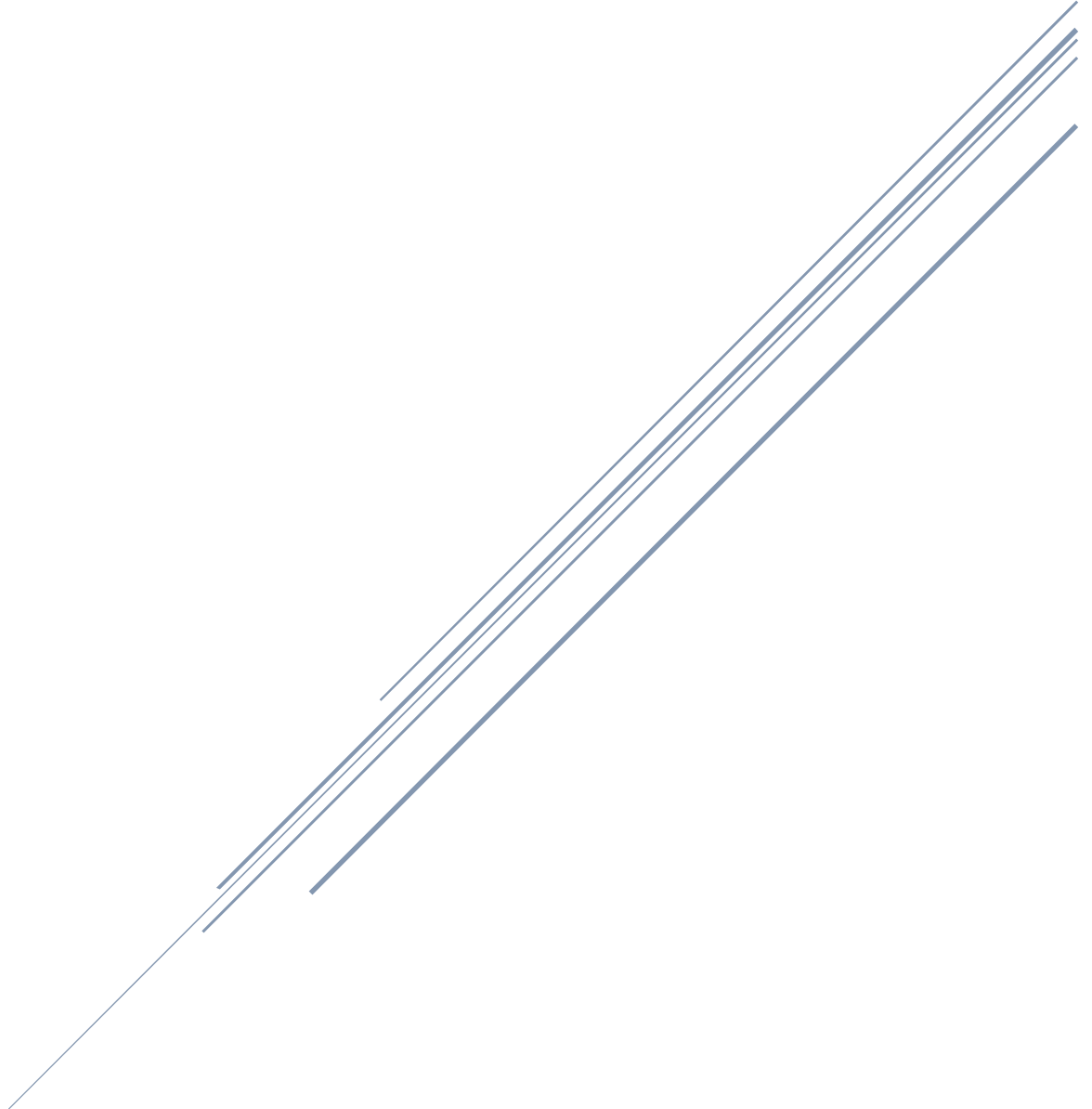


# KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.

ACTIVITY REPORT 31.12.2022



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## KAFEIN TECHNOLOGY ACTIVITY OVERVIEW 2022

### 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 01.01.2022 and 31.12.2022.

## c) Registry Information

|                               |                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Trade Name</b>             | Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi                                                                                                                                                                                                                                                                                           |
| <b>Date of Establishment</b>  | 26.08.2005 - Istanbul, TURKEY                                                                                                                                                                                                                                                                                                              |
| <b>Paid Capital</b>           | TRY 19,750,000                                                                                                                                                                                                                                                                                                                             |
| <b>Authorized Capital</b>     | TRY 200,000,000 (Two Hundred Million Turkish Lira)                                                                                                                                                                                                                                                                                         |
| <b>Trade Registration No.</b> | ISTANBUL - 563336                                                                                                                                                                                                                                                                                                                          |
| <b>Tax Office and Number</b>  | ESENLER - 487 051 8539                                                                                                                                                                                                                                                                                                                     |
| <b>Address</b>                | <b>Head Office:</b> Çifte Havuzlar Mah. Eski Londra Asfaltı Cad.<br>Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01<br>Esenler İstanbul<br><br><b>Ankara Branch:</b> Aşağı Öveçler, 1309. Sk. No:5 D:6 06460<br>Çankaya/Ankara<br><br><b>Düzce Branch:</b> Orhangazi Mah. Teknopark Cad. Teknopark<br>Blok No 1 İç Kapı No Z03 Merkez/Düzce |
| <b>Telephone / Fax</b>        | 0212 924 20 30 / 0212 483 70 27                                                                                                                                                                                                                                                                                                            |
| <b>Website</b>                | <a href="http://www.kafein.com.tr">www.kafein.com.tr</a>                                                                                                                                                                                                                                                                                   |
| <b>Area of Activity</b>       | Software Development                                                                                                                                                                                                                                                                                                                       |
| <b>NACE Code</b>              | 62.01.01 (Computer Programming Activities)                                                                                                                                                                                                                                                                                                 |

#### d) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.Ş. is engaged in software services. The fields of activity of the Company can be analysed 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 as follows:

| <b>Outsourcing</b>                                          | <b>Managed Services</b>                                                      |
|-------------------------------------------------------------|------------------------------------------------------------------------------|
| 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.

#### **6. Innovative Products and Solutions**

##### **Robotic Process Automation**

Robotic Process Automation is the repeatable handling of the systematic processes and operations carried out by the employees through the software robot and the automatic realization of the learning method. Various technical inquiries or calculations, records and transactions are repeated by simulating an employee's behaviour. Robotic Process Automation improves service quality by eliminating errors in operations and saves considerable time and cost for manual and repetitive tasks.

##### **End to End Solution to Protection of Personal Data**

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

##### **Cyber Security and Kafein All-in Cyber Brand**

Cyber Security can be defined as aggregated methods, Technologies and processes that help to protect the privacy, integrity and availability of digital assets, networks and data against cyber-attacks or unauthorized access. The main purpose of cyber security is to protect all corporate assets from both external and internal threats and disruptions caused by natural disasters.



**All-in Cyber**, the brand of Kafein Technology for cyber security solutions, is a cyber security consulting firm that offers an end-to-end solution partnership in risk-operation and cost management of institutions, which integrates human, process and technology concepts against cyber-attacks by increasing the information security levels of institutions with its cyber security solutions. 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 All-in Cyber brand can be accessed by the following link: [www.allincyber.com](http://www.allincyber.com) 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 Analyse) developed by Kafein Technology, photographs can be evaluated in terms of face, composition, and image quality.

All AI (Artificial Intelligence) projects of the company can be accessed at [www.ai.kafein.com.tr](http://www.ai.kafein.com.tr).

### **Insurance Management System**

With the Insurance Management System, which enables effective follow-up of the insurance inventories and policies of the institutions, the unnecessary document burden is eliminated, and it becomes much easier to access the relevant institution or person information. At the same time, while the premium management can be done through this system, it provides follow-up and analysis supported by monthly reports.

### **K-BI**

K-BI is a business intelligence platform that can automatically prepare performance-based analysis and reporting of companies according to anticipated needs. Instant up-to-date data can be obtained through K-BI, comprehensive graphics can be prepared with 3D visualizations and detailed comparisons can be made.

## **K-Award**

K-Reward is a system based on evaluating the work performance of the employees of the institution and all kinds of behavioural activities within the company by scoring. The K-Reward system, which is based on gamification principles, is carried out in integration with the human resources unit.

## **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.

## **Corporate Directory Application**

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 list. With the application, even if the number is not stored in the phone memory, employees can access other people in the organization and see who the number belongs to when the call is received.

## **Test Data Management (TDM)**

The TDM product developed by Kafein is used in corporate companies to generate test data. Digitization and increasing application need 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 catalogue 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, reports can be customized with the filtering feature, as many reports as desired can be generated on a report. In addition, any data can be watched on screens with the SQL queries created.

## **Face Recognition System**

Today, it is obvious how important target audience behaviours and habits are in determining service policies and sales strategies. Face Recognition System is one of the methods of accurately analysing these behaviours and habits. This system, which makes instant evaluations, enables demographic analysis, and provides an infrastructure for evaluating which season and how often people tend to visit and their periodic conversion rates, while also enabling security elements to be activated.

## **Parkinson Care**

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.

## **Dataskope – Database Activity Monitoring and Prevention**

Dataskope is a database activity monitoring and prevention product. The product detects, classifies, generates alarms, and reports events occurring in database systems without turning on the audit feature. By providing access to information about who has accessed sensitive data and what actions are taken at what intervals, it ensures that the authorities are informed about the events with predefined alarm rules.

## **Corporate Portal**

The goal of Corporate Portal is to facilitate intra-corporate processes and lighten the load of the teams in charge of these processes. With Corporate portal you can track the recent updates in your firm closely, reach all sorts of screens about your company and quickly complete all your tasks. It has the flexible dynamic workflow construct which is crafted based on the corporate organizations structure and can be updated by the human resources department.

## **IntraPrise**

Intraprise is a platform that has been created to work in integration with other systems and is compatible with in-house resource management programs. Personal news and announcements, links and procedures, graphic analyses can be accessed via the platform; operations such as calendar organization and job tracking can be done.

## e) Capital and Partnership Structure

The issued capital of Kafein Yazilim Hizmetleri Ticaret A.S. consists of 19,750,000 shares with TRY 1,00 as the nominal value of each share.

By 31.12.2022, the distribution of the issued capital of Kafein among the partners is as follows:

| Shareholder           | Group A        | Group B        | Group C           | Total Capital Amount (TRY) | Capital Share (%) | Voting Right (%) |
|-----------------------|----------------|----------------|-------------------|----------------------------|-------------------|------------------|
| Ali Cem Kalyoncu      | 183,333        | 183,333        | 4,573,716         | 4,940,382                  | 25.01             | 40.48            |
| Publicly Held / Other |                |                | 14,809,618        | 14,809,618                 | 74.99             | 59.52            |
| <b>TOTAL</b>          | <b>183,333</b> | <b>183,333</b> | <b>19,383,334</b> | <b>19,750,000</b>          | <b>100.00</b>     | <b>100.00</b>    |

## f) Preferred 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) Board of Directors Structure, Meetings and Member Resumes

| <b>BOARD OF DIRECTORS</b> |                          |                                                                                                                                                                                               |
|---------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Full Name</b>          | <b>Role</b>              | <b>Current External Assignments</b>                                                                                                                                                           |
| Ali Cem Kalyoncu          | Board Chairman           | Netsite İletişim ve Elektronik Sistemleri San. ve Tic. A.S. Managing Partner and Vice Chairman<br>Intranet Yazılım A.S. Board Chairman<br>Karmasis Bilisim Cozumleri Tic. A.S. Board Chairman |
| Neval Onen                | Vice Chairwoman          | Intranet Yazılım A.S Board Member<br>Karmasis Bilisim Cozumleri Tic. A.S. Board Member                                                                                                        |
| Hatice Sevim Oral         | Board Member             | -                                                                                                                                                                                             |
| Kenan Subekci             | Board Member             | Birlik Insaat Otomotiv ve Bilisim Hizm. , Controlling Shareholder                                                                                                                             |
| Ibrahim Semih Arslanoglu  | Independent Board Member | -                                                                                                                                                                                             |
| Murat Ethem Sümer         | Independent Board Member | Escar Filo Kiralama Hizmetleri A.Ş. Financial Affairs Director                                                                                                                                |

During the period, 31 Board of Directors Meetings were held. Members of the Board of Directors participated in the meetings at a rate of 89%.

## **RESUMEES:**

### **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 Islem 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 Yazilim Hizmetleri Ticaret A.S.

**Murat Ethem Sümer (Independent Board Member)**

He was born in 1964 in Ankara. He graduated from Galatasaray High School in 1984 and from Marmara University, Business Administration Department in 1989. After graduating from university, he worked in the tourism sector and Cankurtaran Holding for a while. In 1992, He started to work as a Financial Analyst in the Digital Equipment Turkey A.S. and participated in the International Education Program, equivalent to an MBA, at the Digital Management Institute between 1995-1998 during his tenure. After working at the head office in England for one year, he worked as the Turkey Country Finance and Administrative Affairs Manager of the same company. He continued his career as CFO at Vestel Companies Group Information Technologies department, Universal Music Group Turkey and T-Systems Turkey, respectively. After working as Business Operation Lead in Microsoft Turkey C&O unit, he has been working as CFO at Escar Filo Kiralama Hizmetleri A.S. He is fluent in English and French.

**Ibrahim Semih Arslanoglu (Independent Board Member)**

Ibrahim Semih Arslanoglu was born in Adapazari in 1948. 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 fulfil 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 fulfil the requirements of the duties I have undertaken,

**Signature: İbrahim Semih Arslanoğlu**

### **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 fulfil 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 fulfil the requirements of the duties I have undertaken,

**Signature: Murat Ethem Sümer**

### 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                              |
| Murat Ethem Sümer        | Independent Board Member                                             |
| Ibrahim Semih Arslanoglu | Independent Board Member                                             |
| Ozlem Tibet              | Sales Director                                                       |
| Ilker Kınacı             | Sales Director                                                       |
| Tugrul Gokcen            | Sales Director                                                       |
| Baki Akturk              | Sales Director                                                       |

For the period ending on 31.12.2022, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is 5.667.530 TRY. (31.12.2021: 5,174,521 TRY)

On 31.12.2022, the company's average number of employees working during the year is 670 (December 31, 2021: 622)

#### d) 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 fulfil 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 23.08.2022, Murat Ethem Sumer and Ibrahim Semih Arslanoglu were appointed as the Audit Committee Chairman and Audit Committee Member, respectively.

| Name                     | Title                     | State of Independence |
|--------------------------|---------------------------|-----------------------|
| Murat Ethem Sümer        | 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.

During the period, 5 Audit Committee meeting were held. Members of committee participated in the meetings at a rate of 100%.

### 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 23.08.2022, Ibrahim Semih Arslanoglu and Murat Ethem Sumer 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    |
| Murat Ethem Sümer        | 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.

During the period, 3 Corporate Governance Committee meeting were held. Members of committee participated in the meetings at a rate of 100%.

### 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 23.08.2022, Murat Ethem Sumer 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 |
|--------------------------|---------------------------------------------|-----------------------|
| Murat Ethem Sümer        | 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.

During the period, 6 Early Detection of Risk Committee meeting were held. Members of committee participated in the meetings at a rate of 100%.

## **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,

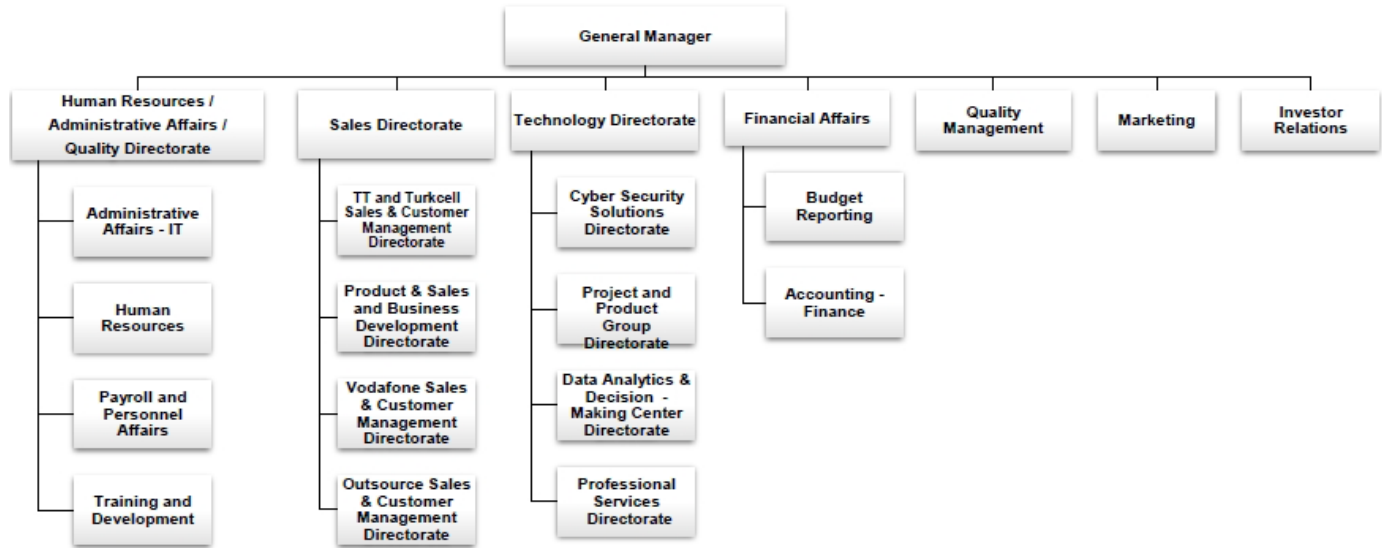
- a) Ensures that the Corporate Governance Principles are developed, adopted, and applied within the company,
- b) Makes the annual corporate governance evaluation of the board of directors and submits it to the approval of the board of directors,
- c) Supervises the work of the shareholders and investor 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 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.

