KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
SUSTAINABILITY REPORT

2024

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About the Report

This report covers the economic, environmental, social and governance performance of Kafein Technology Hizmetleri Ticaret A.Ş.'s ("Kafein", "Company") sustainability efforts between 1 January and 31 December 2024. The reporting period is one year and is aligned with the annual financial reporting period. Unless otherwise stated, sustainability report is prepared with solo Kafein data and subsidiaries within the scope of financial consolidation are not included in this report.

With the report, Kafein's economic, environmental, and social performance including human rights for the current year is presented to its stakeholders. The development and targets within the framework of sustainability are analysed under four main headings: "Environmental, Social, Economic Principles and Corporate Governance". All information shared in the report aims to raise stakeholder awareness, create value on their behalf and integrate sustainability principles into all business processes.

On 27.10.2020, the company was accepted as a signatory company to the United Nations Global Compact, the world's largest corporate sustainability initiative. In this context, it is proud to be part of the global movement of sustainable companies and stakeholders. In this sense, our report is a **United Nations Global Compact (UNGC) Communication on Progress**. Kafein's Communication on Progress (COP) references the UNGC's 10 principles on human rights, labor standards, environment, and corruption, and summarizes its performance in supporting and sustaining these principles.[1]

Sustainability Report includes company's contributions to the **United Nations Sustainable Development Goals (SDGs)** and has taken into consideration the **Capital Markets Board's (CMB) Sustainability Principles Compliance Framework**.[2] Kafein embraces the 17 UN Sustainable Development Goals (SDGs) and implements its sustainability strategy in line with the global goals within this scope. Kafein evaluates its strategy based on the "Protect, Empower, Improve, Comply" approach in light of the SDGs and contributes to the development goals under some main headings through its practices.

Kafein Technology has reported the information cited in the GRI (Global Reporting Initiative) content index for the period from 1 January to 31 December 2024 in accordance with the GRI Standards.[3] The relevant standard includes disclosing the company's impact on people, including the economy, environment, and human rights. For any opinions, thoughts, suggestions, contributions, and questions regarding the report, please contact the Investor Relations Department by phone at 0212 924 20 30 or by e-mail at yatirimci@kafein.com.tr. The report is available on the Public Disclosure Platform (KAP) and at www.kafein.com.tr.

[1] https://www.unglobalcompact.org/what-is-gc/participants/141725-Kafein-Yaz-l-m-Hizmetleri-Ticaret-A-S-
[2] https://www.un.org/sustainabledevelopment
[3] https://www.globalreporting.org/

Message from the CEO and UNGC Statement of Support

Dear Stakeholders,

As Kafein Technology, since 2005, we have been providing end-to-end value-added services tailored to brands with the awareness that every organization has a different character, spirit, values, and goals, and we take part as their reliable partners in their digital transformation. We do not give up our goal of contributing to society, humanity, and the environment with the technologies of the future. We export software with our technologies that contribute to our country's national software vision and continue to grow exponentially every year. While expanding our product range with the services we produce in different fields, we also feed on the fields of our subsidiaries to expand our service capacity.

In 2024, sustainable growth and profitability will remain at the center of our company's activities and operations. In addition to our strong financial indicators, we also monitor our company's economic, environmental, and social developments and the opportunities and risks arising from these developments.

As Kafein, to leave a sustainable world for future generations and to set an example in this regard, we have taken it upon ourselves to transparently share our environmental, social and corporate governance efforts with our shareholders.

I am pleased to declare the commitment of our company, Kafein Technology, to and continued support for the 10 globally recognized principles of the United Nations Global Compact under the main headings of Human Rights, Working Conditions, Environment and Anti-Corruption.

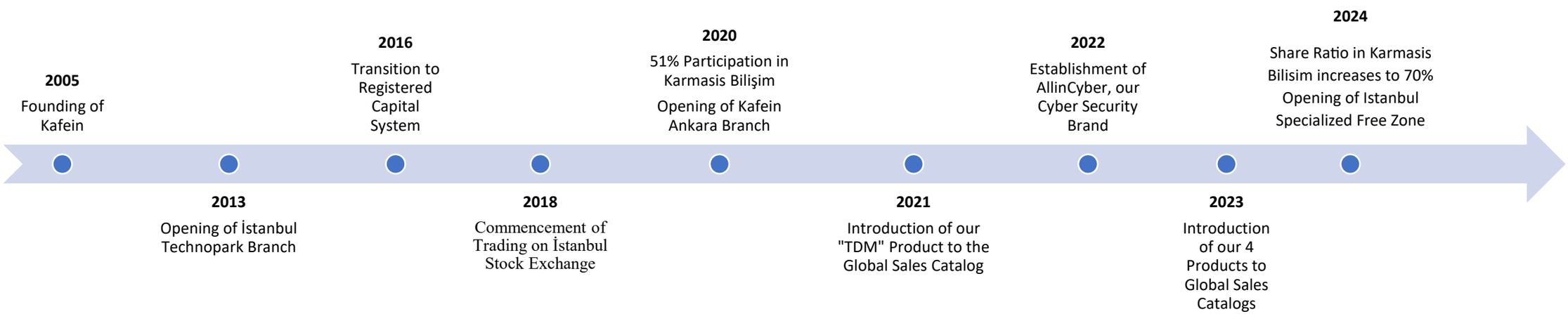
In this context, in our sustainability report, we aim to explain our actions to integrate these principles into our business strategy, culture and daily operations. We are also committed to sharing this information with all our stakeholders through our primary communication channels. In the coming period, we hope to share together the pride and happiness of many more achievements in line with our goals.

Sincerely,
A. Cem Kalyoncu
CEO, Kafein Technology

About Kafein

Kafein Technology was established in 2005 to develop Software Solutions. Kafein, which always focuses on customer satisfaction, provides services to its customers with its own developed products and carries out all its activities in accordance with quality standards and methodologies in addition to its services such as Managed Services, Turnkey Solutions, Outsourcing, License/Product Sales and Adaptations, Cyber Security Solutions. Telecommunication, Banking, Transportation, Insurance, Insurance, Retail, Production, Energy sectors are among the sectors we provide services. As a software and technology company, it operates under the NACE code 62.01.01 (Computer Programming Activities) according to the European Union industry standard classification system.

Kafein focuses on profitable, healthy, and sustainable growth with its strong capital structure. As of the year-end, together with its subsidiaries, it has more than 750 employees and serves its customers from its headquarters in Istanbul and offices in Ankara and Istanbul Specialized Free Zone Branches. The headquarters of company is in Turkey, and we also export software services and products abroad. 75% of the capital of company, which has been traded on the Istanbul Stock Exchange Main Market since 11.05.2018, is publicly traded.



Qualities: Result Oriented - Dynamic - Collaborative - Transformative

In order to achieve the best results from our work, we fully implement systems that we have created with experience and knowledge. In the first stage, we identify the needs of customers through strong communication. After the analysis process carried out by expert staff, we design end-to-end solutions that will provide the most accurate response to these needs. When we realize our projects, we make sure that we provide added value to customers with innovative vision and know-how in technology.

