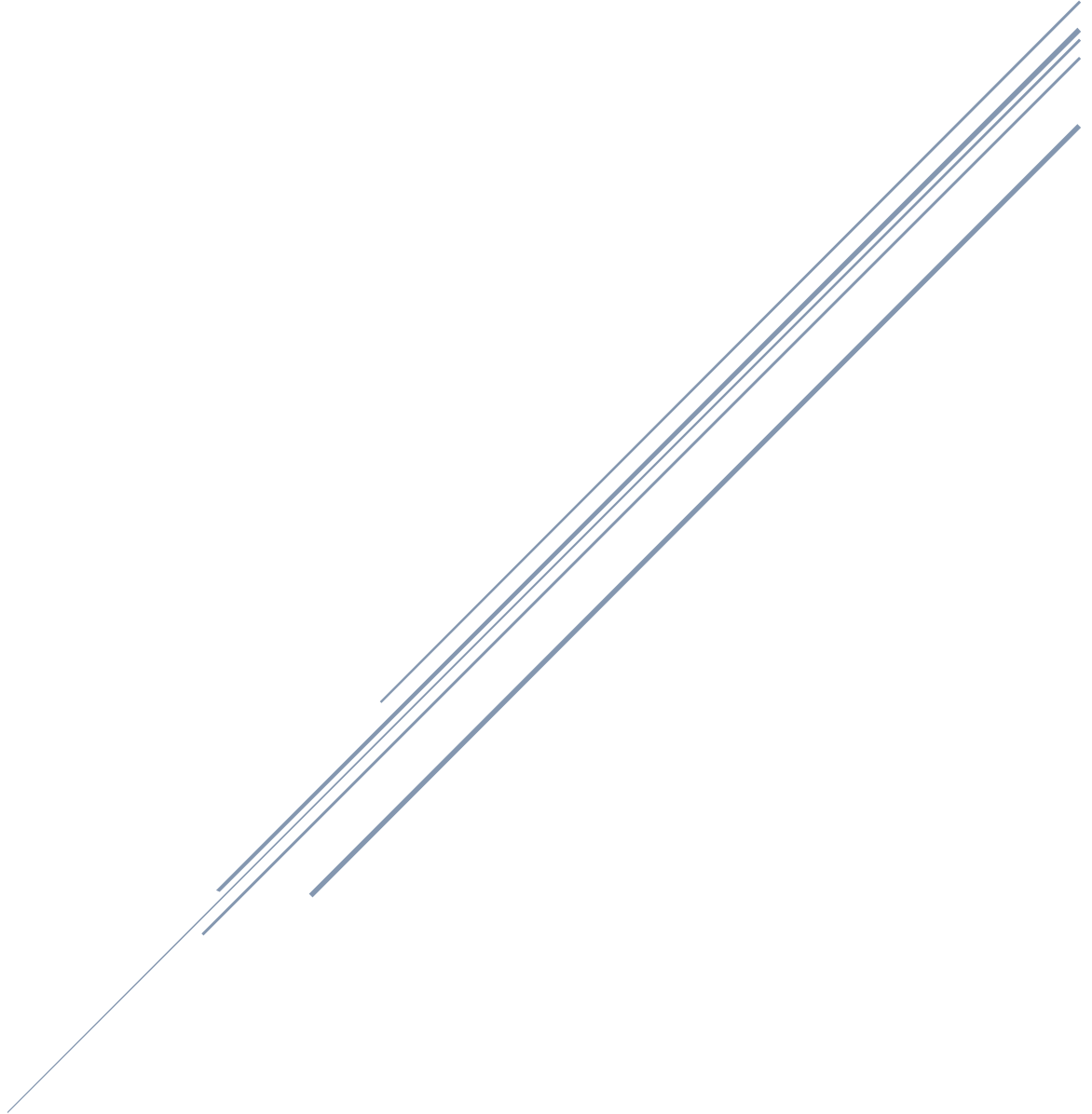


KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.