## e) Organization Chart



## III. INFORMATION ABOUT THE OPERATIONS

### a) Information about the Share Buy-Back

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.

In this context, the summary table regarding the buy-backed shares during the buy-back program is as follows. Within the scope of the share buyback program, a total of 119,000 shares (capital ratio 0,60%) were bought for a total of 2,159,250 TRY, all of which were covered from internal resources.

| Buy-Backed Shares Summary Table - 2022 |                                                      |                  |                                |                    |                                                       |
|----------------------------------------|------------------------------------------------------|------------------|--------------------------------|--------------------|-------------------------------------------------------|
| Transaction Date                       | Nominal Value of Shares Subject to Transaction (TRY) | Transaction Type | Transaction Price (TRY / Unit) | Total Amount (TRY) | Ratio Of Shares Subject to Transaction to Capital (%) |
| 25.02.2022                             | 109,000                                              | Buying           | 18.12 - 18.274                 | 1,981,250          | %0.55                                                 |
| 28.02.2022                             | 10,000                                               | Buying           | 17.80                          | 178,000            | %0.05                                                 |
| <b>Total</b>                           | <b>119,000</b>                                       | <b>Buying</b>    | <b>18.15 (Av.)</b>             | <b>2,159,250</b>   | <b>%0.60</b>                                          |

Based on the resolution taken by the Board of Directors dated 21.10.2022 and numbered 2022-23, the share buyback program is terminated which was initiated on 25.02.2022 as a result of the price formed in our company's shares.

Disposal of Buy-Backed Shares summary table is as follows:

| <b>Disposal of Buy-Backed Shares summary table - 2022</b> |                                                      |                  |                                                       |                                |                                          |
|-----------------------------------------------------------|------------------------------------------------------|------------------|-------------------------------------------------------|--------------------------------|------------------------------------------|
| Transaction Date                                          | Nominal Value of Shares Subject to Transaction (TRY) | Transaction Type | Ratio Of Shares Subject to Transaction to Capital (%) | Transaction Price (TRY / Unit) | Ratio Of Remaining Shares to Capital (%) |
| 25.10.2022                                                | 500                                                  | Selling          | %0.003                                                | 30.12                          | %0.60                                    |
| 25.10.2022                                                | 500                                                  | Selling          | %0.003                                                | 30.14                          | %0.597                                   |
| 25.10.2022                                                | 1,000                                                | Selling          | %0.005                                                | 30.1                           | %0.592                                   |
| <b>Total</b>                                              | <b>2,000</b>                                         | <b>Selling</b>   | <b>%0.010</b>                                         | <b>30.12 (Av.)</b>             | <b>%0.592</b>                            |

After the period, based on the resolution taken by the Board of Directors dated 15.02.2023 and numbered 3, with respect to the "Communiqué on Buy-Backed Shares" numbered II-22.1 and to the announcements made by the Capital Markets Board of Turkey dated 14.02.2023 and numbered 9/177; it has been decided to initiate the buyback program regarding the company's shares traded on BIST, since share values do not reflect the actual performance of the company's operations and determine the maximum number of shares, which may be subject to the buyback as 300,000 and determine the maximum amount of funds to be allocated for the share buyback as TRY 10,000,000, to set the maximum period foreseen for the buyback process as 30.06.2023, and to finance respective share repurchases from the Company's internal resources. The summary table regarding the transactions between the beginning of the program (15.02.2023) and the date of this report is as follows.

| <b>Buy-Backed Shares Summary Table - 2023</b> |                                                      |                  |                                |                    |                                                       |
|-----------------------------------------------|------------------------------------------------------|------------------|--------------------------------|--------------------|-------------------------------------------------------|
| Transaction Date                              | Nominal Value of Shares Subject to Transaction (TRY) | Transaction Type | Transaction Price (TRY / Unit) | Total Amount (TRY) | Ratio Of Shares Subject to Transaction to Capital (%) |
| 15.02.2023                                    | 49,600                                               | Buying           | 25.005-25.160                  | 1,244,892          | %0.25                                                 |
| <b>Total</b>                                  | <b>49,600</b>                                        | <b>Buying</b>    | <b>25.11 (Av.)</b>             | <b>1,244,892</b>   | <b>%0.25</b>                                          |

With this transaction, the number of KFEIN shares owned by the company has reached 166,600 (The ratio to company capital is %0.84)

## 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 18.04.2022, 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 2022 in accordance with Turkish Code of Commerce, Capital Markets Regulation, and other relevant regulations.

## c) Donations and Grants

Based on the Board of Directors Decision dated 27.12.2022 and dated 2022/31, a donation of 7,000 TRY was made to the "Turkish Education Foundation" (TEV) within the scope of the Company's Donation and Aid Policy.

In addition, after the period, based on the Board of Directors Decision dated 07.02.2023 and numbered 2023/02, due to the earthquake disaster in our country, a donation of TRY 25,000 was made to the "AHBAP Association" within the scope of the Company's Donation and Aid Policy.

## d) Information about the Group Involving the Company

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

## e) Information about the Affiliates, Subsidiaries and Financial Investments

The company does not have a cross-shareholding relationship in which the direct participation rate in the capital exceeds 5%. Other affiliates information is as follows:

### · **Intranet Yazilim A.S. (%51)**

On June 13, 2017, Intranet Yazilim A.S. was established by Kafein Yazilim Hizmetleri Ticaret A.S. The company was registered on the same date. The main fields of activity of Intranet Yazilim 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. Kafein Yazilim Hizmetleri Ticaret A.Ş. has 51% majority share of Intranet Yazilim A.Ş. The subsidiary is consolidated according to the full consolidation method.

### · **Karmasis Bilisim Cozumleri Ticaret A.S (%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. The subsidiary is consolidated according to the full consolidation method.

## f) Amendments to the Articles of Association within the Period

According to the Board of Directors Decision dated 24.01.2022 and numbered 2022/02; 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 N151/1B İç Kapı N B01 Esenler İstanbul" and to amend the Article 3 of our Company's Articles of Association titled "Headquarters and Branches".

The said amendment text is approved by the Capital Markets Board by the letter dated 08.02.2022 and numbered E-29833736-110.03.03-16927 and by the T.R Ministry of Commerce by the letter dated 21.02.2022 and numbered E-50035491-432.02.-00072114761, approved on general assembly meeting dated 18.04.2022, registered by the Istanbul Trade Registry Office on 22.04.2022 and published in the Turkish Trade Registry Gazette numbered 10568 and dated 27.04.2022.

## g) Information about the On-going Legal Procedures

There are no significant lawsuits brought against the company that may affect the financial status and activities of the company.

On 01.05.2022, It has been reported to the company that, with the Competition Board's decision numbered E-77234294-100-43200 and dated 29.04.2022, it was decided to open an investigation to determine whether the 4th article of the Law on the Protection of Competition No. 4054 was violated by making gentleman's agreements in the labor market. The relevant process is ongoing and the developments regarding the subject will be shared with the public within the framework of the Capital Markets Legislation.

## h) 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.

## i) Legislative changes that may affect company activities

Some legislative changes and developments that took place during the year, although they did not have a significant impact on the company's activities, are as follows.

- Regarding the Amendment on the Code of the Technology and Development Zones Regulation Article 35/c published in the Official Gazette dated 10 February 2022 and numbered 31746, As of 01.01.2022, income and corporate taxpayers who benefit from the exemption within the scope of “Technology Development Zones Law No. 4691” and whose earnings exceed 1,000,000 TRY, are obliged to allocate funds at the rate of 2% of their said earnings and the corporate taxpayers benefiting from R&D deductions within scope the “Supporting Research, Development and Design Law No. 5746” whose deductible amounts exceed 1,000,000 TRY are required to allocate funds at the rate of 2% of the said R&D deduction. Until the end of the year in which the temporary account is formed, it is obligatory to purchase the shares of venture capital investment funds established to invest in entrepreneurs residing in Turkey, or to invest in venture capital investment trusts or other entrepreneurs operating in incubation centres within the scope of the Law.
- Based on the President's Decision No. 5806 published in the Official Gazette dated 21/7/2022 and numbered 31899, in accordance with the Provisional Article 2 of the Law on Technology Development Zones No. 4691 and Article 3 of the Law on Supporting Research, Development and Design Activities No. 5746, the rate of remote working, which is subject to income tax withholding incentives in R&D/design centers and Technology Development Zone Incentives, was increased from 50% to 75%.

## 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.

#### IV. RESEARCH AND DEVELOPMENT ACTIVITIES

Lists of projects completed or under development within the period of 01.01.2022 - 31.12.2022 in Yıldız Technical University Technology Development Zone, where Kafein provides services within the scope of R&D, are listed below in chronological order:

| # | Project Name                                      | Date of Commencement | Date of Completion | Project Summary/ Purpose                                                                                                                                                                                                                                                                                                                   |
|---|---------------------------------------------------|----------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <i>Smart Assistant</i>                            | <i>16.03.20</i>      | <i>16.03.22</i>    | <i>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.</i> |
| 2 | <i>Smart Warehouse and Field Counting Project</i> | <i>07.12.21</i>      | <i>15.10.22</i>    | <i>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.</i>                                                             |
| 3 | <i>Collection Risk System Project</i>             | <i>10.06.20</i>      | <i>31.10.22</i>    | <i>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.</i>        |

|   |                                                     |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---|-----------------------------------------------------|----------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | <i>Income Practices Control Project</i>             | 29.11.20 | 29.11.22 | <i>The problems in customer IT systems regarding the applications which are working integrated with each other is one of the problems that are constantly 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.</i> |
| 5 | <i>Kafein Sentiment Analysis Project Phase II</i>   | 13.07.20 | 31.12.22 | <i>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.</i>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6 | <i>Marketing Solutions Modules Project Phase II</i> | 14.09.20 | 25.01.23 | <i>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.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 7 | <i>Telco Campaign Creator Module</i>                | 01.02.21 | 01.02.23 | <i>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.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|           |                                                  |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------|--------------------------------------------------|----------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>8</b>  | Genesis ADM Phase II                             | 21.01.19 | 14.03.23 | 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.                                                                                                                                                                                                                                                                                                                                   |
| <b>9</b>  | World Commodity Index (WCI) Development Project  | 18.03.21 | 18.03.23 | 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.                                                                                                                                                                                                                 |
| <b>10</b> | MSP Test Environments Management Project Phase I | 01.07.21 | 01.07.23 | 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. |
| <b>11</b> | Script Automation Project                        | 01.01.19 | 13.07.23 | 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.                                                                                                                                       |
| <b>12</b> | Personal Data Protection Law                     | 04.12.19 | 26.08.23 | 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.                                                                                                                                                                          |

|    |                                                               |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---------------------------------------------------------------|----------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13 | Microreporter Project                                         | 01.09.21 | 01.09.23 | It is an integrated reporting product with dynamic reporting.                                                                                                                                                                                                                                                                                                                                                                                                  |
| 14 | Test Data Management                                          | 15.11.22 | 15.09.23 | One of the most laborious tasks in software processes is the manual production of test data. There is a need for automated and near-real test data. With the TDM project, the software development process will be accelerated, and this process of the parties developing and using the software will be optimized. With this project, which is close to real data and includes various security measures, the quality of the software product will increase. |
| 15 | AllinCyber Project                                            | 15.11.22 | 15.11.23 | With the All in Cyber project, it is aimed to reach the security level of each customer's IT systems to the ideal security level that is fully compatible with the MitreATT&CK framework, which was established with the goal of a non-profit safe world and defines security risks.                                                                                                                                                                           |
| 16 | New generation smart CRM Project Phase II                     | 12.07.21 | 05.12.23 | 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.                                                                                                                                                            |
| 17 | New Generation E-Commerce Platform Software Project Phase III | 03.07.20 | 02.01.24 | The project aims to develop the model which will ensure the best shopping experience according to the information collected from customers and products.                                                                                                                                                                                                                                                                                                       |
| 18 | Weight and Balance Project                                    | 07.04.22 | 07.04.24 | A software that can make more precise weight and balance calculations, save fuel, time and human resources, increase flight safety, and increase data reliability with source system integrations to be used in aircrafts.                                                                                                                                                                                                                                     |
| 19 | Messaging Platform Meet                                       | 02.09.22 | 02.09.24 | Meet application is an online video calling platform that can be used for both companies                                                                                                                                                                                                                                                                                                                                                                       |

|    |                                                                                 |          |          |                                                                                                                                                                                                                                                                                                                    |
|----|---------------------------------------------------------------------------------|----------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | Project                                                                         |          |          | and individuals.                                                                                                                                                                                                                                                                                                   |
| 20 | Reseller Management System Project                                              | 18.05.20 | 30.10.24 | 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.                                                                         |
| 21 | Telco Siebel Sales Force Module Replacement Faz 3                               | 01.10.18 | 31.10.24 | 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.                                                                                                       |
| 22 | Interface Project Phase II                                                      | 10.06.20 | 13.11.24 | 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. |
| 23 | Telco Online Processing Centre, Phase V                                         | 02.06.20 | 15.11.24 | 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.                 |
| 24 | Digitalization Infrastructure Project for Telecommunication Companies Phase III | 18.07.20 | 01.12.24 | 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.                           |
| 25 | Telco Premium System Development Project Phase III                              | 01.07.20 | 20.12.24 | 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.                                        |
| <b>26</b> | Telco Script Project Phase II             | 29.11.20 | 24.12.24 | 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.                                                                     |
| <b>27</b> | Robotic Process Design                    | 01.06.19 | 01.01.25 | 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. |
| <b>28</b> | End-to-End Test Automation System Project | 12.01.23 | 12.07.25 | It is aimed to provide end-to-end reliable outputs by providing an automation-based software testing system to the quality and software testing team. In this way, both operational efficiency will be increased and the error rate for end users will be minimized.                                              |



## V. FINANCIAL INFORMATION

### a) Information about the Financial Condition and Operations

On 31.12.2022, the total assets of Kafein are equal to TRY 377,635,140 while total equities correspond to TRY 259,422,646. The Equity Attributable to Parent Company corresponds to TRY 231,962,258 while the same of the Non-Controlling Shares is equal to TRY 27,460,388.

The Company has TRY 84,304,617 period profit on 31.12.2022. Of this amount, TRY 69,067,693 belongs to the Share of Main Partnership while TRY 15,236,924 belongs to the Non-Controlling Shares.

As of 31.12.2022, the sales revenue is TRY 391,525,032 while the same was TRY 265,074,491 for 31.12.2021.