We can compare the speed of development of the digital world to the ever-expanding space: We follow global trends and contribute to the creation of new ones with strong foresight, together with teammates who naturally embrace this infinite speed of development and constantly improve themselves in order to master this limitless world of information. We adopt to respond quickly to needs and realize the ideas that shape the digital world.

We believe in the power of the team, the contributions of teamwork and the doors that different ideas can open. We know that in order to be a strong team, a relationship based on trust must be established, and we work with customers as a team dedicated to serving their needs. When it comes to finding solutions with creativity, we like to push the limits. We proactively identify the needs of customers and the steps that will provide them with added value and lead their digital transformation. Building a digital, open to development and bright future for customers is our biggest source of motivation.

Subsidiaries and Affiliates

Karmasis Bilişim Çözümleri Ticaret A.Ş (70%): Karmasis, founded in 2003, is mainly engaged in the production of IT software, the sale of usage rights as the owner of this software, training activities on IT and software, and, if necessary, providing consultancy services on these issues. On 12 November 2020, Kafein Technology has participated in 51% of Karmasis and included in the scope of consolidation based on the financial statements for the period ended 31 October 2020. The subsidiary is consolidated on a line-by-line basis. According to the Board of Directors Decision No. 21 dated 26.07.2024, our Company has participated in an additional 19% of its subsidiary Karmasis Bilişim Çözümleri Ticaret Anonim Şirketi, in which our Company currently has a 51% share. Thus, our total capital ratio in Karmasis has reached 70%.

APIFORT Yazılım ve Güvenlik Çözümleri Anonim Şirketi (51%): As a result of our Company's Board of Directors meeting dated 10.06.2024 and numbered 17, it has been decided to become a founding partner by participating in 51% of APIFORT Yazılım ve Güvenlik Çözümleri Anonim Şirketi, which will be established at the address of 'Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Merkezi. A1 Blok No 151/1C İç Kapı No B34 Esenler İstanbul', in order to operate in the field of cyber security, as a taxpayer of Esenler Tax Office with the tax identification number 0711015082, with a capital of TL 400,000.00, with a capital of TL 204,000.00 against 204,000 shares each worth TL 1. The said establishment procedure was registered by the İstanbul Trade Registry Directorate on 03.07.2024 and announced in the Trade Registry Gazette numbered 11114.

Vision, Mission, and Values

We know that technology primarily responds to the needs of human beings and serves the purpose of keeping human values alive and carrying them to the next age, and we keep human values at the top of the values we embrace. We manage the processes under the roof of trust, transparency, fair approach and sincerity in all the work we carry out. We know that true motivation stems from happiness in the work environment, and we believe that success cannot be achieved without happy teammates and customers.

We believe that the development process is not a few days or years, but a lifetime, and that continuing to work and learn to always be a better version of ourselves is the essence of this work. Just like people, we know that organizations have differences. Remembering that each organization has its own character, spirit, values, goals, and needs, we offer services that are tailored to each of customers, that will meet their needs end-to-end and provide added value to their organizations.

We become the reliable partners of customers in their digital transformation, not by doing the same thing twice, but by doing something unique every time. We consider the world as home and the people living on it as family. We believe in sustainability, care for natural resources and the environment, and work to make the maximum contribution to environment for a liveable future. With the decision of the Board of Directors of company dated 28.07.2023 and numbered 15, the "Vision, Mission and Values" of the Company were determined as follows.

VISION

As Kafein Technology, we aim to be among the leading software companies that meet the needs and expectations in the sector, transform the creativity of employees into customer satisfaction, act on a risk-based basis, and have international competitiveness by adopting an effective and constantly renewing quality management system understanding with professional, self-confident, business-conscious personnel and transparent organizational structure.

MISSION

With our high-tech software and R&D studies, we aim to offer products and solutions that reduce error rates and increase business efficiency in various sectors such as telecom, transportation, finance, retail, and service.

VALUES

- Working with a focus on customer satisfaction.
- Always doing the best by exceeding expectations.
- Working in a team approach.
- To be responsible to society and respectful to moral and national values while producing.
- To carry out all activities by adhering to the principles of confidentiality and trust.
- Ensuring that employees receive trainings that enable them to improve themselves and increase their self-confidence.
- Always being ready and open to change and continuous improvement.
- Continuously improve and enhance performance for excellence.

Services and Facilities

Managed Services

Managed Services means 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 part of software development, analysis, testing, and operation services fall within the scope of managed services. Within the concept of managed service, staff procurement, employment and management of staff are realized.

Outsourcing

In line with the needs of its customers, Kafein Technology offers its customers by recruiting candidates suitable for the requested knowledge and experience. Outsourcing is a method widely preferred by businesses in the information age in order to reduce costs. Organizations delegate some in-house operations to specialized companies to carry out, so that companies can focus on other operations such as production, R&D and sales.

Cyber Security

Cyber Security is the collective methods, technologies and processes that help protect the confidentiality, integrity and availability of digital assets, networks, and data against cyber-attacks. All-in Cyber, Kafein's own brand, is a cyber security company that raises the information security levels of organizations, addresses the concepts of people, process and technology against cyber-attacks in an integrated manner and offers end-to-end solution partnership in risk, operation and cost management of organizations.

Customized Software Solutions

With turnkey solutions, application software development and integration requests, the scope of which is clarified by the customer, are started and completed within a certain period of time and made available for use. The process includes identification of customer needs and analysis, design, solution integration, testing, commissioning, maintenance, and support.

Product Sales and Adaptations

As a business partner of various national and international software and technology companies in Turkey, Kafein makes license/product sales and adaptations, and works together by establishing cooperation with leading companies in each field. At the same time, it develops its own software and products within the company by following customer needs and global trends.

Product Development & R&D Activities

The company develops its own products and carries out extensive R&D activities by taking part in the Technopark. This strategic location increases our competitiveness in the market by bringing together advanced technological infrastructure and innovative ideas. Our expert team optimizes product performance through continuous research and experimental studies, while producing solutions that meet the expectations of our customers.

Awards

2016- 2020

In 2016, Ranked 50th among "**Turkey's 100 Fastest Growing Companies**" by the Union of Chambers and Commodity Exchanges of Turkey (TOBB) with a growth rate of 270.7% between 2012 and 2015.

In 2017, Included in the list of "**Turkey's Inspiring IT Companies**" prepared by the London Stock Exchange Elite Program

In 2018, Kafein's test automation and devops project for a telco customer ranked in the top 4 among the "**Excellence in Transformation**" projects selected by GSA UK Global Sourcing Association

In 2019, Ranked 1st in the service provider consultancy category on the "IT 500 Award Ceremony" by BT Haber Newspaper, among the IT companies that add value to Turkey according to the **Top 500 IT Companies of Turkey** 2018 survey. (106th in general ranking)

In 2020, Ranked 3rd in the category of Turkey-based Producer/Consultancy and 5th in Outsourcing Services based on the survey of **"Top 500 IT Companies of Turkey in 2019"** by BT Haber Newspaper. (96th in general ranking)

2021

On 21.01.2021, Received the "**Most New Logo (Customer)** in 2020" award given by the company's business partner Micro Focus (Opentext).

On 16.02.2021, the company was among the top 50 companies in the "**Deloitte Technology Fast 50 Turkey 2020 Program**", where Turkey's fastest growing technology companies were selected.

