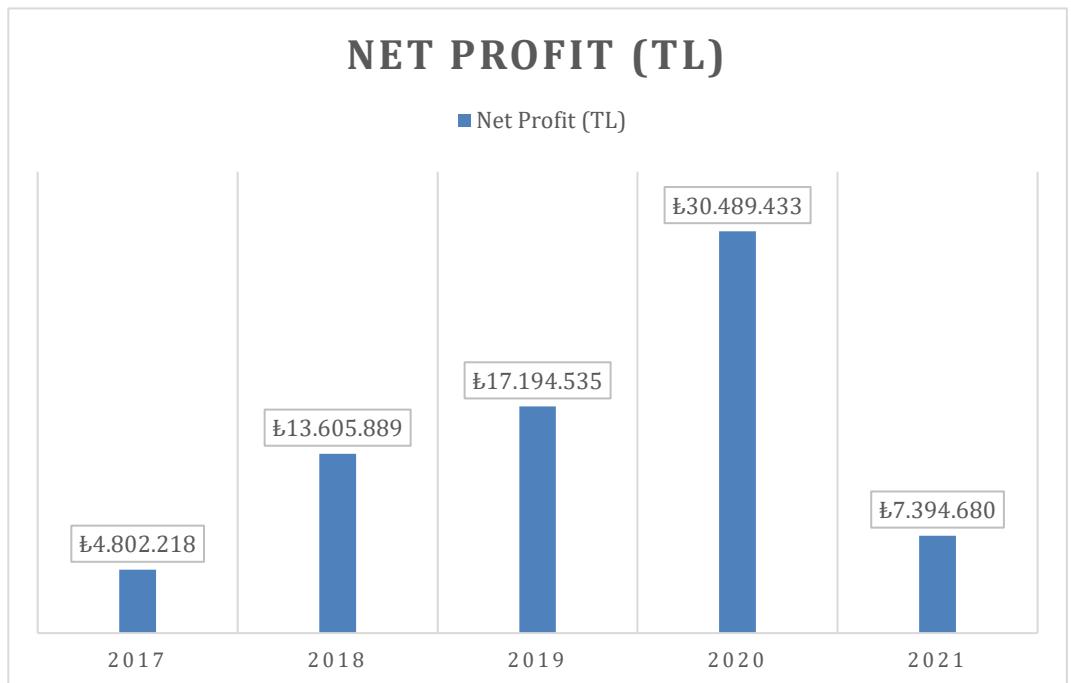
Operational and Financial Information

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)

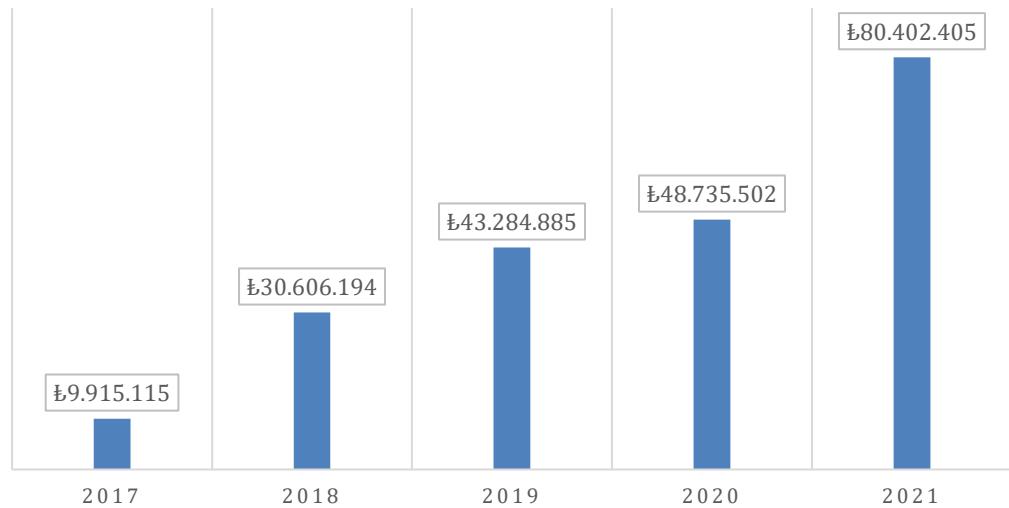




As of the end of 2021, our gross profit reached to 80.402.405 TL with a 65 % increase.