### b) Summary of Financial Information

| Summary of Balance Sheet (TRY)                | 31.12.2022         | 31.12.2021         |
|-----------------------------------------------|--------------------|--------------------|
| Current Assets                                | 208,237,378        | 148,044,069        |
| - Cash and Cash Equivalents                   | 51,982,495         | 23,001,141         |
| - Trade Receivables                           | 104,324,374        | 96,857,100         |
| Non - Current Assets                          | 169,397,762        | 152,283,385        |
| <b>Total Assets</b>                           | <b>377,635,140</b> | <b>300,327,454</b> |
| Short-Term Liabilities                        | 88,751,866         | 98,475,080         |
| Long-Term Liabilities                         | 29,460,628         | 21,933,057         |
| Equity Attributable to Parent Company         | 231,962,258        | 167,589,660        |
| Equity Attributable to Non-Controlling Shares | 27,460,388         | 12,329,657         |
| <b>Total Equities</b>                         | <b>259,422,646</b> | <b>179,919,317</b> |
| <b>Total Liabilities</b>                      | <b>377,635,140</b> | <b>300,327,454</b> |

| Summary of Income Statement (TRY) | 31.12.2022         | 31.12.2021         |
|-----------------------------------|--------------------|--------------------|
| <b>Sales Revenue</b>              | <b>391,525,032</b> | <b>265,074,491</b> |
| <b>Gross Profit</b>               | <b>107,707,570</b> | <b>80,402,405</b>  |
| General Administrative Expenses   | (34,602,648)       | (20,644,093)       |

|                                                                   |                   |                   |
|-------------------------------------------------------------------|-------------------|-------------------|
| Marketing Expenses                                                | (13,239,294)      | (145,159)         |
| Research and Development Expenses                                 | (7,387,871)       | (17,975,769)      |
| Other Operating Income                                            | 11,716,985        | 12,842,523        |
| Other Operating Expense                                           | (12,167,443)      | (11,575,522)      |
| <b>Main Operation Profit</b>                                      | <b>52,027,299</b> | <b>42,904,385</b> |
| Income/Expense from Investment Activities                         | 30,243,282        | (32,428,444)      |
| <b>Operating Profit (or Loss) before Financial Income/Expense</b> | <b>82,270,581</b> | <b>10,475,941</b> |
| Financial Income/(Expense)                                        | 4,101,876         | 929,682           |
| <b>Net Profit for the Period</b>                                  | <b>69,067,693</b> | <b>7,394,680</b>  |

### c) Information about Dividends

During the Ordinary General Assembly Meeting held on 18.04.2022, 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 2021 under the laws and the articles of association. It was also agreed to identify the starting date of dividend distribution as 25.04.2022.

## 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, exchange 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 1,248,854 while short-term trade receivables from non-affiliated parties are TRY 104,324,374.

**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 88,751,866 and TRY 29,460,628 respectively, which corresponds to TRY 118.212.494 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 5,388,053.

**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 51,982,495 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

- 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 TRY.
- On 01.01.2022, a consultancy and service agreement were signed between the Company and "OTD Uluslararası Bilisim Teknolojileri Teknik Destek ve Danışmanlık Tic. Ltd", as Aromsa Besin Aroma ve Katkı Maddeleri San. Tic A.S to be the end-user and to be valid until 31.12.2024.
- On 14.01.2022, The registration process is completed regarding that our %51 subsidiary Karmasis Bilisim Cozumleri Tic. A.S. became 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
- According to the Board of Directors Decision dated 24.01.2022 and numbered 2022/02, 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".
- On 24.01.2022, a one-year Supplier Framework Agreement was signed with Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.
- On 01.02.2022, a one-year Software Service Framework Agreement was signed with Bewell Teknoloji San. ve Tic. A.S.

- On 11.02.2022, 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 22.03.2022, the company signed a procurement agreement with overseas-based purchasing department of one of our corporate customers operating in Turkey, regarding the license sale and implementation of the "Dataskope" product of our 51% subsidiary Karmasis Bilişim Çözümleri Tic. A.Ş. for a total price of 870,000 USD + VAT. The contract covers the relevant license, installation, training and 3-year software update and maintenance support. Dataskope is a database activity monitoring and prevention product. The product detects, classifies, generates alarms, and reports events occurring in database systems without turning on the audit feature. By providing access to information about who has accessed sensitive data and what actions are taken at what intervals, it ensures that the authorities are informed about the events with predefined alarm rules.
- During the period, additional RPA (Robotic Process Automation) sales were made with a price of 800,000 TRY to a third-party telecom customer.
- During the period, the number of our current 20 personnel working at a third-party telecom customer reached 50. The Kafein Academy program which covers the training of newly graduated young talents and ensures their participation in the sector, played a role in this growth.
- Two projects with a total price of 1,443,000 TRY, one of which is 748,000 TRY and the other is 695,000 TRY, are signed in the field of Occupational Health and Safety of two third-party Telecom customers.
- On 15.04.2022, a one-year purchase order with the subject of "GDPR Personal Data Discovery, Data Inventory Management and Data Dictionary Management" was received from Türksat Uydu Haberleşme, Kablo TV ve İşletme A.Ş.
- On 27.04.2022 “The Service Management Automation Project (SMAx ITSM)” was taken to serve Vmind Bilgi Teknolojileri Ltd. Şti. The project duration is estimated to be 3.5 months.
- On 29.04.2022 , the company has signed a partnership agreement with VAST Data, which is a company that provides real-time storage and access to application data.
- On 10.05.2022, a consultancy service contract was signed to remain in effect between 01.01.2022 and 31.12.2022 with Sampas Bilisim ve İletisim Sistemleri San. Tic. A.S.
- The company participated as a silver sponsor at the "Hacktrick Cyber Security Conference" held in Ankara on 27-29 May under the ownership of Information Technologies and Communications Authority.

- On 01.06.2022, "Data Virtualization Event" on Data Integration and Management was organized with Denodo Technologies, our company's American-based business partner.
- During the period, our company provided services in the field of Cyber Security to a total of 15 customers in various sectors such as banking, finance, automotive, retail, production, energy, and our total service fee in this field reached 819,000 USD + 1,959,500 TRY. In addition, business partnerships have been established with a total of 12 partners in the field of Cyber Security.
- On June 2022, with a total R&D expenditure of 17,975,769 TRY spend in 2021, our company has taken its place in the list of "R&D 250 companies with the highest R&D expenditures in Turkey" which is prepared by Turkishtime.
- On August 2022, The company ranked 3rd in the Turkey-based Manufacturer - Service - Consultancy category in the "Top 500 IT Companies" Research for 2021 which is prepared by BT Haber.
- An additional protocol was signed between our company and a third-party airline company on "Outsourcing Services in Testing and Analyst Roles" to remain in force between 18.05.2022 - 31.01.2023.
- On 12.08.2022 and 06.01.2023, purchase orders (PO) on GDPR Project were received to serve Vodafone Uydu Haberleşme Kablo TV ve İşletme A.Ş. The service period covers November 2022-August 2023.
- To remain in effect between 13.08.2022 and 13.02.2023, the company signed a software service agreement with Verisoft Bilgi İşlem Tic. ve San. A.Ş. on code development, information transfer and information delivery.
- On 26.08.2022, the company received an "e-commerce platform development project" from a company operating in the international arena in the field of electronic components. The project contract was signed on 26.08.2022, the duration of the project is 3 years, and the total service cost is 15,000,000 TRY.
- On 01.09.2022, the company won a project tender to provide loading and balance software for use in the service industry. The tender price is 2,189,250 USD excluding VAT, and the contract period covers a project period, two years of warranty service and three years of maintenance support service. In the services provided within the scope of the project, loading plans will be created with up-to-date technology and material and labor savings will be achieved by making more precise load and balance planning.
- On 19.09.2022, a purchase order for "Installation, Scanning, Discovery and Consultancy Service for Non-Structural Data" was received from Türksat Uydu Haberleşme, Kablo TV ve İşletme A.Ş.

- On 28.09.2022, In accordance with the article 4.2.8 of Corporate Governance Communiqué, Executive Liability Insurance Policy is extended with a validity from 03/09/2022 to 03/09/2023 with the total liability amount of 3,000,000 USD.
- In November 2022, a 1-year Phase 3 project on "Procurement of necessary licenses and services for the GDPR regulation" was received and started to serve to Vodafone Fixed Lines department.
- The company attend as the gold sponsor with its cyber security solution brand All in-Cyber at the "Public Information and Communication Technologies Conference" dated 06.10.2022, the platinum sponsor at the "Micro Focus Realize 22" event dated 04.10.2022 and promotion sponsor at the "Informatics Summit 22" event dated 24.11.2022.
- On 13.10.2022, Etisalat Data Tokenization Project is completed and the project is delivered., which was signed on 14.09.2021 with TechVista Systems LLC based in Dubai, United Arab Emirates.
- On 03.11.2022, a purchase order (PO) with the subject of "License, Setup, Configuration, Knowledge Transfer and 3-years support for Dataskope (Database Activity Monitoring and Prevention) Product" was received from Vodafone Elektronik Para ve Dağıtım Hizmetleri A.Ş.
- On 12.12.2022, The company won the tender on "Test Service Procurement" organized by a third-party telecom company. The tender price is 10,080,000 TRY and covers the service period dated 01.01.2023 - 31.12.2023.
- On 19.12.2022, a contract on "Feys Agile Service Procurement" was signed with a third-party telecommunication company to remain in effect between 01.11.2022 and 31.12.2023.
- The company is selected among the top 50 fastest growing technology companies of Turkey in the "Deloitte Technology Fast 50 Turkey 2022 Program" which is held on 21.12.2022.
- On 03.01.2023, "Additional Protocol on the GDPR Project Contract" was signed with Yapı ve Kredi Bankası A.Ş. to cover the service period between 22.12.2022 - 22.12.2023.
- On 23.01.2023, a one-year contract was signed with Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. Information about Technology Service Procurement.
- At the Board Meeting of our company dated 25.01.2023 and numbered 2023-02, In order to expand the company's activities, it has been decided to open a branch at the address of "Orhangazi Mah. Teknopark Cad. Teknopark Blok No 1 İç Kapı No Z03 Merkez Düzce. The said branch opening is registered with the T.C.



Duzce Trade Registry Office and published on Trade Registry Gazette dated 30.01.2023 and numbered 10758.

- On 30.01.2023, a 3-year contract on “Personal Data Discovery, Masking, Anonymization, Data Leakage Protection and Content Management System Acquisition” was signed with PTT Teknoloji Bilgi Teknolojileri A.Ş.
- The company took part in Mobilefest, Turkey's largest communication technologies fair, held at Istanbul Congress Center on January 26-28, 2023, for service and product promotions.
- On 02.02.2023, The company won the "Mobile Development Tender" organized by a third-party Telecom company. The total tender price is approximately TRY 20,000,000 where the company undertake 80% of it (approximately TRY 16,000,000). The related mobile development service covers the service period of 01.02.2023 - 01.02.2024.
- On 16.02.2023, “Additional Protocol to the KVKK Project Contract” was signed with Yapı ve Kredi Bankası A.Ş. in order to remain effect between 01.01.2023 - 31.12.2023.
- On 17.02.2023, an approval of tender was received by the company regarding the subject of "Consultancy and Service", in which a team of 12 people will work, to serve Coca-Cola İçecek A.Ş.

## VIII. OTHER ISSUES

On 18.01.2022, constituent changes of BIST Dividend indices were decided by Borsa Istanbul Management for the February 1, 2022 - January 31, 2023, period and Kafein Technology is placed within BIST Dividend Indices. Within the scope of the announcement made by Borsa Istanbul General Directorate on 18.01.2023, the company continues to be traded in the BIST Dividend Index for the period 01/02/2023-31/01/2024, based on the periodic valuation study of BIST Dividend Indices.

Within the scope of the notification of Borsa İstanbul A.S. dated 27.09.2022, Kafein Software has been included in the BIST Participation All Shares Index regarding the index period of 01/10/2022-30/04/2023. Followingly, within the scope of the notification of Borsa İstanbul A.S. dated 20.10.2022, Kafein Software has been also included in the BIST Participation 100 index as of 21.10.2022 regarding the index period of 01/10/2022-30/04/2023.

Within the scope of the notification of Borsa İstanbul A.S. dated 10.11.2022, Kafein Software has been included in the BIST Participation Dividend index as of 18.11.2022.



## CORPORATE GOVERNANCE COMPLIANCE STATEMENT 2022

### PART I - CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Corporate Governance Compliance Report of 2022 is stated within this statement as assessed by the Corporate Governance Committee.

Kafein Yazilim Hizmetleri Ticaret A.S., (“Kafein Yazilim” 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 2022 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 Yazilim believes in the significance of strict compliance with the Corporate Governance Principles. Even though Kafein Yazilim does not ensure full compliance with some voluntary items, full compliance for compulsory principles has been established as of 31.12.2022, 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](http://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 2021 was held at 11:00 o'clock on 18.04.2022 at Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01 Esenler İstanbul, Turkey. The necessary quorum was present for the General Assembly meeting to be held. A total of 4,950,982 shares out of 19,750,000 shares were represented at the meeting in which 12,600 shares represented in person and 4,938,382 shares represented by proxy solicitor. 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 2021 has been agreed.
2. The Independent Audit Report for the financial period of 2021 has been agreed.
3. The Financial Statements for the financial period of 2021 have been agreed.
4. The members of the Board of Directors are separately acquitted for their accounts and activities of 2021.
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 2021 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 25.04.2022.
6. It has been agreed to pay TRY 7,500 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 TRY 5,174,521 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 favour of third parties in 2021.
9. Concerning the financial period of 2022, 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 TRY 27,750 donation is made in 2021. An upper limit of

TRY 100,000 has been determined for 2022 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 2021.

**12.** Article 3 of the Company's Articles of Association titled "Headquarters and Branches" has been amended and approved for its relocation from the address "Esenler Yıldız Teknik Üniversitesi Teknoloji Geliştirme Bölgesi Davutpaşa Kampüsü C1 Blok Kat 2 No 403 İstanbul" to "Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01 Esenler İstanbul"

**13.** Regarding the Board of Directors' meeting dated 25.02.2022 and numbered 2022/05, as the company's share values in Borsa İstanbul (BIST) do not reflect the actual performance of our company's operations, a buyback program has been initiated for the company's shares traded in BIST. The maximum number of shares to be repurchased has been determined as 500,000 and the fund to be used for these transactions has been determined as maximum TRY 10,000,000 to be met from the company's internal resources. Within the scope of the program, the shareholders were informed that as of the date of the general assembly, 119,000 shares have been bought back for TRY 2,159,250 in total and the ratio of these shares to the company's capital is 0.60%.

## 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.

#### **- Kafein 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 Yazilim 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 titled “Dividend Distribution and Determination”.

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 by the Capital Markets Board according to the term of profit distribution. Dividend distribution begins on the date to be determined by the General Assembly, at the latest, until the end of the year in which the General Assembly meeting is held.

The regulations of the Capital Markets Board are complied with regarding the time of profit distribution. Dividend distribution begins on the date to be determined by the General Assembly, at the latest, until the end of the year in which the General Assembly meeting is held.

No privilege applies for the profit distribution by Kafein, and profit is distributed equally for all the shares.

Dividends can be distributed to the shareholders either as cash or as bonus share by adding the profit to the capital, or as cash and bonus shares at certain rates.

In case the Board of Directors proposes to the General Assembly that profit should not be distributed, the General Assembly informs the shareholders during meeting 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.

The Company's Articles of Association includes the issue of dividend advance distribution, and the Board of Directors can distribute one or more advance dividends within a financial year in compliance with Turkish Code of Commerce and the Capital Markets Regulation. The Board of Directors distribute dividend advance in times prescribed by Turkish Code of Commerce, the Capital Markets Law and the relevant regulations.

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 share from profit as long as the dividend allocated for the shareholders are paid in cash.

In terms of profit distribution, it is essential to follow a balanced policy between the interests of the shareholders and the interests of the partnership.

## 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](http://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](http://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](http://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. Pursuant to the Corporate Governance Communiqué of the Capital Markets Board (II-17.1), within the scope of article 8 titled



“Compliance reports with corporate governance principles”, the annual reports should state whether the corporate governance principles in the annex of the communiqué are applied or not, and if not, the reasoned explanation regarding non-compliance, explanations on conflicts of interest arising from non-compliance and whether there is a plan to make a change in the management practices of the partnership in the future. Annual reports also include an explanation of whether the sustainability principles are applied or not, and if not, a reasoned explanation regarding non-compliance, as well as an explanation of the effects that occur in environmental and social risk management due to non-compliance with these principles. Also, regarding the corporate governance principle’s article 2.2.2., the annual reports state the information below in addition to the items specified in the relevant legislation and other parts of the corporate governance principles,

- Information about the duties of the members of the board of directors and executives outside the company, and the statements of the members of the board of directors regarding their independence,
- Evaluation of the board of directors regarding the members of the committees formed within the body of the board of directors, the frequency of meetings, working principles including the activities carried out, and the effectiveness of the committees,
- The number of meetings of the board of directors during the year and the attendance status of the members of the board of directors,
- Information on legislative changes that may significantly affect the company's activities,
- Information about important lawsuits filed against the company and their possible consequences,
- Information about the conflicts of interest between the company and the institutions from which it provides services such as investment consultancy and rating, and the measures taken by the company to prevent these conflicts of interest,
- Information on cross-shareholdings where the direct participation rate in the capital exceeds 5%.
- Information is given about the social rights of the employees, their vocational training and corporate social responsibility activities related to other company activities that have social and environmental consequences.

## PART IV- STAKEHOLDERS

### 4.1. *Company Policy Regarding Stakeholders*

Stakeholders are persons and/or institutions that have a direct and/or indirect relationship with the company's activities and are positively or negatively affected by the company's activities. In this direction, stakeholders; Persons, institutions, or interest groups such as employees of the company, customers, creditors, suppliers, various non-governmental organizations.