In June 2021, Kafein was ranked among the **"250 Companies with the Highest R&D Expenditure in Turkey"** with an R&D investment of TRY 13.9 million as of the end of 2020.

2022

On 21.12.2022, it was among the top 50 companies in the "**Deloitte Technology Fast 50 Turkey 2022**" Program, where Turkey's fastest growing technology companies were selected.

In August 2022, it ranked 3rd in the "**Top 500 Companies of Turkey's Informatics Sector in 2021**" survey prepared by BT Haber in the category of Turkey Based Manufacturer - Service - Consultancy. It also ranked 5th in the outsourcing service sub-category. (91st in general ranking)

In June 2022, with a total R&D expenditure of 17.975.769 TRY in 2021, it ranked 149th in the list of "**R&D 250: Turkey's Companies with the Highest R&D Expenditure in 2021**" prepared by Turkishtime.

2023

On 09.08.2023, at the "**Top 500 Companies of Turkey's Informatics Sector in 2022**" by BT Haber Newspaper, received the 3. prize in the service provider consultancy category among Turkey-based manufacturing companies and ranked 13th in the "IT 500 Plus R&D Investing Companies" list. (105th in general ranking)

On 28.09.2023, with 28 R&D projects and a total R&D expenditure of 37.313.766 TRY, the company took its place in the "**R&D 250: Turkey's Companies with the Highest R&D Expenditure 2022**" list prepared by Turkishtime, in which the company has succeeded to take place since 2019.

2024

On 13.08.2024, with its 46 R&D projects and a total R&D expenditure of TRY 43,210,566, the company listed in the Turkishtime "**R&D 250: Turkey's companies with the highest R&D expenditure 2023**" list in which the company has been included since 2019.

The company achieved the 3. prize in the "Consultancy" category and the 2. prize in the "Cyber Security Service" among Turkey-based service provider companies, according to the **Top 500 IT Companies 2023 Research** by BT Haber Newspaper on 07.08.2024. (80th in general ranking)

On 14.05.2024, our company was deemed worthy of an award in the '**Commercialised Product Star**' category at the 'Inter-Star Summit Awards' night, which was organised by Yıldız Technical University Technopark in the field of innovation, technology and entrepreneurship and held for the first time this year.

Highlights of Sustainability

14% annual average electricity consumption savings per m² since 2022

1,104 kg CO_2e Average Carbon Emissions per capita since 2022, outperforming the European average (1,210)

Commitment to **1000 Saplings** Every Year

ISO 14064-1 Corporate Greenhouse Gas Standard

ISO 5001 Energy Management Standard

11% Increase in number of Personnel since 2022

16% Increase in Female Employees since 2022

Ratio of Women in Employees **36%**

Ratio of Women in Managerial Positions **60%**

Internship and Training Cooperation with **4 UNIVERSITIES**

Internship Opportunities since 2022 **for 169 INTERNS**

92 YOUNG TALENTS joined Kafein Academy since 2022

Average Annual R&D Budget of **TRY 56,6 million** since 2022

35 R&D Projects in Technopark

Total **6 PROJECTS** Supported by TÜBİTAK

8th Software Company in Turkey to report to UNGC on the date of its membership [4]

15th **IT Company** Traded on the BIST IT Index on the IPO date. [5]

In the BIST **Dividend Index** since 2022

In the BIST Corporate Governance Index **with a score of 94.49%**

Carbon Footprint Report **published since 2022**

[4] As of 2024, there are 11 "Software and Computer Services" companies reporting to the UNGC (United Nations Global Compact) in Turkey.
[5] As of the end of 2024, there were 34 companies in the BIST Information Technology Index.

Management Structure and Composition

a) Board of Directors

The board of directors manages and represents the company by keeping the company's risk, growth and return balance at the most appropriate level with the strategic decisions it will take and by considering the long-term interests of the company with a rational and prudent risk management approach. The board of directors defines the strategic goals of the company, determines the labor force and financial resources required by the company, and supervises the performance of the management.

Within the scope of Article 9 of the company's Articles of Association titled "Board of Directors and Duration", provided that the number of members of the board of directors shall not be less than 6 members and not more than 8 members, it's determined by the general assembly to enable the members of the board of directors to work efficiently and constructively, to make quick and rational decisions, and to organize the formation and work of the committees effectively. The resumes of the members of the Board of Directors, including their work experience and sectoral experience, are available on the Company's website.

In the event that the number of members of the Board of Directors consists of 6 or 7 persons, 2 members shall be elected from among the Group A shareholders or candidates nominated by them and 1 member shall be elected from among the Group B shareholders or candidates nominated by them. The number and qualifications of the independent members of the Board of Directors are determined in accordance with the regulations of the Capital Markets Board on Corporate Governance and at least 2 independent members are elected within the scope of Article 4.3.4 of the Corporate Governance Principles. The members of the Board of Directors shall be elected for a term of three years; unless dismissed, the members of the Board of Directors whose term of office has expired may be re-elected.

Within the scope of the Code of Business Conduct and Business Principles, a target rate of at least 25% has been set for the ratio of female members on the board of directors. The Company makes maximum effort to achieve and maintain these targets. The board of directors evaluates the progress made in achieving these objectives on an annual basis. Currently, 2 out of 6 (33%) members of Board of Directors are women.

BOARD OF DIRECTORS				
Name Surname	**Position**	**Executive Duty if any**	**Date of Election**	**Position End Date**
Cem Kalyoncu	Chairman	General Manager	16.12.11	01.04.27
Neval Önen	Deputy Chairman	Deputy General Manager of Corporate Governance	10.04.13	01.04.27
Hatice Sevim Oral	Member	Accounting Manager	10.04.13	01.04.27
Kenan Subekci	Member	-	02.01.12	01.04.27
Murat Kaan Guneri	Independent Member	-	01.03.24	01.04.27

Murat Ethem Sümer	Independent Member	-	23.08.22	01.04.27

The Board of Directors Internal Directive No. 5 dated 27.03.2024 regulates the working procedures and principles of the Board of Directors and its representation and binding structure. Based on the internal directive, The Board member allocates sufficient time for company affairs. If a member of the Board of Directors is a manager or a member of the board of directors in another company or provides consultancy services to another company, it is essential that this situation does not cause a conflict of interest and does not disrupt the member's duty in the company. In this context, the member's ability to take on other duties or tasks outside the company is limited to a maximum of 5 (five) companies outside the company. The duties of a member of the board of directors outside the company and the reasons therefor are presented to the information of the shareholders, together with the agenda item regarding the election, at the general assembly meeting where the election is discussed, making a distinction between inside and outside the group.

The duties of the Chairman of the Board of Directors and the General Manager are carried out by the same person, and duties have been assumed within the organizational structure to ensure that decision-making processes are made faster and more effective. The related disclosure was shared with the public via KAP (Public Disclosure Platform) on 01.04.2024.

Within the framework of Article 4.6.1 of the Capital Markets Board's Corporate Governance Principles, the Corporate Governance Committee prepares a Board of Directors Performance Evaluation Report every year and publishes it on its website.

b) Committees Established within the Board of Directors

With the decision of Board of Directors dated 21.01.2019 and numbered 2019/01, "Audit Committee", "Corporate Governance Committee" and "Early Detection of Risk Committee" were established within the Board of Directors of company in accordance with the Corporate Governance Communiqué II-17.1 published by the Capital Markets Board. In addition, the Corporate Governance Committee was authorized to fulfil the duties of the Nomination Committee and the Remuneration Committee. The duties and working principles of the Committees are available on the Corporate Governance section of the Company's website.