GROSS PROFIT (TL)

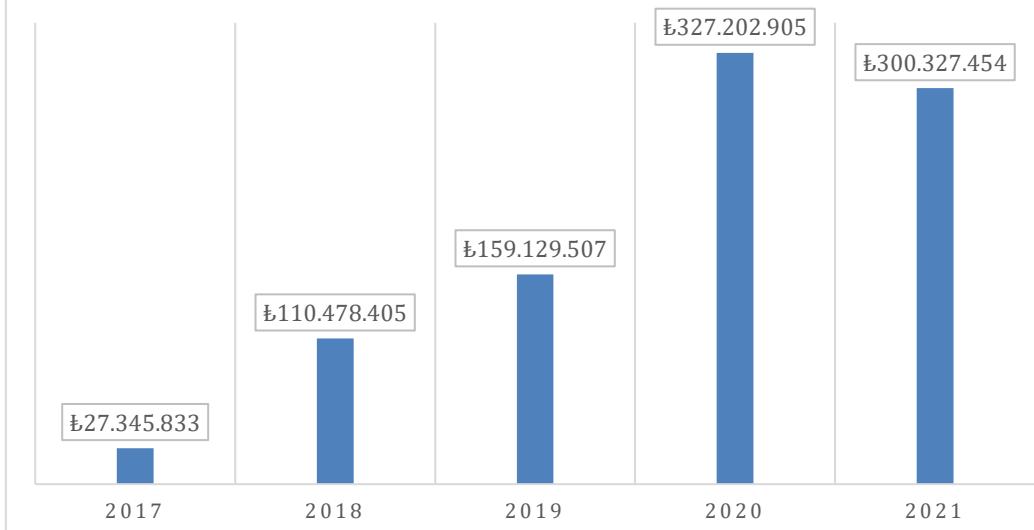
■ GROSS PROFIT (TL)



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

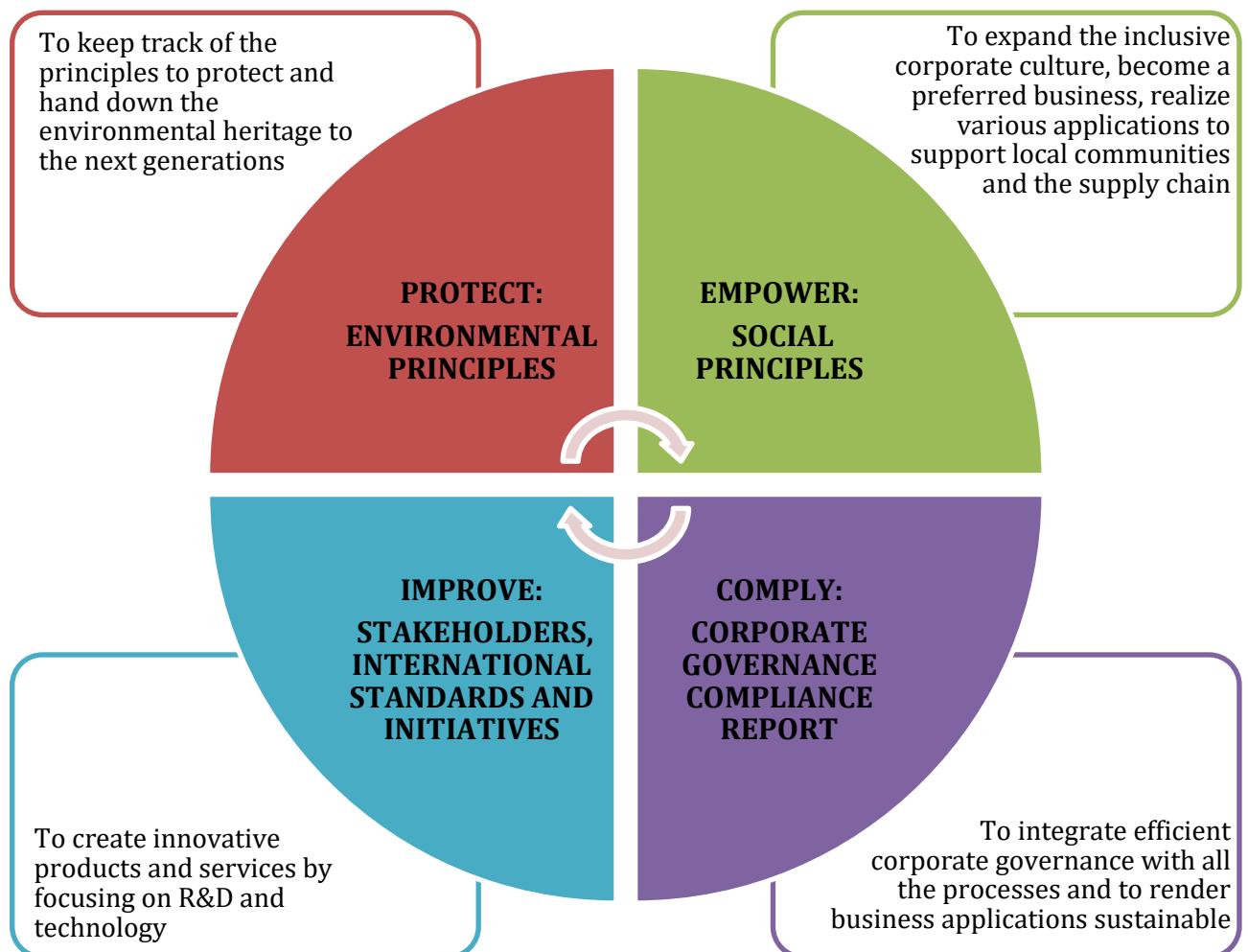
ASSETS (TL)