#### **4.1.1. Protection of Stakeholders**

In its transactions and activities, the Company pays utmost attention to protect the rights of all stakeholders regulated by legislation and mutual agreements and adequate information is provided on these issues. If it is

noticed that the rights of the stakeholders, which are protected by legislation and contracts, are violated, corrective measures are taken effectively and quickly to ensure that the rights are restored.

In cases where the rights of the stakeholders are not regulated by legislation and contracts, the interests of the stakeholders are protected within the framework of good faith rules, and by considering the rights, opportunities, and reputation of the Company. The Company plays a leading role in resolving any disputes that may arise between the Company and its stakeholders. When conflicts of interest arise between stakeholders or if a stakeholder is included in more than one interest group, a balanced policy is followed in terms of protecting the rights owned, and each right is aimed to be protected independently of each other. The interests of the company and the stakeholders are expected to be in the same direction. Measures are taken by the company management to prevent the occurrence of a conflict of interest.

In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and the interests of the partnership. The profit distribution policy of the company can be accessed on the corporate website.

#### **4.1.2. Informing Stakeholders**

Stakeholders are adequately informed about the Company's policies and procedures regarding the protection of their rights by using the corporate website of the company.

In line with the principles of public disclosure and transparency, a structure is created that will enable stakeholders to access complete and timely information. Stakeholders are informed through material disclosures, general assembly meeting minutes, annual activity reports, financial reports, public disclosure platform and Company website.

Persons authorized within the scope of the disclosure policy can communicate with the stakeholders. The information policy can be accessed on our website ([www.kafein.com.tr](http://www.kafein.com.tr)). Our stakeholders can also communicate via e-mails [info@kafein.com.tr](mailto:info@kafein.com.tr) and [yachtirimci@kafein.com.tr](mailto:yachtirimci@kafein.com.tr).

With the Corporate Portal, which was established as an in-house sharing system established by the company, information is accessible to all employees. Employees are informed about the objectives and activities of the Company through performance evaluation meetings held within the framework of open communication.

The company considers the understanding of establishing open and honest communication with its employees as the basis of its Human Resources Management policy. In this context, applications are created to increase employee satisfaction and productivity, with the support of the Human Resources Department. Issues such as company policies and strategies, objectives, activities to improve the working life and environment are announced to the employees and their opinions are taken on these issues.

Determining and developing the core competency areas of the suppliers and supporting mutual development are taken as a basis. In addition, Company policy, specifications and contracts are also included in the scope of information shared with our suppliers.

#### **4.1.3. Participation of Stakeholders in Company Management**

Participation of employees in management is regulated by various practices and internal regulations within the company. The company is in constant communication with all its stakeholders. Channels (info@kafein.com.tr) where all stakeholders, especially our employees, can convey their opinions, questions and suggestions to the company management, are kept open in a transparent, honest and accountable management approach. The feedback received from them is submitted to the evaluation of the senior management after passing through certain stages, depending on the internal procedures, and solutions and policies are developed. Models that support the participation of stakeholders, especially company employees, in company management are developed in a way that does not disrupt company activities.

Stakeholders are provided with the opportunity to contact via the contact information specified on the website for their questions, opinions, suggestions, and complaints. In addition, there are independent members in the Board of Directors to ensure that the rights of shareholders and other stakeholders are respected equally within the scope of the decisions taken.

Effective participation of employees in decision processes is ensured by the "employee satisfaction survey" system. The results of the survey, which is conducted once a year to collect the opinions of the employees, are evaluated by the Company management. Through this system, the suggestions of the personnel for the improvement of work and working conditions are evaluated and the suggestions deemed applicable are taken into consideration in determining the Company policies.

The activities reported by the stakeholders, which are against the relevant legislation, and which are not ethically appropriate, are reported by the Corporate Governance Committee. The Corporate Governance Committee conveys the matter to the Board of Directors when it deems appropriate. Opinions of stakeholders are taken in important decisions that have consequences for the stakeholders.

#### **4.1.4. Relations with the Customers and Suppliers**

The Company takes all kinds of measures to ensure customer satisfaction in the marketing and sales of its products and services. The company carries out its activities by planning, beyond providing quality service, within the framework of environmental awareness and respect for the rights of customers, suppliers, and employees. The customer's requests for the product and service purchased are evaluated by the relevant sales departments and the customers are informed. The company pays attention to the confidentiality of customer and supplier information within the scope of trade secret. It is essential to establish good relations between the company and its customers and suppliers, away from unfair advantage, and to comply with the terms of the agreement.

#### **4.2.** *Human Resources Policy*

The human resources policy of the Company aims to create a competent organization consisting of loyal employees and ensure that Kafein Yazilim 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.Ş. 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.

#### 4.5. 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.

The Company's Quality Management System Policy is shared on our website:

[kafein.fra1.digitaloceanspaces.com/kafeinweb/POL.015%20KYS%20POL%C4%B0T%C4%B0KASI%20-%20Rev.01-43c4f.pdf](http://kafein.fra1.digitaloceanspaces.com/kafeinweb/POL.015%20KYS%20POL%C4%B0T%C4%B0KASI%20-%20Rev.01-43c4f.pdf)

#### 4.6. Ethics Policy and Ethics Committee

Kafein is a well-established organization that considers commitment to ethical values as a prerequisite in all its activities and regards the Code of Ethics as one of the cornerstones of its corporate culture. The principle of honesty is essential in all external and internal relations and processes. Our reputation as an ethical company is one of our most valuable assets and is crucial to our continued success. Kafein's policy is to comply with all applicable laws and regulations of the countries in which we operate and to conduct our business activities in an honest, ethical, and responsible manner.

Honesty, sense of responsibility and respect for rights are essentials in the company's relations with employees, suppliers, customers, shareholders, other stakeholders and the public. As a corporate citizen, our company is aware of its role in social and economic life and considers the aim of developing society and economy while continuing its activities. The policy consists of four main elements:

1. Labor
2. Health and Safety
3. Environment
4. Code of Ethics

The entire policy can be accessed via the link below:

[kafein.fra1.digitaloceanspaces.com/kafeinweb/Kafein%20Etik%20%C4%B0keler%20ve%20Davran%C4%B1%C5%9F%20Politikas%C4%B1%20-%20Kopya-0edb1.pdf](http://kafein.fra1.digitaloceanspaces.com/kafeinweb/Kafein%20Etik%20%C4%B0keler%20ve%20Davran%C4%B1%C5%9F%20Politikas%C4%B1%20-%20Kopya-0edb1.pdf)

With the Board of Directors Decision dated 21.09.2022 and numbered 2022/21, within the scope of our Company's "Ethical Principles and Behaviour Policy", the Ethics Committee was established to appoint an independent member from the Corporate Governance Committee, a member responsible for Human Resources and a member from the Investor Relations department, and It has been decided to determine the e-mail address [gizli@kafein.com.tr](mailto:gizli@kafein.com.tr) for the communication of the Ethics Committee.

## 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 31.12.2022, the Board of Directors of Kafein Yazilim consists of the following members.

| <b>Kafein Yazilim Hizmetleri Ticaret A.S. Board of Directors</b> |                          |
|------------------------------------------------------------------|--------------------------|
| Ali Cem Kalyoncu                                                 | Board Chairman           |
| Neval Onen                                                       | Vice Chairwoman          |
| Hatice Sevim Oral                                                | Board Member             |
| Kenan Subekci                                                    | Board Member             |
| Ibrahim Semih Arslanoglu                                         | Independent Board Member |
| Murat Ethem Sümer                                                | 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.

31 meetings have been held by the Board of Directors within the period. The Members of the Board of Directors ensured participation by 89% in these meetings.

In accordance with the article 4.2.8 of Principles of Corporate Governance; Executive Liability Insurance policy was signed with the total liability amount of USD 3,000,000 to be valid between 03.09.2022 - 03.09.2023.

### 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 2022 is TRY 5,667,530 (2021: TRY 5,174,521)



### **5.5.1. Remuneration Policy**

Remuneration Policy defines the basic principles of Kafein's remuneration approach, reflects Kafein's mission, strategy and values used in this approach, and underlines the need for compliance with governance principles for remuneration practices. In the determination of wages and fringe benefits fair, objective, and motivating factors are considered. In pricing language, race, gender, belief, religion, sect, age, physical disability, and similar features are not accepted as criteria and the principle of equality is adopted.

- A fixed fee is determined at the ordinary general assembly meeting each year, valid for all members of the Board of Directors. Regarding the remunerations to be given to the Members of the Board of Directors; The Remuneration Committee (Corporate Governance Committee) presents its suggestions to the board of directors, taking into account the degree of reaching the criteria used in remuneration. Remuneration levels of the members of the board of directors are determined by taking into account the responsibility taken in the decision-making process, the knowledge, skills, competence, level of experience and time spent.
- Dividends, share options or payment plans based on the company's performance cannot be used in the remuneration of independent members of the board of directors. It is essential that the remuneration of the independent members of the board of directors be at a level that will protect their independence.
- The company may not lend, extend credit, extend the term of loans or credits, improve their terms, extend credit under the name of personal credit through a third party, or give guarantees such as surety in favour of any member of the board of directors or executives with administrative responsibility.
- It is essential that the wages to be given to the senior managers and employees of Kafein are compatible with the ethical values, internal balances, and strategic goals of Kafein. Fees; consists of base salary, performance bonus and additional benefits. Wages are determined by considering the financial structure, financial situation, and market conditions of Kafein and are paid to the employees according to the working time, title, experience, competence, and the nature of the work performed.
- In remuneration for senior executives and employees, the Company's General Manager and HR and Administrative Affairs Director are authorized to determine wages, periodically review them, and carry out necessary procedures in accordance with the policy and relevant legislation.
- The Board of Directors ensures the effectiveness of this Policy by reviewing and evaluating performance at least once a year.
- Remunerations and all other benefits provided to the members of the board of directors and executives with administrative responsibilities are disclosed to the public through the annual report.

### **5.5.1. Compensation Policy**

The provisions of the Labor Law No. 4857 are in force regarding severance and notice pay are applied in the company. In case of a change in the Labor Law No. 4857, the provisions of the relevant law that will enter into force will be applied.

In this framework, without prejudice to the mandatory legal rules stipulated in the legislation,

- (i) Regarding vesting severance pay of employees and the heirs of our deceased employees, the



provisions of the Labor Law No. 4857 and the article 14. of the Labor No. 1475 as by reference of interim provisions of the Article 6 of the Labor Law No. 4857 are applied and the calculations are carried out within the framework of the principles determined in the legislation.

(ii) Regarding the notice period, the periods stipulated in the Labor Law No. 4857 are taken as a basis and the personnel working during the notice period are granted a job search permit. Collective job search permission can only be applied if the employee makes a written request and on the condition that it coincides with the days before the day he leaves the job. In addition, the employee's employment contract can be terminated by paying the wage up to the end of the notification period in advance.

## CORPORATE GOVERNANCE COMPLIANCE REPORT 2022

| Corporate Governance Compliance Report                                                                                                                                                                                                                                      | Company Compliance Status |         |    |          |                | Explanation                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|----------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                             | Yes                       | Partial | No | Exempted | Not Applicable |                                                                      |
| <b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>                                                                                                                                                                                                                 |                           |         |    |          |                |                                                                      |
| 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                         |         |    |          |                |                                                                      |
| <b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>                                                                                                                                                                                                                          |                           |         |    |          |                |                                                                      |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.                                                                                                                                                                   | X                         |         |    |          |                |                                                                      |
| <b>1.3. GENERAL ASSEMBLY</b>                                                                                                                                                                                                                                                |                           |         |    |          |                |                                                                      |
| 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              | No notification has been made regarding such a transaction.          |
| 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                         |         |    |          |                |                                                                      |
| <b>1.4. VOTING RIGHTS</b>                                                                                                                                                                                                                                                   |                           |         |    |          |                |                                                                      |
| 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              | Our company has no cross-ownership that provides management control. |

|                                                                                                                                                                                                          | Company Compliance Status |         |    |          |                |                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Governance Compliance Report                                                                                                                                                                   | Yes                       | Partial | No | Exempted | Not Applicable | Explanation                                                                                                                                                                                                                                                                                    |
| 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. Stating that, Article 15 of the Articles of Association states that shareholders holding shares representing at least one tenth of the capital may apply for secret and written voting upon their request. |
| 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              | Profit is distributed.                                                                                                                                                                                                                                                                         |
| 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                         |         |    |          |                |                                                                                                                                                                                                                                                                                                |

| Corporate Governance Compliance Report                                                                                                                                                        | Company Compliance Status |         |    |          |                | Explanation                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                               | Yes                       | Partial | No | Exempted | Not Applicable |                                                                                                                                                            |
| <b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>                                                                                                                                              |                           |         |    |          |                |                                                                                                                                                            |
| 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                         |         |    |          |                |                                                                                                                                                            |
| <b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>                                                                                                  |                           |         |    |          |                |                                                                                                                                                            |
| 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                         |         |    |          |                |                                                                                                                                                            |
| <b>3.3. HUMAN RESOURCES POLICY</b>                                                                                                                                                            |                           |         |    |          |                |                                                                                                                                                            |
| 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                         |         |    |          |                |                                                                                                                                                            |

| Corporate Governance Compliance Report                                                                                                                                                                                             | Company Compliance Status |         |    |          |                | Explanation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|-------------|
|                                                                                                                                                                                                                                    | Yes                       | Partial | No | Exempted | Not Applicable |             |
| 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                         |         |    |          |                |             |
| <b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>                                                                                                                                                                                 |                           |         |    |          |                |             |
| 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                         |         |    |          |                |             |
| <b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>                                                                                                                                                                                |                           |         |    |          |                |             |
| 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                         |         |    |          |                |             |
| <b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>                                                                                                                                                                                         |                           |         |    |          |                |             |
| 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                         |         |    |          |                |             |

| Corporate Governance Compliance Report                                                                                                                                                                                                           | Company Compliance Status |         |    |          |                | Explanation                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                  | Yes                       | Partial | No | Exempted | Not Applicable |                                                                                                                                         |
| <b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>                                                                                                                                                                                                 |                           |         |    |          |                |                                                                                                                                         |
| 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 is 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                         |         |    |          |                |                                                                                                                                         |
| <b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>                                                                                                                                                                                                  |                           |         |    |          |                |                                                                                                                                         |
| 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                         |         |    |          |                |                                                                                                                                         |
| <b>4.4. BOARD MEETING PROCEDURES</b>                                                                                                                                                                                                             |                           |         |    |          |                |                                                                                                                                         |
| 4.4.1-Each board member attend the majority of the board meetings in person or via an electronic board meeting system                                                                                                                            | X                         |         |    |          |                |                                                                                                                                         |

| Corporate Governance Compliance Report                                                                                                                                  | Company Compliance Status |         |    |          |                | Explanation                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                         | Yes                       | Partial | No | Exempted | Not Applicable |                                                                                                                                                                                                                                                                                                      |
| 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              | None of the members who could not attend the meeting during the period gave written opinion.                                                                                                                                                                                                         |
| 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. |
| <b>4.5. BOARD COMMITTEES</b>                                                                                                                                            |                           |         |    |          |                |                                                                                                                                                                                                                                                                                                      |
| 4.5.5 - Board members serve in only one of the Board's committees.                                                                                                      |                           |         | X  |          |                | Independent Members of the Board of Directors 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                         |         |    |          |                | The committees may obtain information from managers or other employees and may invite relevant persons to committee meetings when deemed necessary in line with their duties and working principles.                                                                                                 |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.                                                     |                           |         |    |          | X              | During the period, there was no person/institution from which the committees received consultancy services.                                                                                                                                                                                          |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members.                                                                                       | X                         |         |    |          |                |                                                                                                                                                                                                                                                                                                      |

| Corporate Governance Compliance Report                                                                                                                                                                                                                                                                                    | Company Compliance Status |         |    |          |                | Explanation                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|----|----------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                           | Yes                       | Partial | No | Exempted | Not Applicable |                                                                                                                                                         |
| <b>4.6. FINANCIAL RIGHTS</b>                                                                                                                                                                                                                                                                                              |                           |         |    |          |                |                                                                                                                                                         |
| 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. |