1. Audit Committee

The Audit Committee supervises the Company's accounting system, public disclosure of financial information, independent audit and the functioning and effectiveness of the Company's internal control and internal audit system. The selection of the independent audit firm, preparation of independent audit contracts and 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 four times a

year, at least quarterly, and the results of the meetings are recorded in the minutes and the decisions taken are submitted to the board of directors.

2. Corporate Governance Committee

The Corporate Governance Committee determines whether the corporate governance principles are fully implemented in the company, if not, determines the reasons thereof and the conflicts of interest arising from the failure to fully comply with these principles, makes recommendations to 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. The Corporate Governance Committee also performs the duties of the "Remuneration Committee" and the "Nomination Committee" as required by the structure of the Board of Directors.

3. Early Detection of Risk Committee

The purpose of the Committee is to identify, define, prioritize, monitor and review strategic, financial and operational risks and opportunities that may affect the Company's activities by calculating their impact and probability, to make suggestions and recommendations to the Board of Directors on the management of these risks and opportunities that may be exposed to, in line with the Company's risk profile, reporting and taking them into account in decision-making mechanisms. The Committee convenes once every two months and submits the meeting results to the Board of Directors.

STRUCTURE OF THE COMMITTEES WITHIN THE BOARD OF DIRECTORS			
Name Surname	**Position**	**Duties in the Committee**	**Date of Election**
Murat Kaan Güneri	Independent Board Member	Corporate Governance Committee Chairman, Audit Committee Member, Early Detection of Risk Committee Member	01.03.24
Murat Ethem Sümer	Independent Board Member	Audit Committee Chairman, Early Detection of Risk Committee Chairman, Corporate Governance Committee Member, Ethics Committee Member	23.08.22, 21.09.22
Zehra Arslantasli	Investor Relations Manager	Corporate Governance Committee Natural Member, Ethics Committee Member	06.05.24, 21.09.22
Neval Önen	HR and Administrative Affairs Director	Deputy General Manager of Corporate Governance	21.09.22

4. Ethics Committee

Kafein is a well-established organization that considers adherence to ethical values as a prerequisite in all activities and considers the Code of Ethics as one of the cornerstones of its corporate culture. The principle of honesty is essential

in all external and internal relationships and processes. The reputation as an ethical company is one of our most valuable assets and is crucial to continued success.

Kafein's policy is to comply with all applicable laws and regulations of the countries in which we operate and to conduct business activities in an honest, ethical and responsible manner. Honesty, sense of responsibility and respect for rights are essential in the Company's relations with employees, suppliers, customers, shareholders, other stakeholders and the public. The company is aware of its role in social and economic life as a corporate citizen and takes into consideration the aim of the development of society and the economy while continuing its activities.

With the Board of Directors Decision dated 21.09.2022 and numbered 2022/21, within the scope of the company's "Ethical Principles and Behavior Policy", it has been resolved to form the Ethics Committee by appointing one independent member from the Corporate Governance Committee, one member responsible for Human Resources and one member from the Investor Relations department and to determine the e-mail address gizli@kafein.com.tr for the communication of the Ethics Committee.

Risks and Opportunities

In accordance with Article 378 of the Turkish Commercial Code and the Corporate Governance Communiqué of the Capital Markets Board, the Early Detection of Risk Committee, established under the Board of Directors, reports to the Board of Directors every two months and carries out risk management activities by carrying out activities for the early detection of risks that may jeopardize the existence, development and continuity of the Company, implementing the necessary measures against the risks identified and managing the risks. Two Independent Board Members have been appointed to this committee and its working principles are available on the Company website.

The Committee shares with senior management its opinion on the effectiveness, adequacy and appropriateness of internal controls for the purpose of ensuring the effective, reliable and uninterrupted execution of the company's activities and services, the integrity, consistency, timely availability, reliability and security of the information provided from the accounting and financial reporting system, as well as on the operation of internal audit and risk management systems in relation to the preparation of the consolidated financial statements. In addition, the reports are also shared with the independent audit company.

The main risks are the risks arising from *"Sector, Operations, Economic (credit, liquidity, currency and interest rate risks), Environmental/Ecological, and Business Continuity Related Risks"*.

- *Risks Arising from the Sector and Management*

Regulation and Legal Risks: Kafein operates in the software industry and therefore has legal regulations and limitations that it must comply with. There are some privileges and concessions granted by the government to the sector. Over time, these privileges and privileges may be abolished, or the privileges and privileges granted to Kafein may be reduced. Kafein's activities and the sector in which it operates may be adversely affected by economic instability. Risks may arise from the location of the company headquarters: Kafein's headquarters and R&D offices are located in Yıldız Technical University's Technopark (Esenler). Kafein's activities may be affected if the competent authorities decide to move the Technopark or change its regulations. Law No. 7263 amending the "Law on Technology Development Zones" and the "Law on Supporting Research, Development and Design Activities" and some other Laws was published in the Official Gazette dated 03/02/2021, number 31384. With this law, the incentive periods provided for Technology Development Zones / R&D Design centers have been extended until 31/12/2028.

Technological Change and Innovation Risk: The software industry is a rapidly changing field, making it vulnerable to technological change and innovation risks. According to the 2023 Information and Communication Technologies Sector Report prepared by TÜBİSAD Information Technology Industry Association & Deloitte, some key technologies are prominent in the sector. These include Generative AI in Business Life, Cloud Transformation, Platform Engineering, and Sectoral Metaverse. As Kafein Technology, "Cybersecurity, Data Security, Product Development, and AI" are the areas where the company plans to stay current and invest. The following are some specific features developed in these areas:

- Artificial intelligence capabilities have been added to our Cybersecurity and Data Security products developed by the Kafein Group, and these features will continue to be updated, and new versions will be released regularly. Artificial intelligence capabilities are present in product functions such as anomaly detection, attack detection, and suggestion systems.
- Our R&D projects and products in the e-health technology field (Bio-Curity, Intelligent Platform Assisting Treatment and Follow-up of Parkinson's Disease, 5G4P Health Digital Health Passport) incorporate artificial intelligence support and expertise.
- The 2025 targets include planning initiatives to develop expertise in Agentic AI (artificial intelligence capable of making decisions in response to changing conditions using context awareness, reasoning, and learning).
- On January 16, 2024, a Commercial Partnership Agreement was signed between the company and Google Cloud EMEA Limited regarding Google Cloud Data, Infrastructure, and Cybersecurity Solutions in the entire SEEMEA (Southern Europe and Emerging Markets) region, primarily the Middle East. In 2025, the company will be collaborating with Google Cloud in "Data" and "Artificial Intelligence" areas in addition to the "Cloud" area. Significant investments have been made in terms of training qualified personnel, certifications, and training in this area.

- The company has been providing services in Robotic Process Automation, considered the first step of Artificial Intelligence, since 2020, and RPA revenue accounts for 2-3% of total revenue. In this area, the company is one of the nine Platinum Partners of UI Path in Turkey.