■ ASSETS (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:

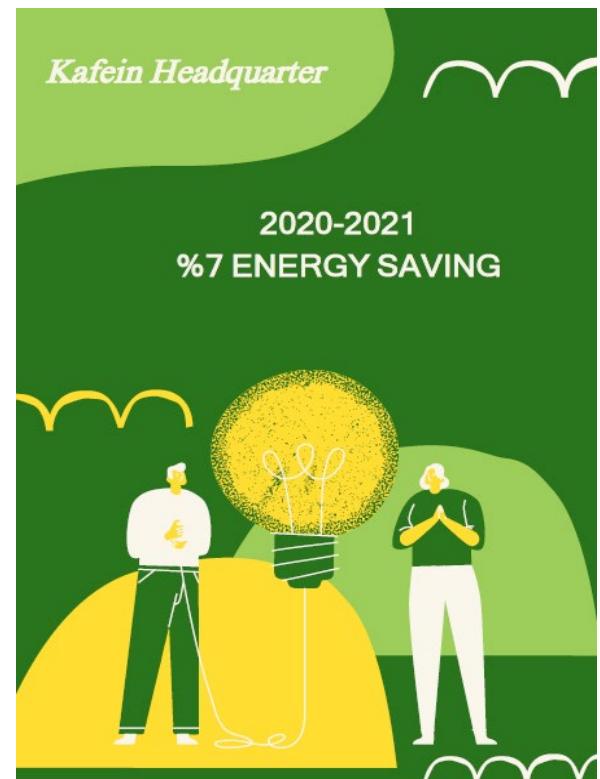
- To continuously improve all business processes by managing risks effectively
- Working with the zero-accident principle in terms of occupational health and safety
- Increasing company performance and production efficiency
- To provide an open communication environment by encouraging employees to participate 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.