## CORPORATE GOVERNANCE INFORMATION FORM 2022

|                                                                                                                                                                                                                     |                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. SHAREHOLDERS</b>                                                                                                                                                                                              |                                                                                                                                                                         |
| <b>1.1. Facilitating the Exercise of Shareholders Rights</b>                                                                                                                                                        |                                                                                                                                                                         |
| The number of investor meetings (conference, seminar/etc.) organised by the company during the year                                                                                                                 | 4                                                                                                                                                                       |
| <b>1.2. Right to Obtain and Examine Information</b>                                                                                                                                                                 |                                                                                                                                                                         |
| The number of special audit request(s)                                                                                                                                                                              | 0                                                                                                                                                                       |
| The number of special audit requests that were accepted at the General Shareholders' Meeting                                                                                                                        | 0                                                                                                                                                                       |
| <b>1.3. General Assembly</b>                                                                                                                                                                                        |                                                                                                                                                                         |
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)                                                                                                                  | <a href="http://www.kap.org.tr/en/Bildirim/1011380">www.kap.org.tr/en/Bildirim/1011380</a>                                                                              |
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time                                                                                                | Provided                                                                                                                                                                |
| 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 | There is no such transaction.                                                                                                                                           |
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)                                                       | <a href="http://www.kap.org.tr/en/Bildirim/1050595">www.kap.org.tr/en/Bildirim/1050595</a>                                                                              |
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)                                              | Common and continuous transactions carried out within the scope of Article 10 of the Corporate Governance Communiqué (II-17.1) fall below the limits set in Article 10. |
| 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                                                                                           | <a href="http://www.kap.org.tr/en/Bildirim/748027">www.kap.org.tr/en/Bildirim/748027</a>                                                                                |
| 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                                                                                                                                                                    |
| <b>1.4. Voting Rights</b>                                                                                                                                                                                           |                                                                                                                                                                         |
| Whether the shares of the company have differential voting rights                                                                                                                                                   | 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                                                                                                                                                              | % 25,01                                                                                                                                                                 |
| <b>1.5. Minority Rights</b>                                                                                                                                                                                         |                                                                                                                                                                         |
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association                                                                                                 | No                                                                                                                                                                      |
| If yes, specify the relevant provision of the articles of association                                                                                                                                               | 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                       |
| 18/04/2022                | 0                                                                                                                                         | % 25,06                                                             | % 0,06                                           | %25                                       | Investor Relations - General Assembly Information                                                                                                                                      | Investor Relations - General Assembly Information                                                                                                 | None                                                                                                                            | 0                                                                          | <a href="http://www.kap.org.tr/en/Bildirim/1021496">www.kap.org.tr/en/Bildirim/1021496</a> |

| 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                                                                                                               |
| 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%                                                                                                                                                         | Information on Subsidiaries and Affiliates                                                                                                                    |
| 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                                                  | Sustainability Report - Environmental Principles, Social Principles                                                                                           |

### 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   | 0                                                                          |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)             | Ethics Committee                                                           |
| The contact detail of the company alert mechanism                                                          | gizli@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 – Corporate Human Rights and Employee Rights Policy |
| Whether the company provides an employee stock ownership programme                                                                                                                                                      | (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 prevent them. Also provide a summary of relevant parts of the human resource policy.           | Investor Relations -Corporate Governance - Policies – Corporate Human Rights and Employee Rights Policy |
| The number of definitive convictions the company is subject to in relation to health and safety measures                                                                                                                                                  | 0                                                                                                       |
| <b>3.5. Ethical Rules and Social Responsibility</b>                                                                                                                                                                                                       |                                                                                                         |
| 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                                     |
| <b>4. BOARD OF DIRECTORS-I</b>                                                                                                                                                                                                                            |                                                                                                         |
| <b>4.2. Activity of the Board of Directors</b>                                                                                                                                                                                                            |                                                                                                         |
| Date of the last board evaluation conducted                                                                                                                                                                                                               | 13.01.2023                                                                                              |
| Whether the board evaluation was externally facilitated                                                                                                                                                                                                   | No                                                                                                      |
| Whether all board members released from their duties at the GSM                                                                                                                                                                                           | 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 Chairwoman of the Board - Neval Önen                   |
| 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                                                                                                            | <a href="http://www.kap.org.tr/en/Bildirim/926888">www.kap.org.tr/en/Bildirim/926888</a>                |
| 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                                     | <a href="http://www.kap.org.tr/en/Bildirim/1065774">www.kap.org.tr/en/Bildirim/1065774</a>              |
| 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 |                                   |                                     |                                  |                                                                                            |                                                                         |                                                                              |                                                                                                  |
|-----------------------------------|-----------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 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 Independency 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                  | Executive                         | Not independent director            | 16/11/2011                       |                                                                                            | Not applicable                                                          | Not applicable                                                               | No                                                                                               |
| Neval Önen                        | Executive                         | Not independent director            | 10/04/2013                       |                                                                                            | Not applicable                                                          | Not applicable                                                               | No                                                                                               |
| Kenan Sübekci                     | Executive                         | Not independent director            | 02/01/2012                       |                                                                                            | Not applicable                                                          | Not applicable                                                               | No                                                                                               |
| Hatice Sevim Oral                 | Executive                         | Not independent director            | 10/04/2013                       |                                                                                            | Not applicable                                                          | Not applicable                                                               | Yes                                                                                              |
| İbrahim Semih Arslanoğlu          | Non-Executive                     | Independent director                | 02/03/2018                       | <a href="http://www.kap.org.tr/en/Bildirim/917950">www.kap.org.tr/en/Bildirim/917950</a>   | Not considered                                                          | No                                                                           | No                                                                                               |
| Murat Ethem Sümer                 | Non-Executive                     | Independent director                | 23/08/2022                       | <a href="http://www.kap.org.tr/en/Bildirim/1057861">www.kap.org.tr/en/Bildirim/1057861</a> | Considered                                                              | No                                                                           | Yes                                                                                              |

#### 4. BOARD OF DIRECTORS-II

##### 4.4. Meeting Procedures of the Board of Directors

|                                                                                                                                     |                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Number of physical or electronic board meetings in the reporting period                                                             | 31                                                                            |
| Director average attendance rate at board meetings                                                                                  | %89                                                                           |
| Whether the board uses an electronic portal to support its work or not                                                              | Yes                                                                           |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter                     | 1 Day                                                                         |
| The name of the section on the corporate website that demonstrates information about the board charter                              | Investor Relations - Corporate Governance - Articles of Association Article 9 |
| 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 is presented | 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                                         | <a href="http://www.kap.org.tr/en/Bildirim/734372">www.kap.org.tr/en/Bildirim/734372</a>           |

| <b>Composition of Board Committees-I</b> |                                                                  |                                          |                                       |                                    |
|------------------------------------------|------------------------------------------------------------------|------------------------------------------|---------------------------------------|------------------------------------|
| <b>Names Of the Board Committees</b>     | <b>Name Of Committees Defined As "Other" In the First Column</b> | <b>Name-Surname of Committee Members</b> | <b>Whether Committee Chair Or Not</b> | <b>Whether Board Member Or Not</b> |
| Audit Committee                          |                                                                  | Murat Ethem Sümer                        | Yes                                   | Board Member                       |
| Audit Committee                          |                                                                  | İbrahim Semih Arslanoğlu                 | No                                    | Board Member                       |
| Corporate Governance Committee           |                                                                  | Murat Ethem Sümer                        | No                                    | Board Member                       |
| Corporate Governance Committee           |                                                                  | İbrahim Semih Arslanoğlu                 | Yes                                   | Board Member                       |
| Corporate Governance Committee           |                                                                  | Zehra Uluç                               | No                                    | Not Board Member                   |
| Committee of Early Detection of Risk     |                                                                  | Murat Ethem Sümer                        | Yes                                   | Board Member                       |
| Committee of Early Detection of Risk     |                                                                  | İbrahim Semih Arslanoğlu                 | No                                    | Board Member                       |

|                                                                                                                                                                                 |                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>4. BOARD OF DIRECTORS-III</b>                                                                                                                                                |                                                                                                                      |
| <b>4.5. Board Committees-II</b>                                                                                                                                                 |                                                                                                                      |
| 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 |
| <b>4.6. Financial Rights</b>                                                                                                                                                    |                                                                                                                      |

|                                                                                                                                                                          |                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 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<br>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<br>- 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                                                       |

| <b>Composition of Board Committees-II</b> |                                                                  |                                                  |                                                                 |                                                                |                                                                       |
|-------------------------------------------|------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Names Of the Board Committees</b>      | <b>Name of committees defined as "Other" in the first column</b> | <b>The Percentage of Non-executive Directors</b> | <b>The Percentage of Independent Directors in The Committee</b> | <b>The Number of Meetings Held in Person or Electronically</b> | <b>The Number of Reports on Its Activities Submitted to The Board</b> |
| Audit Committee                           |                                                                  | %100                                             | %100                                                            | 5                                                              | 5                                                                     |
| Corporate Governance Committee            |                                                                  | %66                                              | %66                                                             | 3                                                              | 3                                                                     |
| Committee of Early Detection of Risk      |                                                                  | %100                                             | %100                                                            | 6                                                              | 6                                                                     |

## SUSTAINABILITY REPORT 2022

### 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, environment, 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, e-commerce projects, and telecommunication projects we developed are also used around the world as well as in Turkey.

As Kafein, the focus of our activities and operations was sustainable growth and profitability in 2022. In addition to strong financial indicators, we also monitor the company's economic, environmental, and social developments and the opportunities and risks arising out of them. As Kafein, we undertook to transparently share both the performed and projected environmental, social, and corporate activities of the company with the stakeholders in order to leave a sustainable world to the next generations and to set an example in this regard.

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

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

Best Regards,

Mr. Ali Cem Kalyoncu

CEO, Kafein Yazilim Hizmetleri Tic. A.S.





## About the Report

The report serves as a statement of progress in accordance with the United Nations Global Compact (UNGC) to which we are a signatory since 2020. Kafein COP (Communication of Progress), refers to the 10 principles of UNGC concerning human rights, working standards, environment and also summarizes the support and maintenance performance for these principles. Additionally, it includes its contributions to the United Nations Sustainable Development Goals (SDGs) and take the Capital Markets Board's (CMB) Sustainability Principles Compliance Framework into consideration. 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).”

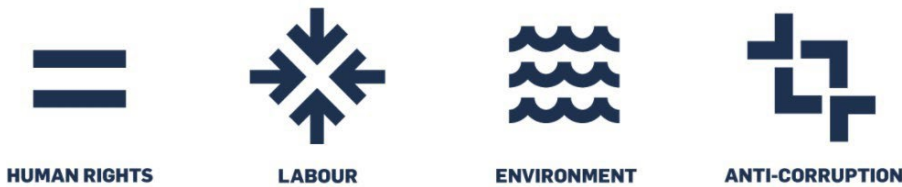
With the report, the economic, environmental, and social performance of Kafein Technology for the year of 2022 is presented to the information to stakeholders. The report can be accessed from the Public Disclosure Platform (KAP) and [www.kafein.com.tr](http://www.kafein.com.tr).

## 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](http://www.un.org/sustainabledevelopment)



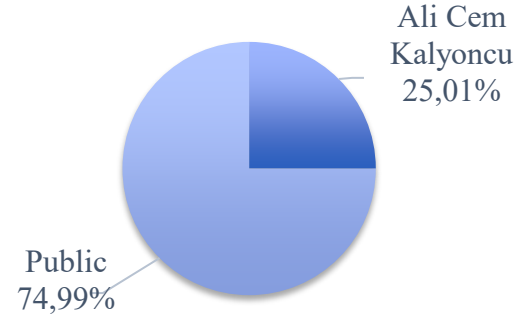
## About Kafein

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

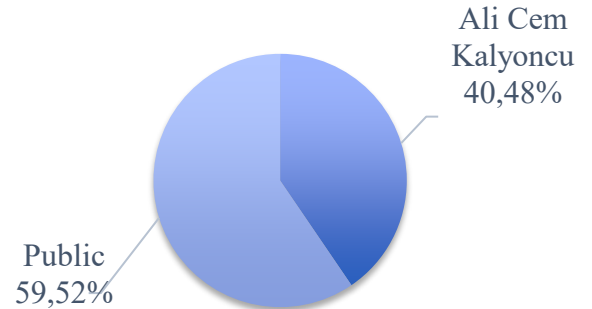
Since 11.05.2018, Kafein Yazılım has been traded under the Informatics Index at Istanbul Stock Exchange. The company is traded at the Main Market by the end of 2022 and has 74,96% of Actual Outstanding Share.

Focusing on profitable, healthy, and sustainable growth with its strong capital structure, Kafein serves its customers with 664 employees (over 700 employees including its subsidiaries) as of the end of 2022.

### Shareholding Structure



### Voting Right



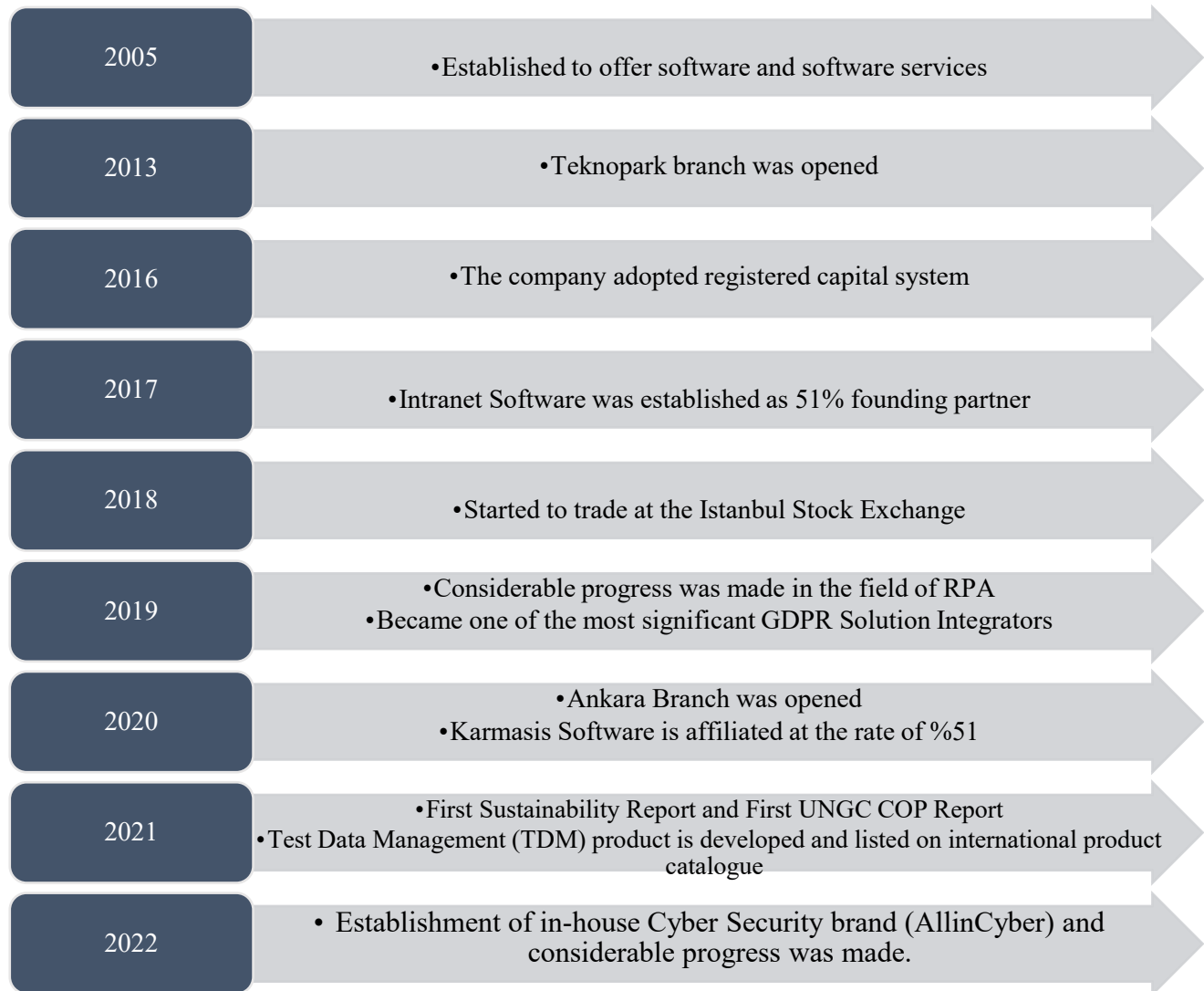
| Head Office, Istanbul                                                                                              | Ankara Branch                                                 | Duzce Branch                                                                        |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Cifte Havuzlar Mah. Eski Londra Asfalti<br>Cad. Kulucka Mrk. A2 Blok No:151/1B İç<br>Kapi No: B01 Esenler İstanbul | Asagi Ovecler, 1309.<br>Sk. No:5 D:6, 06460<br>Çankaya Ankara | Orhangazi Mah. Teknopark<br>Cad. Teknopark Blok No 1 İç<br>Kapı No Z03 Merkez Düzce |

## Services

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Managed Service Consultancy</b></p> <p>Managed Services refer to undertaking the management of a part of the IT department of a company on behalf of the customer and providing it as a service. All or parts of software development, analysis, testing, and operation services fall within the scope of managed services. Within the concept of managed service, the procurement, employment, and management of staff are realised.</p> |  <p><b>Turnkey Solutions</b></p> <p>With turnkey solutions, application software development and integration demand, the scope of which has been clarified by the customer, are started, and completed within a certain period of time and put into use. The process includes customer requirement identification and analysis, system analysis and design, solution integration, testing, commissioning, maintenance, and support.</p>                                                                                              |
|  <p><b>Outsourcing</b></p> <p>In line with the needs of its customers, Kafein recruits candidates with the required knowledge and experience and offers them to the customers. Outsourcing is a method widely preferred by businesses in the information age in order to reduce costs. Organizations assign some inhouse operations to specialised companies so that they can focus on operations such as production, R&amp;D, and sales.</p>    |  <p><b>Software Development</b></p> <p>One of the most powerful ways to achieve organizational efficiency and competitive advantage is to develop tailor-made technology and software. For this reason, we develop various software and products by following both customer needs and global trends; at the same time, we continue our R&amp;D activities in Technopark. Among the products we have developed within the scope of these studies are mobile applications, sales automation systems and HR Processes applications.</p> |
|  <p><b>GDPR Project Consultancy</b></p> <p>Within the scope of End-to-End Solution regarding the Personal Data Protection, Kafein enables organizations to discover sensitive data, structure it correctly, process it effectively and store it in compliance with the Personal Data Protection Law (GDPR) in accordance with legal requirements.</p>                                                                                          |  <p><b>Robotic Process Automation Service</b></p> <p>Robotic Process Automation (RPA) is an automation process that mimics the routine and predictable tasks performed by employees and enables the same tasks to be performed by a software robot. By designing the office works that employees complete by spending a long time and effort within the scope of the robotic process, it enables them to be done quickly and errorfree.</p>                                                                                        |

**Other Services are as follows:** Data Warehouse, Digital Transformation, Test Management, Data Decision Management Systems, Data Virtualisation Consultancy, IT Operations Management, Advanced Analytical Solutions, Cyber Security Solutions.