Competition Risk: The software industry is highly dynamic due to low entry costs, continuous technological innovations, and global competition. This situation causes companies to face competitive risks. Competitive risk includes elements such as a software company losing market share, being subject to price pressure, or being threatened by new competitors. Some of the developments in this area are as follows:

- ***Acceptance of the Company to Republic of Turkey Ministry of Trade E-Turquality (Stars of Informatics) Program:*** The Ministry of Trade of the Republic of Turkey, General Directorate of International Service Trade, has approved the inclusion of the company in the "E-Turquality (Stars of Informatics) Program" as of the date of their official letter dated 14.11.2024, numbered E-61547667-525.01-00102924880. ***The E-Turquality Program*** is implemented to develop the country's informatics sector and its sub-sectors, promote innovation, and foster the creation of regional and global unicorns capable of competing in international markets.

- ***Opening of İstanbul Specialised Free Zone Branch:*** In its meeting dated 15.05.2024 and numbered 15, the Board of Directors of our Company decided to open an İstanbul Specialised Free Zone Branch of Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi at the address 'İstanbul ili Bakırköy ilçesi Yeşilköy SB Mah. İSBİ Plaza Sok. ISBI Plaza No 1 İç Kapı No 909' in order to expand the activities of our company and to allocate a capital of TL 5,000,000 to the branch. The said branch opening transaction was registered by the İstanbul Trade Registry Office and announced in the Trade Registry Gazette dated 08.07.2024 with number 11117. ***Free zones*** are special economic zones established with the aim of encouraging investments and production, transferring technology and developing trade. Since they are outside the customs line, some legal and administrative regulations regarding commercial, financial and economic areas valid in the country are not applied in free zones. Investing in free zones provides corporate tax, income tax, stamp tax, customs tax and VAT incentives as well as access to domestic and foreign markets, reduced bureaucratic procedures, strategic advantages and ease of utilising supply chain opportunities.

- ***Receiving Domestic Goods Certificate by ISO (Istanbul Chamber of Industry):*** On 22.10.2024, the test data management "TDM (Effective Test Data Management Software)" and online application software "OIM (Online Processing Center)" products developed by the company were certified with the "Domestic Goods Certificate" by the Istanbul

Chamber of Industry (ISO) with their 100% local content and high technology level classification. ***ISO Domestic Goods Certificate*** is a document that proves that the domestic input rate in the production of a product is at a certain level. The document aims to increase the competitiveness of domestic manufacturers and encourage production in Turkey. The document provides advantages in public tenders, incentives, and supporting incentives and elements for increasing market share.

- *Operational Risks and Management*

Sectoral Concentration and Revenue Risk: Kafein generates its sales revenue mainly from one sector. Although Kafein has been selling to companies in the electronic communications sector for more than 20 years, there is a risk of sectoral concentration of its sales. Developments in the electronic communication sector may adversely affect Kafein. However, the diversity of the company's service portfolio has continuously improved in the last 5 years, and the share of revenue from the electronic communication sector in total revenue has increased from 70% to 50%, especially with the growth in the finance/bank sector in recent years. Thus, the risk of sectoral concentration has decreased over the years.

Operational Risks: Disruptions may occur in tender and project preparation and implementation processes. Material errors that may be made in the preparation, price and specification evaluation processes of the tenders that Kafein has participated and will participate in may cause the work undertaken not to be completed on time and/or reduce the profitability of the project. In order to minimize this risk, ISO quality management standards have been integrated into all business processes since 2014 and the certifications related to the applications have been standardized by the quality department. ISO 9001 Quality Management Systems is a management system that enables companies to improve their quality and ensure continuity in service and performance management.

- *Economic Risks (Loan, Liquidity, Currency, Interest Rate) and its Management*

Loan Risk is the inability of the counterparty to fulfil its obligations arising from contractual requirements. Liquidity Risk, which refers to the possibility that the Company will not be able to fulfil its net funding obligations, arises from events that result in a decrease in funding sources such as market deterioration and/or credit rating downgrades. Interest rate risk arises when changes in market interest rates cause fluctuations in the prices of financial instruments. Sensitivity to interest rate risk is largely related to the mismatch between the maturities of assets and liabilities. The Company manages this risk through a natural hedge, which consists of balancing interest rate sensitive assets and liabilities. The Company's risk management program generally focuses on minimizing the potential adverse effects of uncertainty in financial markets on the Company's financial performance.

The Corporate Governance Committee is responsible for identifying conflicts of interest that may arise due to non-compliance with corporate governance principles and making remedial recommendations to the Board of Directors.

Kafein Technology takes care to prevent potential conflicts of interest that may arise between it and the institutions that provide services such as investment consultancy and rating. There is no such conflict of interest in the current period.

Within the scope of Article 395 of the Turkish Commercial Code titled "Prohibition of Transactions with the Company and Borrowing to the Company" and Article 396 titled "Prohibition of Competition", each year, the members of the Board of Directors are granted transaction authorization with the approval of the general assembly where shareholders vote. In the event that shareholders who control the management, members of the board of directors, managers with administrative responsibility, and their spouses and relatives by blood or marriage up to second degree engage in a material transaction that may cause a conflict of interest with the partnership or its subsidiaries, and/or engage in a commercial business transaction that falls within the scope of the partnership's or its subsidiaries' field of activity on their own behalf or on behalf of others, or enter into another partnership engaged in the same type of commercial business as a partner with unlimited liability; pursuant to the Corporate Governance Principle No. 1.3.6 of the Capital Markets Board, such transactions are included in the agenda of the general shareholders' meeting as a separate agenda item and recorded in the minutes of the general shareholders' meeting. There were no such transactions reported in the current period.

- *Environmental/Ecological Risks and its Management*

Environmental and ecological risks are risks such as depletion of natural resources due to environmental degradation, increase in energy prices due to operating in the software industry, which is a highly energy dependent sector, and the emergence of environmental factors such as epidemics that may affect human health and biodiversity.

Epidemic Risk: After the COVID 19 pandemic that emerged in Turkey in March 2020, the company quickly adapted to remote working conditions due to the sector in which it operates. Since sectors such as communication, communication and technology are among the sectors that are minimally affected by pandemic conditions, the company was able to continue its activities and operations as usual. But there is always the risk of being affected by longer-term and more serious outbreaks.

Disaster Risk: Natural disasters such as earthquakes, floods and fires threaten IT infrastructures and business continuity or create infrastructure interruptions and logistical problems for remote teams are among the possible "Disaster Risks" in our company. From a **Disaster Management** perspective, emergency activities related to situations such as Fire, Earthquake, or Flood are managed by predefined first responder units, as set forth in our Company's "Business Continuity and Emergency Action Plan." This plan includes detailed information on potential risks, necessary preparations, preventive measures, types of interventions, accountable responders, and channels of communication. Particular focus is given to various scenarios, including "Fire,

Flood, Power Outage, Earthquake, Explosion, External Attacks (e.g., Robbery, Extortion), Unauthorized Network Service Usage, Technical Failures in Network Components, High Temperature or Humidity Conditions, Maintenance Errors, Theft, Communication Service Disruptions, and Lightning Damage," all of which are comprehensively addressed within the plan. As of 27.07.2023, the company's "**Succession Planning**" has entered into force. The purpose of this procedure is to determine the succession (key management personnel) plan within the scope of ensuring Kafein Technology's sustainable workforce. Key Managerial Personnel are persons who directly or indirectly have the authority and responsibility to plan, direct and control the activities of the business, including any manager (administrative or other) of the business. The main precautions and preparations are as follows:

- Fire extinguishers are installed in the office to address potential fires, with routine maintenance conducted on the fire systems and equipment. Additionally, an annual fire drill is conducted.
- The distance of the company's location from water channels serves as a safeguard against potential risks of flooding.
- Earthquake drills take place annually to prepare for seismic events, and care is taken to keep the building's emergency exits both accessible and functional.