SUSTAINABILITY REPORT 31.12.2022



İçindekiler

SUSTAINABILITY REPORT 2022	3
The Message of the CEO and UNGC Support Statement.....	3
About the Report	4
The Principles for the Preparation of the Report	4
About Kafein	6
Services	7
History	8
Awards	8
Operational and Financial Information.....	10
The Sustainability Strategy of Kafein: Protect - Empower - Improve – Comply	11
Sustainability Strategy Material Topics.....	12
<i>SECTION 1 - PROTECT: ENVIRONMENTAL PRINCIPLES</i>	16
A) Corporate Sustainability Policy	16
B) Energy Management: Total Energy Consumption.....	17
C) Company Practices in Reducing Paper Waste:	18
D) Kafein Carbon Footprint Report 2022	18
<i>SECTION 2 - EMPOWER: SOCIAL PRINCIPLES</i>	22
A) Continuous Labor Procurement and Employment Development.....	22
B) Increase in the Number of the Women Employees.....	22
C) Fight against Child Labour	23
D) Educational Status of the Employees and In-Company Training Opportunities	24
E) Employee Loyalty	26
F) Occupational Health and Safety	27
G) General Data Protection Regulation	28
H) Anti-Bribery and Anti-Corruption Policy	28
i) Sustainability Practices on the Basis of Supply Chain	32
<i>SECTION 3 - IMPROVE: STAKEHOLDERS, INTERNATIONAL STANDARDS, AND INITIATIVES</i>	33
A) The Technoparks Settlement and the R&D Investments	33
B) In-House Developed Environment-Friendly and Healthcare-Oriented Applications	34
C) International Standards, Initiatives and Certifications	35

D)	Associated National and International non-Governmental Organizations	37
E)	Communication with Stakeholders	38
	<i>PERFORMANCE EVALUATION AND GOALS FOR THE NEXT PERIOD:</i>	<i>40</i>
	Target 1: To Measure Firm’s Carbon Footprint and Reduce Total Emissions	40
	Target 2: Reducing Energy Consumption Per Square Meter	41
	Target 3: To be listed in “Corporate Governance Index” on Istanbul Stock Exchange in the Long Run	41
	Target 4: Developing Training Programs for Our Employees, Increasing Collaboration with Universities and Creating Job Opportunities for Young Graduates	43
	Target 5: Increase the Size of R&D Investments	43
	Target 6: Have a High Rate of Employee Satisfaction	44

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).”

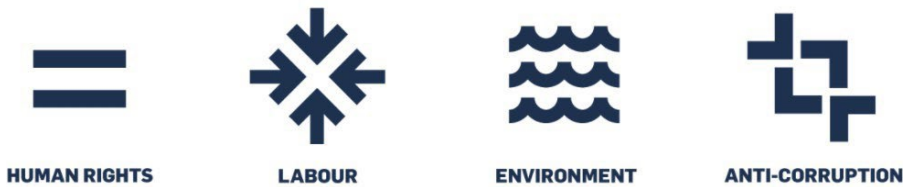
With the report, the economic, environmental, and social performance of Kafein Technology for the year of 2022 is presented to the information to stakeholders. The report can be accessed from the Public Disclosure Platform (KAP) and www.kafein.com.tr.

The Principles for the Preparation of the Report

The Ten Principles of the UN Global Compact

On 27.10.2020, the company signed the UN Global Compact which is the biggest corporate sustainability initiative of the world and is based on ten universal principles in human rights, working standards, environment, and anti-corruption. In this sense, the company is proud to be a part of the global movement of sustainable companies and stakeholders. You can view the company’s UNGC Company Card and the Engagement Letter from the link:

<https://www.unglobalcompact.org/what-is-gc/participants/141725-Kafein-Yaz-l-m-Hizmetleri- Ticaret-A-S->



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

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

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

Principle 4: Forced labor should be removed.

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

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

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

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

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

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

The UN Sustainable Development Purposes (SDPs)

Kafein adopts 17 UN Sustainable Development Purposes (SDPs) and implements the sustainability strategy according to the global targets in this regard. Evaluating the strategy based on the “protect, empower, improve and comply” concept under the light of SDPs, Kafein contributes to the development targets of certain categories with the company’s activities. The official website of the United Nations SDG is www.un.org/sustainabledevelopment



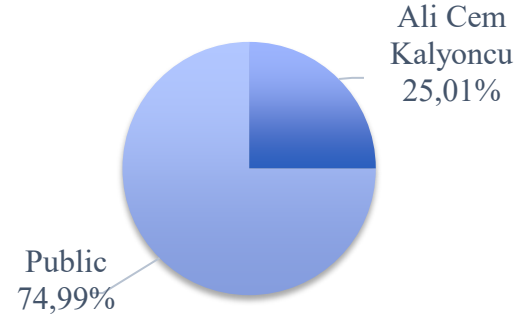
About Kafein

Kafein 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.