## History



## Awards

### 2016:

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

**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.

**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.

**2021:**

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

The 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.

**2022:**

Our company is selected among the top 50 fastest growing technology companies of Turkey in the “**Deloitte Technology Fast 50 Turkey 2022 Program**” which is held on 21.12.2021.

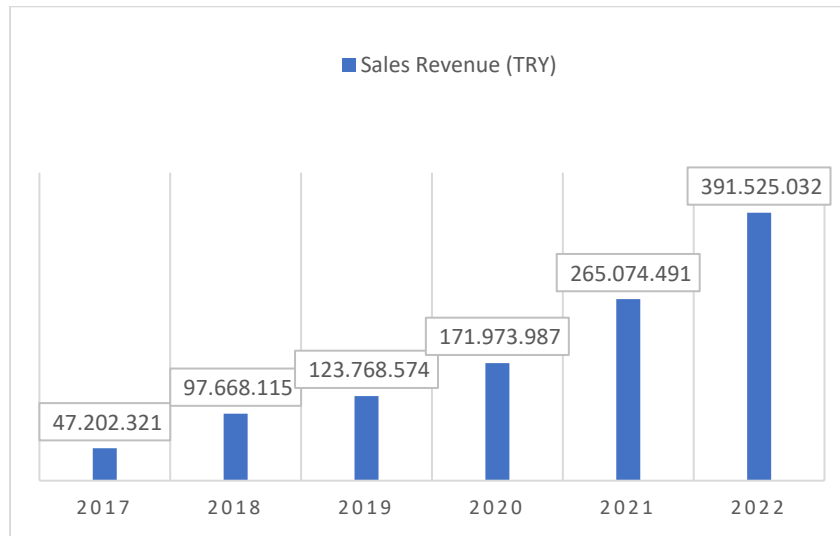
In August 2022, our company ranked 3rd in the “**Top 500 Informatics Companies of Turkey 2021**” Survey prepared by BT Haber in the category of Turkey Based Manufacturer - Service - Consultancy. The company also ranked 5<sup>th</sup> in the subcategory of Outsourcing Usage Service.

In June 2022, with a total R&D expenditure of 17,975,769 TL in 2021, our company ranked 149th in the list of “**R&D 250, Turkey’s companies with the highest R&D expenditure in 2021**” prepared by Turkishtime.

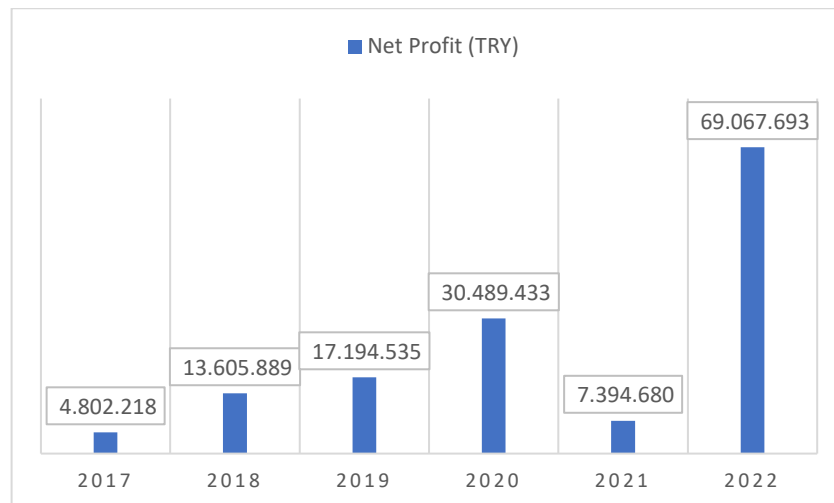
## Operational and Financial Information

In 2022, 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 and Portugal.

The revenue of the company was TRY 391,525,032 with a 47,7% increase compared to the previous year. (31.12.2021: TRY 265,074,491) About 60% of the total sales revenues are from Managed Services Consultancy, 20% from License/Product Sales and Turnkey Projects, and 20% from outsourcing.

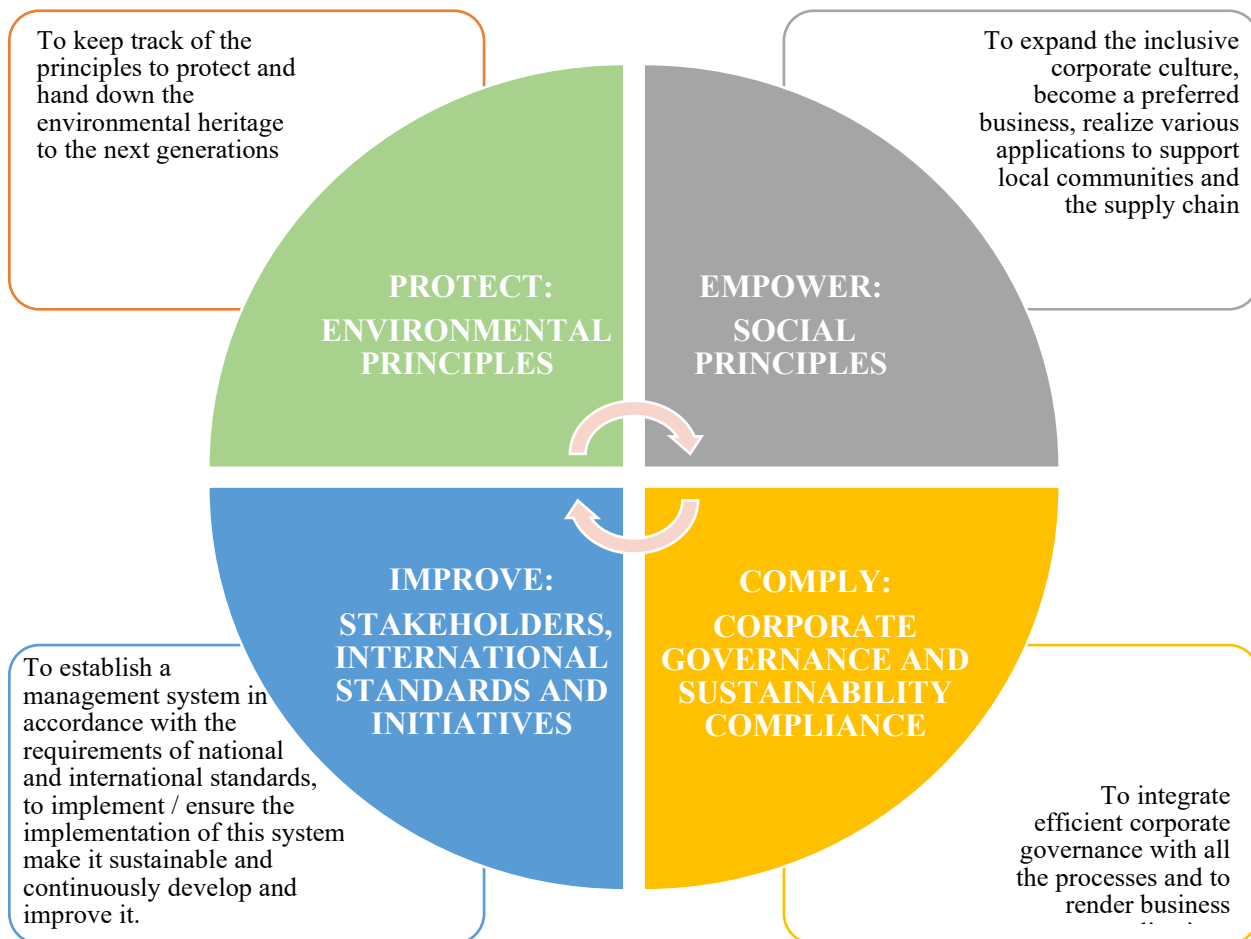


Net profit was realized as TRY 69,067,693 with a 834% increase compared to the previous year. (31.12.2021: TRY 7,394,680)



## The Sustainability Strategy of Kafein: Protect - Empower - Improve – Comply

Kafein is focused on achieving positive results in four main areas within the scope of its sustainability efforts. These areas are derived from the UN Sustainable Development Goals and UN Global Compact Principles and cover “Environmental Principles, Social Principles, Stakeholder Communication and Corporate Governance”.



Within the scope of Environmental Principles, the company takes measures to prevent and/or reduce environmental and social negative impacts arising from its operational activities; makes the necessary effort to use energy and natural resources efficiently. It ensures that the necessary measures are taken by following the legislative regulations on environmental and social issues.

Within the scope of Social Principles, the company 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.

Within the scope of the Improvement Principles, the company aims to comply with international standards, to get ideas from stakeholders and to cooperate with various initiatives in order to create value throughout the supply chain and increase product and service quality by focusing on R&D and technology.

Within the scope of Compliance with Corporate Governance Principles, our company exerts maximum effort to fully comply with the provisions and principles of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board. It does not tolerate bribery and corruption in any way. It takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen communication with the stakeholders. Applications regarding donations and aids are based on company policy.

## Sustainability Strategy Material Topics

Our sustainability priorities and related SDGs and Principles are presented below.

| KPI                                 | Measures Taken                                                                                                                                                                                                                                                                                                                                                                                                                               | Section                                   | Related SDG                                                                                                                                                               | Sub-SDG                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental Responsibility</b> | As a company in a sector with high energy dependency, it is primarily aimed to keep our energy consumption to a minimum, to monitor and report our carbon footprint in the fight against the climate crisis. In-house practices have been developed to prevent paper waste and waste/recycling procedures are followed. Various trainings were provided to our employees through the company's training portal regarding the climate crisis. | Pages 84-89<br>(Environmental Principles) |   | <p><b>12.6</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p><b>13.3.</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> |

|                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                            |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Equal Opportunity, Employee Satisfaction and Employee/Human Rights</b></p> | <p>While applying all recruitment and working processes, it is essential to act with commitment to human rights and ethical values. The Company does not discriminate based on language, religion, race, ethnic origin, political opinion, or gender in its relations with any of its stakeholders, including employees, suppliers and customers. Opinions and requests of employees are taken into consideration through various channels and satisfaction surveys are applied.</p> | <p>Page 90-100<br/>(Social Principles)</p> | <div data-bbox="899 403 1127 632">  </div> <div data-bbox="899 651 1127 879">  </div> <div data-bbox="899 898 1127 1127">  </div> | <p><b>5.1.</b> End all forms of discrimination against all women and girls everywhere</p> <p><b>5.B.</b> Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p> <p><b>8.5.</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p><b>8.7.</b> Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p><b>10.3.</b> Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies, and action in this regard</p> |
| <p><b>Training, Talent Management, and Investment on Human Capital</b></p>       | <p>To provide our employees with both internal and external training opportunities and to create a highly motivated, talented, and comprehensive workforce by supporting their personal development.</p>                                                                                                                                                                                                                                                                             | <p>Page 92-96<br/>(Social Principles)</p>  | <div data-bbox="899 1474 1127 1703">  </div>                                                                                                                                                                                                                                                         | <p><b>4.3.</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university</p> <p><b>4.4.</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                             |                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Stakeholders, International Standards, and Initiatives</b></p> | <p>The company operates in Technopark and develops various R&amp;D projects such as Smart Parking Lot, Parkinson's Disease Tracking and Treatment Platform, Foramind.. etc. The budget allocated to Research and Development and the number of personnel working in this field are increasing regularly.</p> <p>In recent years, the company increased its investments and activities especially in the field of RPA (Robotic Process Automation) and Cyber Security Solutions.</p> <p>Our company is a member of the official organization that works on the information and communication technologies sector and takes an active role in studies in this field. It is also a signatory member of the UN Global Compact on sustainability studies.</p> | <p>Page 101-107 (Stakeholder, International Standards, and Initiatives)</p> |   | <p><b>9.5.</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p> <p><b>17.7.</b> Promote the development, transfer, dissemination, and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed</p> <p><b>17.17.</b> Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p> |
| <p><b>Corporate Governance</b></p>                                   | <p>The company aims to fully comply with the mandatory and voluntary Corporate Governance Principles within the framework of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1. In this sense, all relevant policies have been created and included in business processes to strengthen corporate governance; committees have been formed under the board of directors; and all public</p>                                                                                                                                                                                                                                                                                                                                         | <p>Page 108-111 (Performance Evaluation and Goals for the Next Period)</p>  |                                                                                   | <p><b>16.10.</b> Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p><b>16.B</b> Promote and enforce non-discriminatory laws and policies for sustainable development</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                   |                                                                                      |                                                                                                                                                                                                                                             |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <p>disclosure obligations have been fulfilled.</p> <p>In addition, the company is one of the important software companies that provide end-to-end solution and integration services within the scope of GDPR.</p>                                                                                                                                                                                                                                                                                                                                                                                             |                                   |                                                                                      |                                                                                                                                                                                                                                             |
| <b>Occupational health and Safety</b>         | <p>Kafein provides Occupational Health and Safety Trainings to all its employees, and the given trainings are reported on a yearly basis. The number of final judgments against the company due to liability related to occupational accidents and violation of employee rights are shared with the public. All of our company employees benefit from private health insurance, company doctor service and the right to work from home. In addition, the company's 51% subsidiary Intranet Software is one of the registered system integrators operating in the field of Occupational Health and Safety.</p> | Page 95-96<br>(Social Principles) |   | <p><b>3.8.</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p> |
| <b>Ethics, Compliance and Anti-Corruption</b> | <p>It is essential to implement our Anti-Bribery and Anti-Corruption Policy. In our Corporate Human Rights and Employee Rights Policy, full compliance with the Universal Declaration of Human Rights, ILO (International Labor Organization) Conventions and the legal legislation regulating human rights and working life in Turkey is committed.</p>                                                                                                                                                                                                                                                      | Page 96-96<br>(Social Principles) |  | <p><b>16.5.</b> Substantially reduce corruption and bribery in all their forms</p> <p><b>16.B</b> Promote and enforce non-discriminatory laws and policies for sustainable development</p>                                                  |

## *SECTION 1 - PROTECT: ENVIRONMENTAL PRINCIPLES*

### **A) 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.

## B) Energy Management: Total Energy Consumption

The energy consumption of the Davutpasa Teknopark Office for the 2019-2022 period is given on the table below as follows. Compared to the previous year, **31.5% savings** were achieved in the amount of energy consumed per square meter in 2022. (2021: 6.6%)

As of 2022, our 1,215 square meter head office has been moved to another block in Technopark. The new head office is 2,309 square meters and the energy consumption is measured in KWH (Kilowatt-hour) per square meter.

| Total Energy Consumption (KWH - Kilowatt-hour) |                |                |                |                    |
|------------------------------------------------|----------------|----------------|----------------|--------------------|
|                                                | 2019           | 2020           | 2021           | 2022               |
| January                                        | 32,899         | 26,406         | 19,023         | 54.148             |
| February                                       | 26,369         | 23,606         | 18,331         | 44.639             |
| March                                          | 23,810         | 19,339         | 18,155         | 53.809             |
| April                                          | 19,824         | 13,477         | 14,080         | 23.965             |
| May                                            | 9,032          | 12,604         | 12,571         | 20.032             |
| June                                           | 25,212         | 21,478         | 15,960         | 25.040             |
| July                                           | 25,761         | 22,587         | 20,777         | 26.649             |
| August                                         | 24,368         | 25,510         | 23,674         | 24.403             |
| September                                      | 21,404         | 18,250         | 17,933         | 22.793             |
| October                                        | 18,542         | 14,417         | 16,506         | 20.943             |
| November                                       | 17,149         | 15,950         | 18,863         | 23.444             |
| December                                       | 22,471         | 18,638         | 21,040         | 26.236             |
| <b>TOTAL</b>                                   | <b>266,841</b> | <b>232,262</b> | <b>216,913</b> | <b>366,101</b>     |
| Space (m <sup>2</sup> )                        | 1,215          | 1,215          | 1,215          | 2,309 <sup>1</sup> |
| <b>KWH per m<sup>2</sup></b>                   | <b>219.62</b>  | <b>191.16</b>  | <b>178.53</b>  | <b>135.77</b>      |

All electrical energy is purchased. Electricity consumption is monitored by electricity meters and monthly consumption invoices.