Power Outages and Electricity Costs: Possible power outages or infrastructure deficiencies can increase the outage costs by risking the system continuity of software companies. Additionally, the unpredictable increase in electricity costs due to energy policies and fluctuations in exchange rates in Turkey can make it difficult for technology companies to plan financially. Within the scope of our Company's Business Continuity and Emergency Action Plan, the use of UPS (Uninterruptible Power Supply) batteries at least 3 times the capacity, UPS backup, supporting the UPS system with a generator and planned maintenance of the generator are taken as a preparation and precaution plan in case of possible power cuts. The system room is positioned to be protected from moisture and water against problems that may occur in the system due to extreme temperature and humidity conditions. The temperature controls of the system room are carried out continuously, the room is air-conditioned, and the ambient temperature is kept constant.

The company has ISO 14064-1 Corporate Greenhouse Gas Standard and ISO 5001 Energy Management System Standard since 07.12.2023. The Corporate Greenhouse Gas Standard provides information on the principles and requirements for planning, developing and reporting greenhouse gas inventories within a company. In addition, the Energy Management System Standard ensures that organizations establish the processes and systems necessary to improve energy efficiency, the implementation and sustainability of these processes and systems and it also encourages organizations to effective energy management, cost reduction and environmental awareness. In all operations and business processes, company's Corporate Sustainability Policy, which entered into force with the Board of Directors Decision dated 11.12.2020 and numbered 2020/28, is taken into consideration and Environmental, Social

and Corporate Governance (ÇSY) studies are carried out within the scope of the policy.

- *Business Continuity Related Risks*

Business Continuity Risk: The company's "**Business Continuity Procedure**" outlines the steps to be taken to guarantee the ongoing operation of critical business processes and to ensure they are brought back into operation within the designated downtime in situations where they become temporarily inoperable. The procedure is executed under the responsibility of the Information Security Management System (ISMS) team. As part of this process, critical information assets (e.g., servers, systems, applications, equipment, documents) essential for ISMS are identified, along with the risks associated with these assets and potential threats exploiting those risks. For every critical process, values such as Maximum Acceptable Downtime (CECS), Acceptable Downtime (CES), and Acceptable Data Loss (CEP) have been established. The Business Continuity Plan is subjected to testing at least annually. Following these tests, the risk evaluations of the critical assets listed in the plan are reassessed. When deemed necessary, updates are incorporated into the plan.

The company has **ISO 22301 Business Continuity Management System** since 2019 and this relevant standard enables organizations to create, implement, operate, monitor, review, maintain, protect and prepare to mitigate risks, create systems to recover from disruptive events, and create the necessary plans to ensure business continuity.

Personnel positions/titles and job descriptions are prepared separately as required by the quality management system and are monitored by the Human Resources Directorate through the "Current Document List" related to job descriptions. Information on the person to be appointed or deputized in place of the key personnel is specified in the "Job Descriptions" of the title in question. Key Managerial Personnel / Positions are defined as follows.

- General Manager
- Department Manager
- Human Resources and Administrative Affairs Director
- Group Manager
- Quality and Administrative Affairs Manager
- Financial Affairs Manager
- Sales Director

The Human Resources Directorate is responsible for the identification of key management personnel, the development and follow-up of candidates, and the removal of unsuitable personnel from the plan and reviewing them periodically. The Human Resources Directorate ensures that the list is kept up to date for personnel titles and key management positions. Key management personnel planning stages consist of the following basic steps:

- Identification of key positions: This includes identifying leadership positions and key officials who can influence the operational course.

- Talent assessment and building a succession pool: After identifying key positions, assessing candidates based on their skills, knowledge, and abilities to see if they are ready to be leaders and creating lists of potential candidates.

- Knowledge transfer, development, and training: Once potential successors are found, they are given the development and training they need to develop their skills and prepare for future leadership roles. This can include formal training programs, job rotations, coaching and having a mentor.

For positions that will have a negative impact when there is a vacancy in an important position to achieve the Company's goals, the Human Resources Directorate determines the personnel who will deputize when the office holder temporarily leaves the office or who can be appointed to replace the office holder in case of permanent departures.

Planning future personnel for these positions secures the future of the company. It also allows us to identify personnel with the ability and high potential to advance to these important positions, enabling us to plan and initiate the necessary actions to support their development.

As part of succession (key management personnel) planning, it may be necessary to recruit new staff for vacant positions that cannot be filled internally. For outsourced staff, a recruitment and development strategy can be applied before a certain period of time.

The training and development of the personnel included in the succession (key management personnel) plan should be provided and their performance should be monitored. At the same time, in line with the succession plan, a talent pool of high potential employees will be created. Employees selected for the succession (key management personnel) plan are included in leadership training programs. In addition to training programs, individual development plans are followed.

Qualified Human Capital Risk: The software industry is highly dependent on qualified human resources. Rapid growth and constantly changing technologies in the industry increase the demand for talented software developers. However, this also brings human resources risks. The company established the "Kafein Academy" program in 2021 to support young talents who have just graduated or just started working to reveal their potential and to ensure their development in the sector. The Kafein Academy program is a five-month program for young people who have recently graduated or have a maximum of one year of work experience. It is aimed that our young friends who successfully complete the program will take their first steps into business life with a full-time employment contract, and a technical training program is created for them in the team they are assigned to, and it is aimed to continue this program under the control of a mentor. During the orientation process, programs consisting of expertise, coding and personal development lessons with practical trainings created by expert trainers. In addition to the Kafein Academy program, the company has various university collaborations and internship programs.

Opportunities

In the country, the software industry has seen significant and rapid growth, fuelled by both global trends and local dynamics. Numerous factors, such as the nation's strategic location, government incentives, and a young, talented workforce, present valuable opportunities for the company within this sector. Additionally, the acceleration of digital transformation, coupled with rising demand for cybersecurity and smart technologies, bolsters market growth potential while opening doors for innovative business models and partnerships. Leveraging these opportunities can empower the company to establish a robust presence in both domestic and global markets. Kafein Technology's key focus areas regarding opportunities are outlined below.

Opportunities Offered by Geopolitical Location: The company is based in the Technopark campus of Istanbul Yıldız Technical University, complemented by a branch in the Istanbul Specialized Free Zone, which brings significant tax benefits and competitive advantages. Positioned strategically as a gateway connecting Europe, Asia, and the Middle East, Turkey provides unparalleled logistical and commercial benefits for technology and software companies. Its advantageous location ensures seamless access to both eastern and western markets, facilitating our ability to engage with global customers. Moreover, Turkey's extensive industrial and manufacturing hubs create a heightened demand for software solutions and digitalization. This digital transformation is particularly accelerating in sectors such as e-commerce, finance, automotive, and manufacturing, broadening the customer base for software providers. As geopolitical stability continues to improve, Turkey is poised to capture a greater share in technology exports.