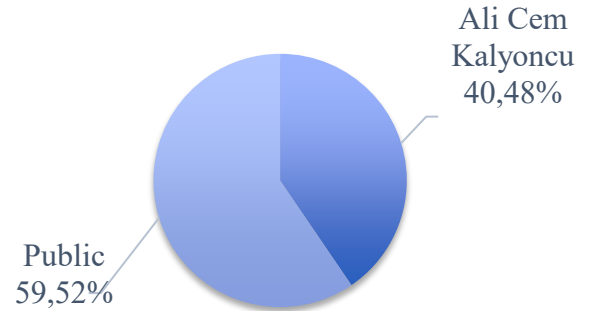
Since 11.05.2018, Kafein Yazılım has been traded under the Informatics Index at Istanbul Stock Exchange. The company is traded at the Main Market by the end of 2022 and has 74,96% of Actual Outstanding Share.

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



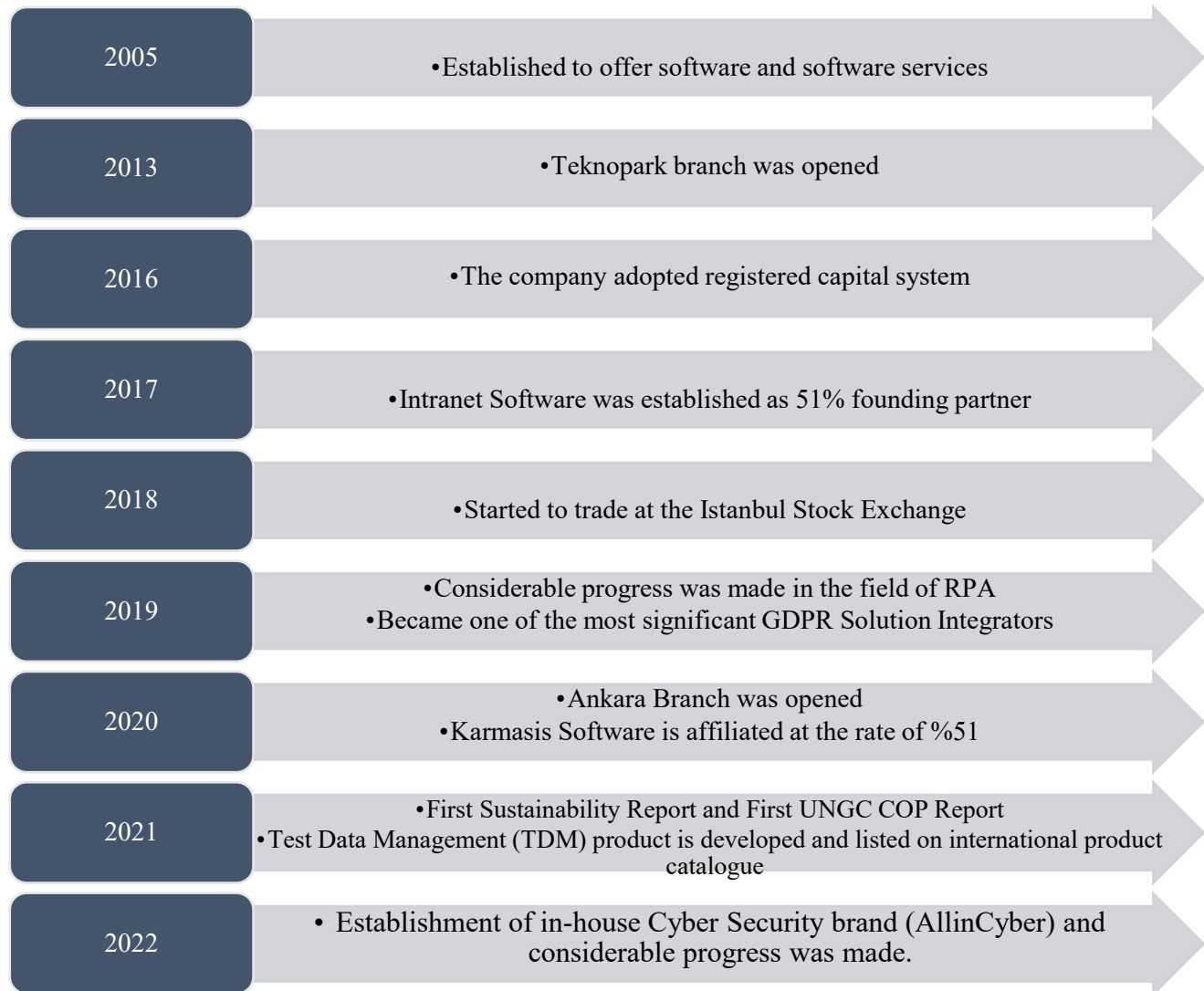
Head Office, Istanbul	Ankara Branch	Duzce Branch
Cifte Havuzlar Mah. Eski Londra Asfalti Cad. Kulucka Mrk. A2 Blok No:151/1B İç Kapi No: B01 Esenler İstanbul	Asagi Ovecler, 1309. Sk. No:5 D:6, 06460 Çankaya Ankara	Orhangazi Mah. Teknopark Cad. Teknopark Blok No 1 İç Kapı No Z03 Merkez Düzce