<sup>1</sup> Since the C1 Block office is in use simultaneously with the A1 Block office in January, February, and March 2022, both blocks are included in the calculation in these months.

## C) Company Practices in Reducing Paper Waste:

- The company has been using the “Electronic Board of Directors System (E-YKS)” since 2021, where 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.) are able to use on the company's online portal, thereby reducing paper usage.
- 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. The journal has been publishing as online.
- The company's head office, recycling bins in the Technopark common area are used for paper, battery, and glass recycling.

## D) Kafein Carbon Footprint Report 2022

### 2022 ISO 14064:2019 Greenhouse Gas Inventory Report

Our first Corporate Carbon Footprint Report has been prepared for the year 2022 in order to explain the greenhouse gas emissions from company activities. The entire report can be accessed on our corporate website. The reporting period consists of the time period between January 2022 and December 2022. Corporate Carbon Footprint Report has been reported in accordance with the requirements of the "7.3. Content of Greenhouse Gas Report" article in “TS EN ISO 14064-1:2019 Standard” and the “Greenhouse Gas Protocol Corporate Accounting and Reporting Standard” stated by GHG Protocol. Operational control approach was used in the said Corporate Carbon Footprint Calculation and Reporting.

**Purpose and Scope:** This report is prepared for the purposes of;

- Calculating the impact of the company’s activities on climate change
- Reporting in accordance with ISO 14064-1:2019
- Contributing to the development of a Carbon Management Plan
- Raising awareness of subcontractor companies within the company on climate change, energy efficiency and sustainability issues.

Fixed combustion emissions from natural gas consumption in heating and production processes and company vehicles (Scope I), electricity purchased for operations (Scope II), flight travel and personnel services (Scope III) are included in the calculations.

| Kafein Technology Carbon Footprint Calculations Scope Details |                                                                             |
|---------------------------------------------------------------|-----------------------------------------------------------------------------|
| Scope                                                         | Activity                                                                    |
| Scope I (Direct Emissions)                                    | Constant Combustion (Natural Gas, Movable Combustion and Refrigerant Gases) |
| Scope II (Indirect Emissions)                                 | Industrial Consumption Energy                                               |
| Scope III (Other Indirect Emissions)                          | Flight Travel and Staff Shuttles                                            |

**Scope I; Direct Emissions** (Greenhouse gas emissions generated by the company and emitted directly to the atmosphere. These include stationary combustion emissions from natural gas, diesel fuel or LPG, mobile combustion emissions from company-owned vehicles, refrigerant gas leaks from refrigerators and air conditioners). **Scope II; Indirect Emissions** (Includes emissions from electricity, heating and cooling purchased by the company and may vary from country to country). **Scope III; Other Indirect Emissions** (purchased goods and services, emissions from vehicles not owned by the company, emissions from waste disposal and other external uses).

Carbon footprint is the greenhouse gas measurement and expression of the environmental impacts caused by all kinds of activities of individuals, institutions, and organizations in terms of carbon dioxide equivalent (CO<sub>2</sub>e). The definition of greenhouse gases set by the Kyoto Protocol includes carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF<sub>6</sub>). A common unit, the carbon dioxide equivalent (CO<sub>2</sub>e), is used to quantify them. As a result, human health will be affected, and many ecosystems will be degraded. This is why individuals, companies, organizations, and governments need to unite in a common goal of carbon emission reduction.

## Scope I

Only stationary combustion data was used for Scope I calculations. Annual natural gas consumption for the company is in Sm<sup>3</sup>. Biomass is not burned in any of the activities of Kafein Technology.

| Kafein Technology 2022 Year- Scope I Consumption Amounts                                                                                             |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Electricity Consumption                                                                                                                              | 210203,622 Kwh |
| Total fuel consumption of company vehicles, distinguishing between diesel and gasoline, in liters (including service, rental vehicles and generator) | 39.572,28 Lt   |
| Movable Combustion (Diesel)                                                                                                                          | -              |
| Movable Combustion (Gasoline)                                                                                                                        | -              |
| Refrigerant Gases (R410 A)                                                                                                                           | -              |
| Refrigerant Gases (R407 A)                                                                                                                           | -              |
| Refrigerant Gases (R407 C)                                                                                                                           | -              |
| Fire Tubes (CO <sub>2</sub> )                                                                                                                        | -              |



## Scope II

For the calculation of emissions from electricity from the grid, it is necessary to know the greenhouse gas impact value per kWh of electricity production on a country basis. The number of emissions from electricity generation in Turkey is 0.59 kg CO<sub>2</sub>e/kWh.

| Kafein Technology 2022 Year- Scope II Consumption Amounts |                |
|-----------------------------------------------------------|----------------|
| Electricity Purchased from the Grid                       | 210203,622 kWh |
| Steam Purchased from the Grid                             | -              |

## Scope III

For the calculation of carbon emissions from Scope III, total kilometres were calculated from personnel routes and number of trips.

| Kafein Technology 2022 Year- Scope III Consumption Amounts |           |
|------------------------------------------------------------|-----------|
| Flight Travels                                             | 83.566 km |
| Personnel Shuttles                                         | -         |

## Total Carbon Footprint

Based on the calculations, a **total of 203,762 tCO<sub>2</sub>e** for 2022 was found. The results of the study are shown in the table below.

|                   | Scope I                    | Scope II                  | Scope III               | Total Carbon Footprint          |
|-------------------|----------------------------|---------------------------|-------------------------|---------------------------------|
| Kafein Technology | 104.539 tCO <sub>2</sub> e | 99.216 tCO <sub>2</sub> e | 7,24 tCO <sub>2</sub> e | <b>203.762 tCO<sub>2</sub>e</b> |

## Analysis and Result

Climate change impacts may vary in different regions due to different energy sources. According to 2016 reports, the carbon emission per capita in the United States is 1,450 kg CO<sub>2</sub>e, while the carbon emission per capita in Europe is calculated as 1,210 kg CO<sub>2</sub>e. In İstanbul, the headquarters of Kafein Technology the **per capita carbon emission in 2022 is 1026 kg CO<sub>2</sub>e/person**, which is even better than the European average.

Considering the greenhouse gas emissions corresponding to the total turnover in 2022 and calculated in detail above, Kafein Technology emits 0.10 kg CO<sub>2</sub>e carbon emissions for every \$1 of added value generated. Based on Euro, these values are calculated as 0.12 kg CO<sub>2</sub>e for 2022 when calculated at the current exchange rate (\$1.2 = €).

## Targets and Compliance Studies

Kafein Technology has determined a policy that aims to limit the direct and indirect impacts of its products on the environment throughout their life cycle. The sustainability studies that have been implemented since the day it was founded continue. The environmental strategy is to reduce Scope I, Scope II, and Scope III emissions by 30% by 2030.

Personnel training is the main measure to reduce the carbon footprint. All personnel are trained on important issues such as controlling pollution at source, energy saving and water consumption to prevent their consumption.

The Environmental Policy and Corporate Sustainability Policy, which are presented to all employees by senior management on environmental impacts, have been determined and a commitment has been received from all stakeholders to comply with the Code of Conduct.

The software industry is directly dependent on electricity consumption and therefore the main source of greenhouse gas emissions is energy consumption. The intensive use of electricity is the most important issue that makes it necessary to work on energy efficiency and reduction.

- According to the results of Scope II, in order to reduce carbon emissions from electricity consumption, it is necessary to turn to or invest in renewable energy sources.
- Especially in electricity consumption where emissions are high, it is necessary to prepare an improvement plan and set a gradual target for emission reduction.
- Emission measurement, recording and monitoring activities should be continued periodically.

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



## SECTION 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.

### A) Continuous Labor Procurement and Employment Development

Since the foundation in 2005, the company regularly increased the number of employees every year. By the end of 2022, the company alone had 664 employees, in total, with knowledge and experience above the sectorial average.(2021: 618). The company's individual labor performance and the employee portfolio in years are as follows. Between 2022-2022, there has been a **7% increase in the solo number of personnel.** (2020-2021: +%6)

| Total Number of Employees |                     |                      |       |
|---------------------------|---------------------|----------------------|-------|
| YEAR                      | Technical Personnel | Administrative Staff | Total |
| 2022                      | 608                 | 56                   | 664   |
| 2021                      | 574                 | 44                   | 618   |
| 2020                      | 546                 | 39                   | 585   |
| 2019                      | 419                 | 37                   | 456   |
| 2018                      | 381                 | 37                   | 418   |

### B) Increase in the Number of the Women Employees

By the end of 2022, **35% of our employees are women.** (2021:%31). Between 2021-2022, the rate of women employed by the company **increased 20%.** (2020-2021: +%19)

The company attained minimum 25% female board members as recommended within the article 4.3.9 under the Corporate Governance Principles in the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board (“CMB”). As of 31.12.2022, **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.

| Number of Employees by Gender |                          |                            |       |                            |
|-------------------------------|--------------------------|----------------------------|-------|----------------------------|
| YEAR                          | Number of Male Employees | Number of Female Employees | TOTAL | Rate of Female Employees % |
| 2022                          | 434                      | 230                        | 664   | 34.64                      |
| 2021                          | 426                      | 192                        | 618   | 31.07                      |
| 2020                          | 423                      | 162                        | 585   | 27.69                      |
| 2019                          | 333                      | 123                        | 456   | 26.97                      |
| 2018                          | 262                      | 116                        | 418   | 27.75                      |

### C) 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.

| Number of Employees by Age Group |          |           |         |                           |
|----------------------------------|----------|-----------|---------|---------------------------|
| YEAR                             | 0-18 Age | 19-35 Age | 35+ Age | Total Number of Personnel |
| 2022                             | -        | 499       | 165     | 664                       |
| 2021                             | -        | 483       | 135     | 618                       |
| 2020                             | -        | 445       | 140     | 585                       |
| 2019                             | -        | 333       | 123     | 456                       |
| 2018                             | -        | 315       | 103     | 418                       |

## D) Educational Status of the Employees and In-Company Training Opportunities

By 2022, 90% 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.

| Number of Employees by Education Level |                   |             |            |                        |                           |
|----------------------------------------|-------------------|-------------|------------|------------------------|---------------------------|
| Year                                   | Elementary School | High School | University | +Master's Degree/Ph.D. | Total Number of Personnel |
| 2022                                   | 8                 | 57          | 566        | 33                     | 664                       |
| 2021                                   | 8                 | 21          | 554        | 35                     | 618                       |
| 2020                                   | 7                 | 24          | 524        | 30                     | 585                       |
| 2019                                   | 6                 | 24          | 393        | 33                     | 456                       |
| 2018                                   | 6                 | 21          | 376        | 15                     | 418                       |

### i. *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. Internship programs includes mentoring and training. During the 2022 period, 8 trainees were recruited from YTU. During the year, **a total of 45 interns were recruited**, and 6 interns started to work within our company after the end of the internship.

At the Kafein and Turkish Informatics Foundation Event, 15 Information Technology Teachers from different cities were hosted in our company and they were informed about Kafein Technology, within the scope of the project "Increasing the Capacities of VET (Vocational Technical Education) Institutions with Innovative Approaches in Information Technologies Transformation (BC2IT)".

*ii. Kafein HR Training and Development Portal*

On 21.02.2022, the online **Kafein Training and Development Portal** application was made available to our employees. Through this portal, our employees can access over **1,100 online courses**. (2021:900 Online Courses). On the portal, a total of 15,500 views were reached regarding the personal development trainings

Internal Training Unit was established within the company in 2022, and in-house trainings were given by experts and experienced trainers in line with the demands and needs of the employees. Including basic skills and technical trainings, **a total of 85 trainings** were given to our employees, 16 of which were classroom training, 9 were internal training, 60 Udemy trainings; and various certifications have been completed. (2021:87 Trainings) Some of these trainings are training such as SQL, Test, Java, Siebel, Applied Cyber Security, First Aid Training, finance training for non-financiers.

In addition, within the scope of **club activities** basic and advanced sailing training was organized for our employees who want to participate, and a sailing team was formed. 9 of our employees attended this training in 2022.

*iii. 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. The Kafein Academy program is a program for young graduates or young people with a maximum of one year of work experience. It is aimed that our young friends who have successfully completed the program will take their first steps into business life with a full-time employment contract, and a technical training program has been created for them in the team they are assigned to, and it is aimed to continue this program under the control of mentors. During the orientation process, practical trainings such as specialization, coding and personal development trainings are offered by expert trainers.

Within the scope of the Kafein Academy, **48 juniors were trained** in 2022. (2021: 38)

During the year, many university events such as Istanbul Bilgi University Winterfest Event, Kadir Has University

Career Days, Yıldız Technical University Career Days were attended within the scope of Kafein Internship and Kafein Academy activities. In these events, detailed information about the academy program, internship and recruitment processes were given by meeting with the students.

The Kafein Academy web page can be accessed via [akademi.kafein.com.tr](http://akademi.kafein.com.tr).

*iv. Donation to TEV (Turkish Education Foundation)*

It was decided to donate TRY 20,000 to "Turkish Education Foundation (TEV)" with the Board Decision dated 27.12.2022 and numbered 2022/31 within the scope of our Company's Donation and Aid Policy.

In addition, after the period, based on the Board of Directors Decision dated 07.02.2023 and numbered 2023/02, due to the earthquake disaster in our country, a donation of TRY 25,000 was made to the "AHBAP Association" within the scope of the Company's Donation and Aid Policy.

On 06.11.2022, Kafein Technology, together with its volunteer employees, participated in the run to support "Don't Let the Education of Young People Be Interrupted" campaign of the Turkish Education Foundation in the 44th Istanbul Marathon.

## E) Employee Loyalty

By the end of 2022, 8% of the employees were working in the company for more than five years. (2021: %13)

| Number of Employees by Working Time |                                                           |                                                           |                           |
|-------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|---------------------------|
| 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 |
| 2022                                | 614                                                       | 50                                                        | 664                       |
| 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” Suggestion 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.

Kafein conducts an annual employee satisfaction survey on the company portal, anonymously. For 2022, the satisfaction rate among our employees is 79,8%. (2021: %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.

- **K-Stars Reward App:** 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.

## F) Occupational Health and Safety

Occupational health and safety are 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” published in the Official Gazette dated 15.05.2013 and numbered 28648 and offers certification according to their requests. 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:

| <b>Occupational Health and Safety Training by Years</b> |             |             |             |             |             |
|---------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>OHS Training</b>                                     | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Personnel Number                                        | 24          | 62          | 65          | 59          | 595         |
| Total Hours                                             | 192         | 496         | 520         | 472         | 4,760       |

In 2022, there is no judicial decision against the company due to liability related to work accidents. (2021:0) During the period, there is no judicial decision against the company due to the violation of employee rights. (2021:1). Additionally, the payroll department is audited annually and quarterly in terms of measuring the quality of business processes.

All our company employees benefit from private health insurance. The opportunity to work from home, which started as of the pandemic process, continues for all our employees in the current period.

The company's Occupational Health and Safety Policy has been published on our website: [kafein.fra1.digitaloceanspaces.com/kafeinweb/KFEIN%20%C4%B0SG%20POL%C4%B0T%C4%B0KASI-125ac.pdf](http://kafein.fra1.digitaloceanspaces.com/kafeinweb/KFEIN%20%C4%B0SG%20POL%C4%B0T%C4%B0KASI-125ac.pdf)

## G) General Data Protection Regulation

Kafein receives written consent from all the employees for the processing of the data of the personnel as per the General Data Protection Regulation (GDPR) published in the Official Gazette dated 07.04.2016 and numbered 29677

The Clarification Texts and Application and Information Request Form under the Law is available on the company's website for all the stakeholders: <https://www.kafein.com.tr/home/kvkk#>

## H) Anti-Bribery and Anti-Corruption Policy

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

follows:

## **1. Goods and Service Trading Companies and Business Partners**

It is necessary for external suppliers of products and services, customers, and business partners to whom products and services are provided to comply with the principles of the Policy and other relevant legal regulations.