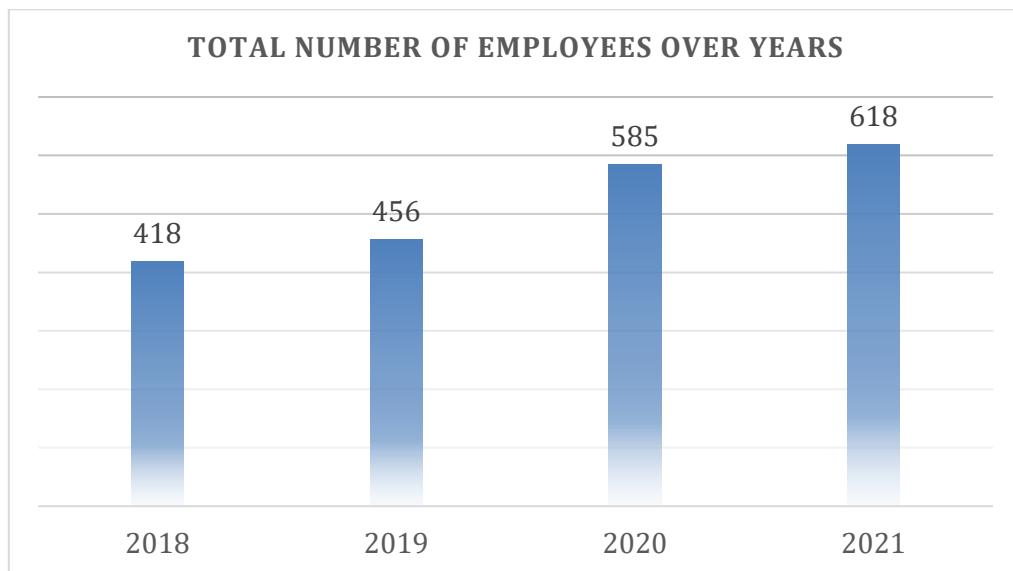
Continuous Labor Procurement and Employment Development

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.

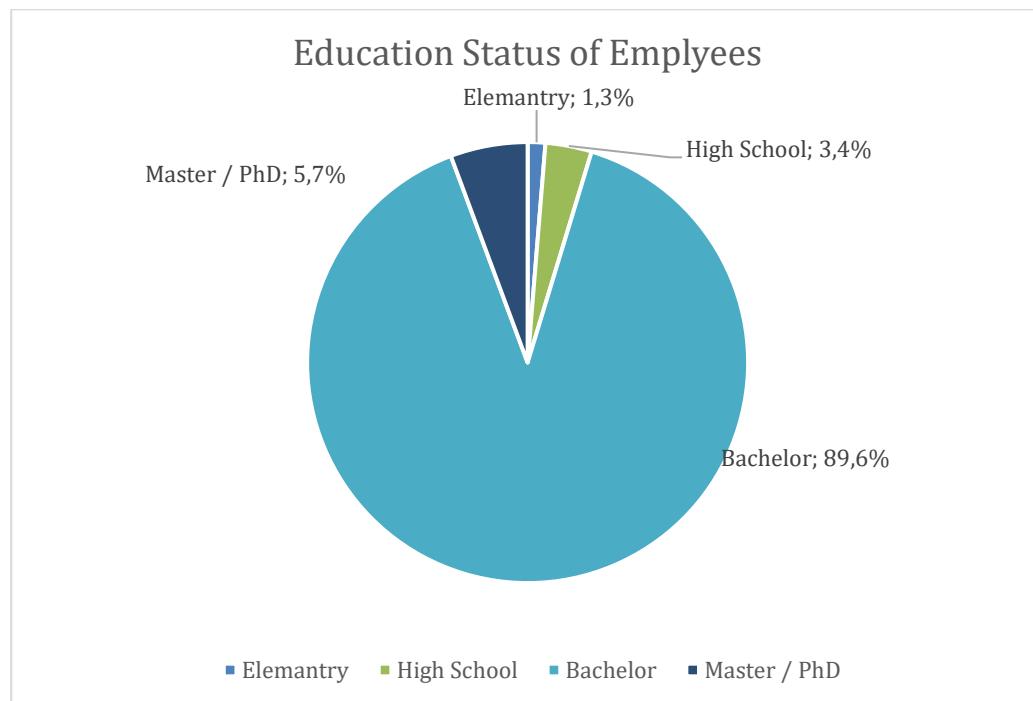
As per the European Convention on and the UN Declaration of Human Rights, Kafein undertakes to respect and observe human rights as fundamental values. This applies, in particular, for child and forced labor, equal treatment towards employees, right to interest representation and collective labor agreements.

| 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 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.

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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.

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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 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 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.

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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.

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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 Technopark area. These projects are as follows:

Kafein Technopark 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.



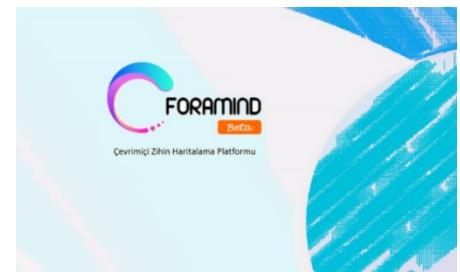
K-AWARD

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

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. 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.