Services

 <p>Managed Service Consultancy</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>Turnkey Solutions</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>Outsourcing</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&D, and sales.</p>	 <p>Software Development</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&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>GDPR Project Consultancy</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>Robotic Process Automation Service</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 50th 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.

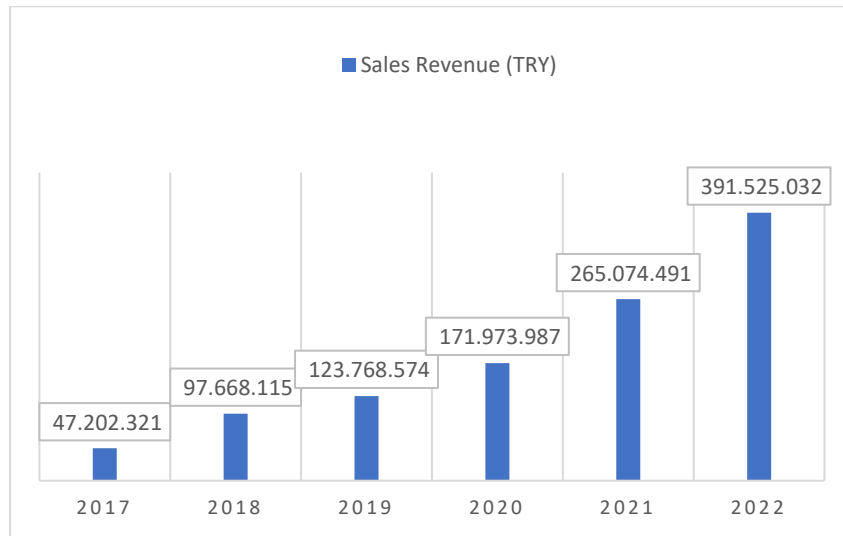
In August 2022, our company ranked 3rd in the “**Top 500 Informatics Companies of Turkey 2021**” Survey prepared by BT Haber in the category of Turkey Based Manufacturer - Service - Consultancy. The company also ranked 5th in the subcategory of Outsourcing Usage Service.

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.