### ***1.1. Selection of Firms and Business Partners***

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

### ***1.2. Agreement with Firms and Business Partners***

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

- Full compliance with the principles defined in the Policy and relevant other regulations,
- Adoption of and compliance with these principles by the employees,
- Periodic trainings for the employees as regard to the Policy,
- Regular notifications to the employees about the notification liabilities and ethical applications
- and the encouragement to notify in case of such conditions.
- These agreements and contracts include a provision that they may be terminated with rightful cause in case of non-compliance with or breach of these principles.

## **2. 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.

### ***2.1. Gifts***

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

means of appreciation and courtesy. Any and all gifts by Kafein 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.

## **2.2. Facilitation Payments**

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

## **2.3. Donations**

### **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.

#### ***2.4. Error-Free Record Keeping***

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.

#### ***2.5. Education and Communication***

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.

#### ***2.6. Policy Violations and Notice***

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 external suppliers of products and services, customers, and business partners to whom products and services are provided are also recommended to remind their employees of the Ethical Rules and encourage them to notify in case they suspect a breach. This is secured in agreements and contracts with a special provision. Actual or possible breaches of the policy are examined by the Senior Management and, if any, non-complying behaviours are exposed to sanctions.

The agreements and contracts with the companies trading goods and services with or natural or legal persons

who act on behalf of Kafein 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.

## i) Sustainability Practices on the Basis of Supply Chain

As of 30.09.2022, the "Sustainability and Environment" clause was added to our company's standard business contracts within the scope of sustainability principles and compliance with the company's corporate governance structure.

Within the scope of this article, the customer/supplier and the assigned personnel accept, declare, and undertake that they will act in accordance with environmental laws and other regulations, will make maximum efforts to reduce the effects of their products and services on the environment, and will try to make use of resources responsibly while performing their acquisition under the contract.

Again, within the scope of the same article, the customer/supplier shall comply with the generally accepted conditions on sustainability and that the service to be provided is of such a nature as to allow these conditions; It will act in accordance with Kafein's Corporate Human Rights and Employee Rights Policy on our company's website, where full compliance with the Universal Declaration of Human Rights, ILO Conventions and the legal framework and legislation regulating human rights and working life in Turkey is committed, and that in this context, discrimination, inequality, human rights to take preventive and corrective measures against forced labor, not to employ child labor, to oppose verbal insults, corporal punishment, mental and physical force use, to encourage the development of each individual, to give equal rights and to support participation in non-governmental organizations, standards, to comply with personal data protection and data security policies and regulations, to not tolerate any type of corruption and bribery under any circumstances, to consider the Anti-Bribery and Anti-Corruption Policy on the company's website, It accepts, declares and undertakes to comply with all legal provisions and the principle of honesty, and not to violate any applicable legislation regarding health and safety.

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



## SECTION 3 - IMPROVE: STAKEHOLDERS, INTERNATIONAL STANDARDS, AND INITIATIVES

### A) The Technoparks Settlement and the R&D Investments

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. A lease agreement was concluded between the Yıldız Technology Development Zone Teknopark A.S. and the Company for the period between 11.02.2022 and 10.02.2023. Also, there is a lease agreement with Düzce Technopark Technology Development Zone dated 01.02.2023 – 01.02.2024.

As of 31.12.2022, Kafein has **a total of 28 R&D projects** carried out within the Technopark. (2021: 29).

As of 31.12.22, 584 employees out of 664, in total, are employed within the Technology Development Zone while 80 perform duties at the non-technopark locations.

| Year | The Number of Employees in the Technopark | The Number of Employees at the Client Locations | Total Number of Personnel |
|------|-------------------------------------------|-------------------------------------------------|---------------------------|
| 2022 | 584                                       | 80                                              | 664                       |
| 2021 | 521                                       | 97                                              | 618                       |
| 2020 | 458                                       | 127                                             | 585                       |
| 2019 | 309                                       | 147                                             | 456                       |
| 2018 | 240                                       | 178                                             | 418                       |

The consolidated budget allocated for Research and Development Activities is as follows:

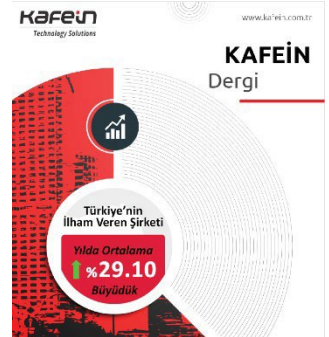
| Year | Total R&D Budget by Years* <sup>2</sup> (TRY) | Rate of Increase % |
|------|-----------------------------------------------|--------------------|
| 2022 | 17,338,502                                    | (%52)              |
| 2021 | 36,206,358                                    | %54                |
| 2020 | 23,544,477                                    | %3                 |
| 2019 | 22,920,254                                    | %36                |
| 2018 | 16,866,800                                    | -                  |

<sup>2</sup> Cost value purchases of capitalized development costs in intangible assets are included in the total R&D budget within the scope of investment expenditure.

## B) In-House Developed Environment-Friendly and Healthcare-Oriented Applications

### KAFEIN JOURNAL

Kafein Journal is an online and regularly published magazine where we can share developments about both the company and the market with our employees, include new teammates, and talk about our events and awards. Our aim with this magazine is to take our bond with our teammates one step further. It has been decided to publish our journal online in order to contribute to paper saving.



### SMART PARKING

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



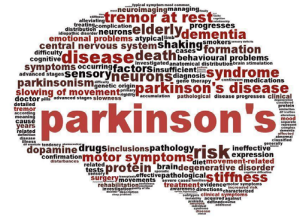
### FORAMIND

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.



### PARKINSON CARE

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.





## C) 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 honourable 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: Security and Flexibility– Business Continuity Management System (International Organization for Standardization, Quality Management System)**

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

The certificate was issued on 25.09.2019 for the first time with no. 791.800.336. The current certificate is valid until 24.09.2023 and renewed once in every year.

### **ISO 27001: Information Technology, Security Techniques - 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 19.09.2023 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 24.09.2023 and renewed once in every year.

### **ISO 14064-1: Corporate Greenhouse Gas Standard (International Organization for Standardization, Quality Management System)**

ISO 14064-1 is the basis for calculating a company's greenhouse gas emissions, i.e., establishing its corporate carbon footprint (CCF). The standard provides information on the principles and requirements for planning, developing and reporting greenhouse gas inventories within a company.

Our company was first certified on 08.12.2022 with the document number AB09211012. The effective date of the current certificate is 07.12.2023 and the relevant certificate is renewed once a year.

### **ISO 5001: Energy Management System Standard (International Organization for Standardization, Quality Management System)**

The ISO 50001 Energy Management System Standard ensures that organizations create the processes and systems necessary to increase energy efficiency, implement and maintain these processes and systems. The standard covers all types of energy. It encourages all organizations towards effective energy management, cost reduction and environmental awareness.

Our company was first certified on 08.12.2022 with document number 07.22.10926.15110.D. The effective date of the current certificate is 07.12.2023 and the relevant certificate is renewed once a year.

## **D) 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 and has been presenting a progress report since then.

## Financial Reporting Standards (IFRS, TPL)

The company uses and is subject to International Financial Reporting Standards (IFRS) and Turkish Tax Procedure Law (TPL) for financial reporting.

## E) Communication with Stakeholders

Stakeholders are persons and/or institutions that have a direct and/or indirect relationship with the company's activities and are positively or negatively affected by the company's activities. In this direction, stakeholders; Persons, institutions, or interest groups such as employees of the company, customers, creditors, suppliers, various non-governmental organizations.

In its transactions and activities, the Company pays utmost attention to protect the rights of all stakeholders regulated by legislation and mutual agreements and adequate information is provided on these issues. The Company's Stakeholders Policy is available on our website:

[kafein.fra1.digitaloceanspaces.com/kafeinweb/Kafein%20Menfaat%20Sahipleri%20Politikas%C4%B1-a9fac.pdf](http://kafein.fra1.digitaloceanspaces.com/kafeinweb/Kafein%20Menfaat%20Sahipleri%20Politikas%C4%B1-a9fac.pdf)

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.

Notification is carried out by means of the following tools.

- Material event disclosures and other notifications announced through the Public Disclosure Platform ([www.kap.org.tr](http://www.kap.org.tr)) ("KAP"),
- Financial statements and related footnotes, independent audit reports, annual reports and liability statements, which are periodically announced through KAP,
- Corporate website (<http://www.kafein.com.tr>),
- Announcements and announcements made through the Trade Registry Gazette and daily newspapers,
- Press releases, press releases and announcements made through written and visual media,
- E-mail etc. communication tools such as
- Telephone, Fax etc.

The Company's Disclosure Policy is published on our corporate website:

[kafein.fra1.digitaloceanspaces.com/kafeinweb/bilgilendirme-54567.pdf](http://kafein.fra1.digitaloceanspaces.com/kafeinweb/bilgilendirme-54567.pdf)

The Stakeholder (Employees, Customers, Suppliers, Public Institutions and Legislators, Affiliates) Communication Channels are as follows:

| Stakeholders Communication Channels                                 |                      |
|---------------------------------------------------------------------|----------------------|
| Communication Platform                                              | Communication Period |
| Sustainability Report, Corporate Governance Compliance Report       | 1 Time Per Year      |
| Activity Report and Financial Statements                            | 4 Time Per Year      |
| Interviews and Press Releases                                       | 10-20 Time Per Year  |
| Ordinary General Assembly                                           | 1 Time Per Year      |
| Public Disclosure Platform (KAP), E-Company, Trade Registry Gazette | Continually          |
| Social Media Posts                                                  | Continually          |
| Corporate Web Site                                                  | Continually          |
| Email, phone and face-to-face meetings, Digital Meetings            | Continually          |

In addition to these issues, annual performance interviews and satisfaction surveys are conducted with our employees; Regular meetings and meetings are held with our customers and suppliers.

### 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 analyse employee satisfactions on a regular basis. Our company's ESG (Environmental, Social, Corporate Governance) targets and progress towards these targets are as follows:

### **Target 1: To Measure Firm's Carbon Footprint and Reduce Total Emissions**

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 (CO<sub>2</sub>) 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.

**Progress:** In order to reduce our company's global carbon emissions and to minimize the effects of climate change, **the first Carbon Footprint Report was prepared in 2022** and is included within this report. The report can be accessed from the company website ([www.kafein.com.tr](http://www.kafein.com.tr)) under Investor Relations – Sustainability headline.

Additionally, the company **received the first ISO 14064-1: Corporate Greenhouse Gas Standard and ISO 5001: Energy Management System Standard certification** on 08.12.2022.

- Kafein Technology has determined a policy that aims to limit the direct and indirect impacts of its products on the environment throughout their life cycle. The environmental strategy is to reduce Scope I, Scope II, and Scope III emissions by 30% by 2030.
- The software industry is directly dependent on electricity consumption and therefore the main source of greenhouse gas emissions is energy consumption. The intensive use of electricity is the most important issue that makes it necessary to work on energy efficiency and reduction. According to the results of Scope II, in order to reduce carbon emissions from electricity consumption, it is necessary to turn to or invest in renewable energy sources. Especially in electricity consumption where emissions are high, it is necessary to prepare an improvement plan and set a gradual target for emission reduction. Emission measurement, recording and monitoring activities should be continued periodically.

- Personnel training is the main measure to reduce the carbon footprint. All personnel are trained on important issues such as controlling pollution at source, energy saving and water consumption to prevent their consumption. The Environmental Policy and Corporate Sustainability Policy, which are presented to all employees by senior management on environmental impacts, have been determined and a commitment has been received from all stakeholders to comply with the Code of Conduct.

## Target 2: Reducing Energy Consumption Per Square Meter

The energy consumption of the Davutpasa Teknopark Office for the 2019-2022 period is given on the table below as follows. Technopark head office is 2,309 square meters and the energy consumption is measured in KWH (Kilowatt-hour) per square meter. All electrical energy is purchased. Electricity consumption is monitored by electricity meters and monthly consumption invoices.

**Progress:** Compared to the previous year, **31.5% savings** were achieved in the amount of energy consumed per square meter in 2022. (2021: 6.6%)

| Total Energy Consumption (KWH - Kilowatt-hour) |                |                |                |                |
|------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                | 2019           | 2020           | 2021           | 2022           |
| <b>TOTAL</b>                                   | <b>266,841</b> | <b>232,262</b> | <b>216,913</b> | <b>366,101</b> |
| Space (m <sup>2</sup> )                        | 1,215          | 1,215          | 1,215          | 2,309          |
| <b>KWH per m<sup>2</sup></b>                   | <b>219.62</b>  | <b>191.16</b>  | <b>178.53</b>  | <b>135.77</b>  |

## Target 3: 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 8 out of 10 and at least 7 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.

**Progress:** In the context of corporate governance compliance, the works carried out by our company are as follows:

| <b>Corporate Governance Compliance Studies by Years</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2021</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>2022</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>• Stakeholders Policy has been formed.</li> <li>• Compensation Policy has been formed.</li> <li>• Full compliance with the International Labor Organization (ILO) Conventions has been committed in the HR Policy.</li> <li>• Statements on the Public Disclosure Platform (KAP) and on the website were published simultaneously in Turkish and in English.</li> <li>• Board of Directors Activity Report and Investor Relations Activity Report were prepared in accordance with the CMB Corporate Governance Principles article 4.5.11 and 4.5.10 respectively.</li> </ul> | <ul style="list-style-type: none"> <li>• The Remuneration Policy has been revised in order to comply with the CMB Corporate Governance Principles Article 4.5.13.b.</li> <li>• Profit Distribution Policy has been revised in order to comply with CMB Dividend Guide Article A.3 and CMB Corporate Governance Principles article 1.6.4.</li> <li>• The “Sustainability and Environment” clause has been added to supplier and customer contracts.</li> <li>• Ethical Principles and Behaviour Policy have been formed and an Ethics Committee has been established.</li> <li>• Website, Personal Data Protection Law Art. Developed and updated under 11.</li> <li>• The Audit Committee structure was restructured in accordance with CMB Corporate Governance Principles Article 4.3.10.</li> <li>• Within the scope of the CMB Sustainability Principles Compliance Framework, Occupational Health and Safety Policy has been formed.</li> </ul> |

## Target 4: Developing Training Programs for Our Employees, Increasing Collaboration with Universities and Creating Job Opportunities for Young Graduates

Employees of the company benefit from certain scholarships in graduate, doctoral, continuing education center programs and certified art education at the universities the company has agreements with. There are Internship Collaboration with Universities and in-company mentoring programs. In line with the demands and needs of the employees, various trainings, including basic skills and technical training, are provided by the Internal Trainer Staff, who are experts in their fields and experienced trainers.

The **Kafein Academy** program is a program for young graduates or young people with a maximum of one year of work experience. It is aimed that our young friends who have successfully completed the program will take their first steps into business life with a full-time employment contract, and a technical training program has been created for them in the team they are assigned to, and it is aimed to continue this program under the control of mentors. During the orientation process, practical trainings such as specialization, coding and personal development trainings are offered by expert trainers.

**Progress:** In 2022, a total of **45 interns were recruited**, and 6 interns started to work within our company after the end of the internship. (2021: 25 Interns)

Our employees can access **over 1,100 online courses** through the Online Kafein Training and Development Portal. (2021: 900 Online Courses)

In 2022, including basic skills and technical trainings, **a total of 85 trainings and courses** were given to our employees, 16 of which were classroom training, 9 were internal training, and 60 Udemy trainings; and various certifications have been completed. (2021: 87 Trainings)

Within the scope of the Kafein Academy, **48 young people were trained** in 2022. (2021: 38)

## Target 5: Increase the Size of R&D Investments

As of 31.12.2022, Kafein has **a total of 28 R&D projects** carried out within the Technopark. (2021:29). The consolidated budget allocated to Research and Development Activities is as follows:

| Total R&D Budget by Years           |            |            |            |            |            |
|-------------------------------------|------------|------------|------------|------------|------------|
|                                     | 2018       | 2019       | 2020       | 2021       | 2022       |
| Total R&D Budget (TRY) <sup>3</sup> | 16,866,800 | 22,920,254 | 23,544,477 | 36,206,358 | 17,338,502 |

<sup>3</sup> Cost value purchases of capitalized development costs in intangible assets are included in the total R&D budget within the scope of investment expenditure.



## Target 6: Have a High 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 **79,8%**. (2021: %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.