R&D Investments and Incentives: The company has been enhancing its innovation capabilities by significantly boosting R&D investments in the information and technology sectors. Operating from the campus within the Technology Development Zone, we have streamlined our software development processes through the completion of over 30 R&D initiatives, including 6 TÜBİTAK-supported projects as of 31.12.2024. By collaborating with universities and fostering partnerships with more than 50 business partners, we generate cutting-edge solutions, advance our R&D activities, and contribute to the industry's overall progress. Additionally, government-supported investments in areas such as cloud computing, artificial intelligence, and big data play a key role in heightening the sector's global competitiveness and solidifying its market presence. Since 2021, Kafein Technology has proudly ranked among "Turkey's 250 Companies with the Highest R&D Expenditures," a prestigious listing by Turkishtime.

Information Technology Sector Growth Trends: Based on the recent Information and Communication Technology Sector Reports by TÜBİSAD and Deloitte, Turkey's Information Technologies (IT) sector has maintained steady growth over the past four years, despite facing challenges like rising exchange rates. In 2023, the IT sector is projected to expand by 43% in dollar terms, reaching a market size of $16.9 billion. In local currency terms, the sector grew by 106%, achieving a total value of 402.2 billion TL. From 2019 to 2023, the

IT sector's average annual growth stood at 12% in dollar terms and an impressive 60% in TL terms. The reports classify the IT sector into three primary categories: hardware, software, and services. Within these, the software category, where the company operates, has grown significantly achieving a 62% increase in dollar terms to reach $8.7 billion. On a TL basis, it has grown by 132%, amounting to 206.9 billion TL. Moreover, the software category, which holds the largest share in total IT exports, sustained an average annual growth of 27% during the 2019–2023 period.

Dynamic and Youthful Human Capital: Turkey boasts a significant edge in the software industry, driven by its young and tech-savvy population. Every year, a substantial number of graduates emerge from university programs such as computer engineering, software engineering, and other informatics-related disciplines, continually enriching the sector's talent pool. The passion of young individuals for technology and their eagerness to dive into software development enable companies to find skilled developers with greater ease. This generation's ability to keep up with rapidly evolving technological trends positions software companies to drive innovation and excel in the global arena. Furthermore, initiatives like hackathons, coding competitions, and technology-focused communities actively encourage young talent to seamlessly integrate into the industry at an early stage. Through our company's Kafein Academy program, countless individuals receive practical training on technical expertise, coding, and personal development, guided by seasoned professionals. Graduates of this comprehensive program are offered employment opportunities within the company, enriching the sector with highly qualified professionals. Additionally, our collaborations with universities aim to enhance the quality of the software workforce through initiatives such as co-developed courses, internship opportunities, and support for postgraduate (master's and doctorate) education.

Sustainability Management and Responsibility

Kafein's Board of Directors, whose duties and authorities are determined within the framework of the provisions of the Turkish Commercial Code, is the highest-level management body that has responsibility and decision-making authority in company's sustainability studies and activities. In this context, the Board of Directors assumes high-level responsibility in establishing policies, evaluating relevant studies, following developments, and determining strategies.

At the meeting of Company's Board of Directors dated 11.12.2020 and numbered 2020/28, it has been decided to assign the Corporate Governance Committee to carry out "Environmental, Social and Corporate Governance (ÇSY)" activities within the Sustainability Principles Compliance Framework, to formulate the necessary policies, to implement and monitor the relevant policies. The Committee submits a report to the Board of Directors once a year with its opinions and evaluations on sustainability studies and related company performance.

In line with the quality management philosophy followed throughout Kafein, many sustainability issues are managed through systems created by following

ISO Standards. In this context, ISO 14064-1: Corporate Greenhouse Gas Standard, ISO 5001: Energy Management System Standard, ISO 37001: Anti-Corruption Management Systems, ISO 10002: Customer Satisfaction Management System, ISO 27001: Information Security Management System, ISO 22301: Business Continuity Management System, ISO 9001: Quality Management Systems are the system standards followed in the management of sustainability issues. The currency and level of implementation of these system standards are checked and certified through periodic independent external audits.

Organizational Structure in Sustainability

The Company is traded in the BIST Corporate Governance Index as of 13.09.2023. The corporate governance practices are audited by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. to determine the level of compliance with the Capital Markets Board's Corporate Governance Principles, and our 2024 Corporate Governance Principles Compliance Rating was determined as 9.45 (94.49%) on 04.09.2024. The Corporate Governance Rating Report is available on website.

In company, "Business Continuity Management Training" must be taken once by all employees. Business Continuity Management Training is a training that includes information about management structure processes, impact and risk analysis, management process steps, making plans and organizational structure.

Currently, there is no independent third-party verification or accreditation received within the scope of sustainability report, but it is on the company's agenda to obtain external audit services in this regard.

The company's Corporate Governance Committee regularly informs the Board of Directors and Senior Management about sustainability efforts and prepares an annual report. Kafein also obtains various certifications demonstrating its performance in quality management, anti-corruption, social security, employee health and energy consumption and undergoes audit reviews. The HR Department continuously works to improve working conditions, takes all necessary actions by implementing the relevant policies, follows the "annual performance and development review" and organizes surveys to regularly analyze employee satisfaction.

Stakeholder Communication and Notification Mechanisms

Stakeholders are individuals and/or organizations that have a direct and/or indirect relationship with the Company's activities and that are positively or negatively affected by the Company's activities. Accordingly, stakeholders are individuals, institutions, or interest groups such as employees, customers, creditors, suppliers, regulatory and supervisory bodies, press and media, shareholders, subsidiaries, 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 website.

The Information Policy of Kafein aims to present to the public in an accurate, timely, complete, comprehensible, understandable, equitable and easily accessible manner the information that is not covered by the scope of trade secrets, in a way to assist shareholders and stakeholders in making decisions Kafein's actual past performance, future plans and expectations, strategy and target developments, shareholders, by considering the balance between Kafein's transparency and the protection of its interests. The Company's "Information Policy" and "Ethical Principles and Behaviour Policy" are available on website. Disclosure is realized through the following tools.