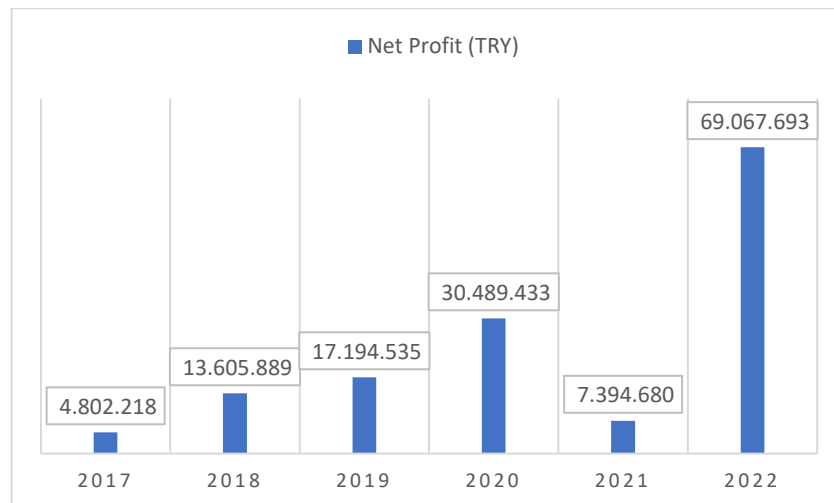
Operational and Financial Information

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.

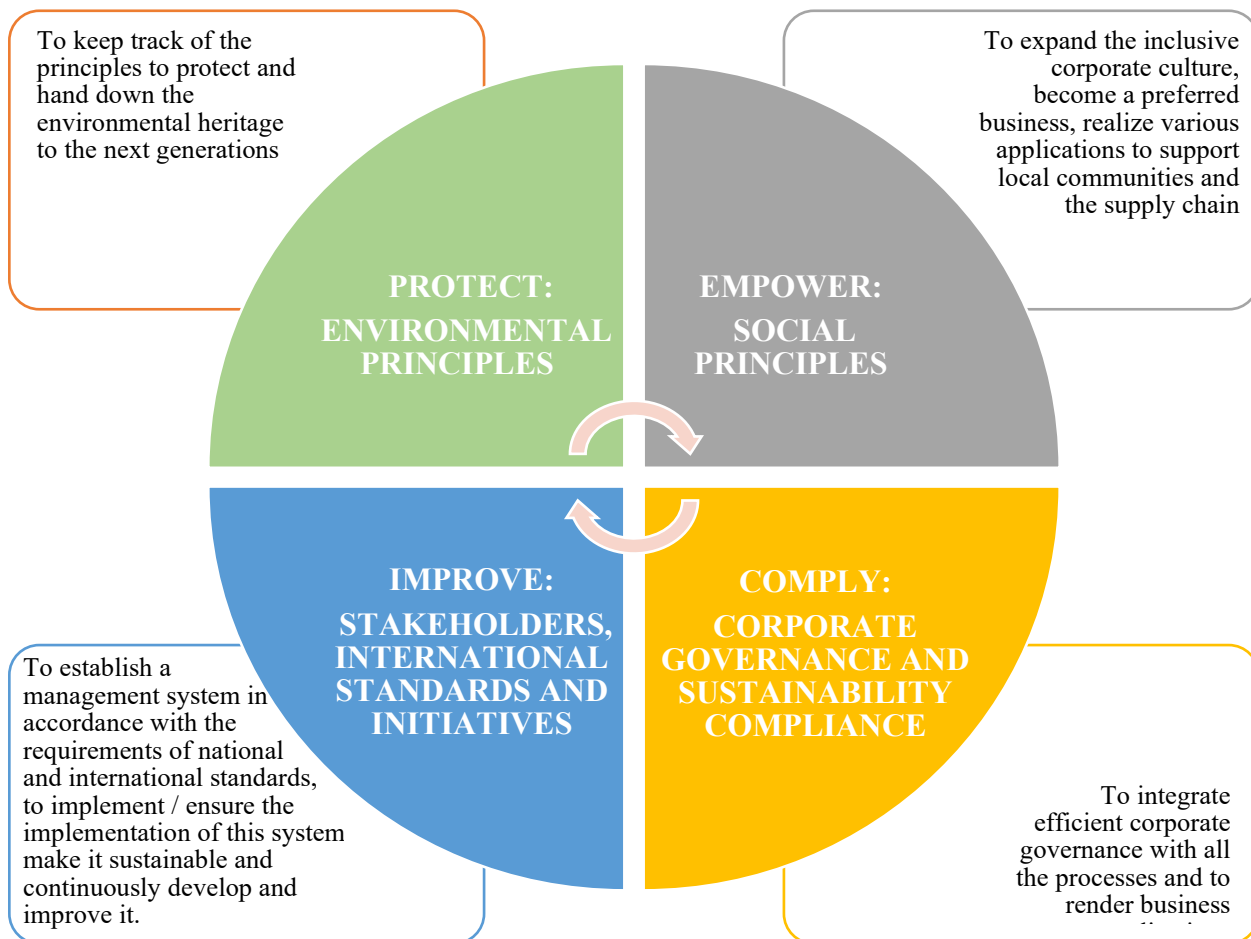


Net profit was realized as TRY 69,067,693 with a 834% increase compared to the previous year. (31.12.2021: TRY 7,394,680)



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
Environmental Responsibility	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 17-22 (Environmental Principles)	 	<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p>13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>

<p>Equal Opportunity, Employee Satisfaction and Employee/Human Rights</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 23-33 (Social Principles)</p>	<div data-bbox="899 405 1127 632">  </div> <div data-bbox="899 653 1127 879">  </div> <div data-bbox="899 900 1127 1127">  </div>	<p>5.1. End all forms of discrimination against all women and girls everywhere</p> <p>5.B. Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p> <p>8.5. 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>8.7. 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>10.3. 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>Training, Talent Management, and Investment on Human Capital</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 25-29 (Social Principles)</p>	<div data-bbox="899 1476 1127 1703">  </div>	<p>4.3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university</p> <p>4.4. 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>Stakeholders, International Standards, and Initiatives</p>	<p>The company operates in Technopark and develops various R&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 34-40 (Stakeholder, International Standards, and Initiatives)</p>	 	<p>9.5. 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>17.7. 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>17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>
<p>Corporate Governance</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 41-44 (Performance Evaluation and Goals for the Next Period)</p>		<p>16.10. Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>16.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>			
Occupational health and Safety	<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 28-29 (Social Principles)		<p>3.8. 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>
Ethics, Compliance and Anti-Corruption	<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 29-32 (Social Principles)		<p>16.5. Substantially reduce corruption and bribery in all their forms</p> <p>16.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
TOTAL	266,841	232,262	216,913	366,101
Space (m ²)	1,215	1,215	1,215	2,309 ¹
KWH per m²	219.62	191.16	178.53	135.77

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

¹ 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 (CO₂e). The definition of greenhouse gases set by the Kyoto Protocol includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF₆). A common unit, the carbon dioxide equivalent (CO₂e), 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 Sm³. 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 ₂)	-

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 CO₂e/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 tCO₂e** 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 ₂ e	99.216 tCO ₂ e	7,24 tCO ₂ e	203.762 tCO₂e

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 CO₂e, while the carbon emission per capita in Europe is calculated as 1,210 kg CO₂e. In İstanbul, the headquarters of Kafein Technology the **per capita carbon emission in 2022 is 1026 kg CO₂e/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 CO₂e carbon emissions for every \$1 of added value generated. Based on Euro, these values are calculated as 0.12 kg CO₂e 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.

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:

Occupational Health and Safety Training by Years					
OHS Training	2018	2019	2020	2021	2022
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

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:

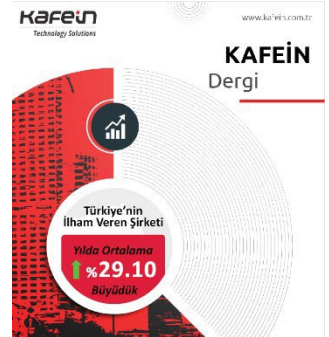
Year	Total R&D Budget by Years* ² (TRY)	Rate of Increase %
2022	17,338,502	(%52)
2021	36,206,358	%54
2020	23,544,477	%3
2019	22,920,254	%36
2018	16,866,800	-

² 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.



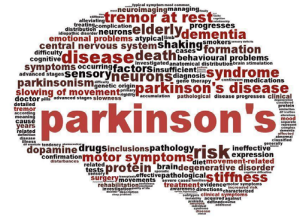
FORAMIND

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

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) ("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

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 (CO₂) emission, which is shown as the main responsible for global warming, causes the formation of gases that cause the greenhouse effect and spreads to the atmosphere with the use of fossil fuels.

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) 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
TOTAL	266,841	232,262	216,913	366,101
Space (m ²)	1,215	1,215	1,215	2,309
KWH per m²	219.62	191.16	178.53	135.77

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:

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

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) ³	16,866,800	22,920,254	23,544,477	36,206,358	17,338,502

³ 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.