Stakeholder Communication Channels		
Communication Platform	**Party**	**Communication Period**
Periodic Financial Statements and Reports on Activities	All Stakeholders	4 times a year
Press Releases and Announcements	All Stakeholders	10-20 times a year
Ordinary General Assembly	All Stakeholders	Once in a year
Public Disclosure Platform, E-Company, Trade Registry Gazette	All Stakeholders	As Required by Legislation
Social Media Posts	All Stakeholders	Continuously
Corporate Website	All Stakeholders	Continuously
Email, telephone, fax, face-to-face meetings, Digital Meetings	All Stakeholders	Continuously
Performance Interviews	Employees	1 - 2 times a year
Satisfaction Surveys	Employees, Customers	Once in a year
I Have an Idea Portal Application	Employees	Continuously
Ethics Committee (gizli@kafein.com.tr)	All Stakeholders	Continuously
Quality Department (kalite@kafein.com.tr)	Employees	Continuously

Main Communication Channels for Comments and Notifications:

Sustainability Strategy: Protect - Empower - Improve – Comply

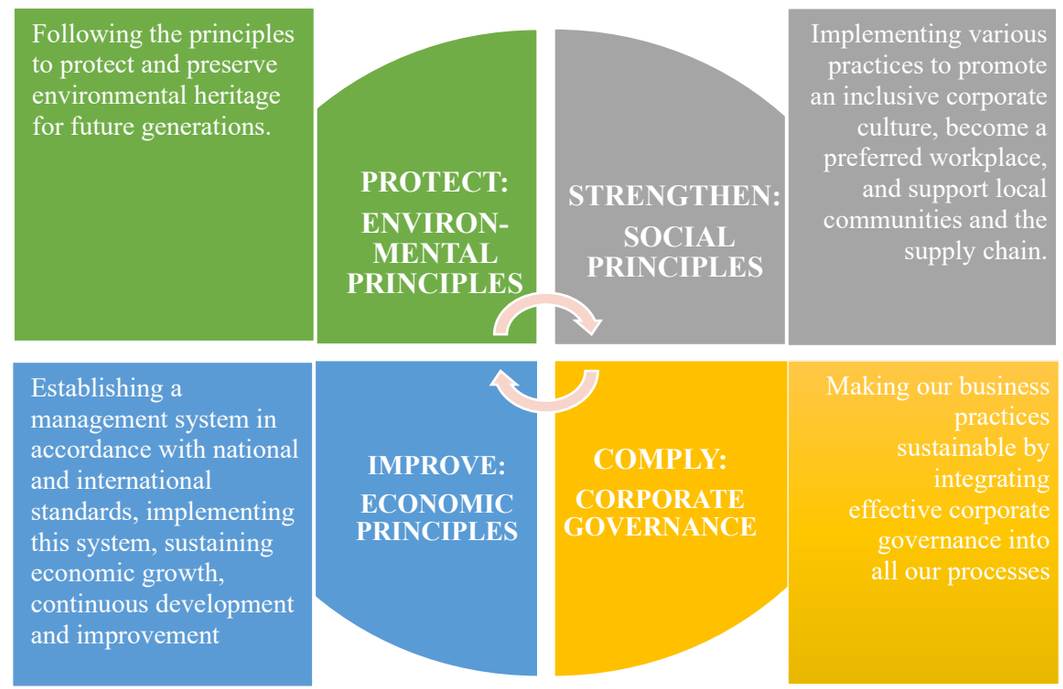
Kafein focuses on achieving positive results in four main areas within the scope of sustainability efforts. These areas are derived from the UN Sustainable Development Goals and the UN Global Compact Principles and include "Environmental Principles, Social Principles, Economic Principles and Corporate Governance".

Within the scope of the ***Environmental Principles***, the Company undertakes to take measures to prevent and/or mitigate the negative environmental and social impacts arising from its operational activities, to make the necessary efforts for the efficient use of energy and natural resources, and to take the necessary measures by following the legislative regulations on environmental and social issues.

Within the scope of the ***Social Principles***, it acts with commitment to human rights and ethical values while organizing and implementing all recruitment and working processes. It offers its employees equal opportunity to develop themselves in line with their qualifications and demands. Acting within the framework of universal human rights in all its business processes, Kafein does not discriminate against language, religion, race, ethnic origin, political opinion, gender in its relations with any of its stakeholders, including its employees, suppliers and customers. The Company respects the Universal Declaration of Human Rights and International Labor Organization (ILO) Conventions and Recommendations. Within the framework of common human values, it carries out its activities with the awareness of its duty and responsibility to raise these values and quality of life.

Within the scope of the ***Development Principles***, the Company aims to increase product and service quality by focusing on R&D and technology, to comply with international standards to create value throughout the supply chain, to receive ideas from stakeholders, to cooperate with various initiatives and to achieve sustainable growth with a strong financial structure.

Within the scope of ***Corporate Governance***, the Company makes maximum effort to fully comply with the provisions and principles of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1. It does not tolerate bribery and corruption in any way. The Company takes necessary measures to comply with the principles regarding stakeholders and to strengthen communication with stakeholders. It takes the company policy as a basis in practices regarding donations and grants.



Kafein Sustainability Strategy

Sustainability Topics

At Kafein, we care about identifying, prioritizing, and reporting on the sustainability issues that have the most significant impact on stakeholders and the company. In line with sustainability strategy and goals, we take into account the views of stakeholders to identify key agenda items. In doing so, we take care to ensure that sustainability approach has sufficient breadth and depth.

In the first stage, we identify key sustainability topics by listing the issues that have an impact across the entire value chain, including society and the environment. At this stage, we take into account feedback from stakeholders, company dynamics, industry priorities, market precedents, relevant standards and global trends. Thus, we not only identify sustainability issues, but also risks, opportunities, key performance indicators (KPIs) and strategic goals.

As a result, the number of issues list was determined as 24. This includes 7 in environmental, 7 in social, 5 in economic and 5 in corporate governance.

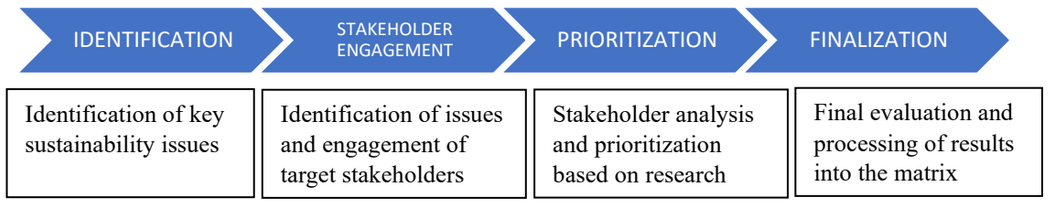
Section	Topics
Environmental	Carbon Emission Reduction
	Energy Efficiency
	Waste Management and Circular Economy
	Water and Wastewater Management
	Combating Air Pollution
	Combating Deforestation
	Biodiversity
Social	Diversity and Equal Opportunity
	Training, Talent Management and Capacity Building
	Employee Satisfaction and Loyalty
	Prevention of Discrimination
	Occupational Health and Safety
	Attitude against Child Labor and Forced Labor
	Right to Association and Collective Bargaining
Economic	Contribution to Employment and Local Economy
	Customer Satisfaction
	Innovation, Technological Developments and R&D Studies
	Sustainable Supply Chain
	Product/Service Quality
Corporate Governance	Anti-Bribery and Anti-Corruption
	Personal Data Protection and Privacy Policy
	Stakeholder Communication and Transparency
	Risk Management
	Compliance with Laws and Policies

Materiality Analysis

In the process of prioritization of our topics, we elaborate main topics and their subsets in the economic, environmental, social and governance areas by using the "Materiality Matrix" method, taking into account the Global Reporting Initiative (GRI) framework.

In the preparation of the Materiality Matrix, we follow 4 main stages: identifying the main sustainability topics to be included in the analysis, stakeholder engagement, determining priorities based on stakeholder analysis, and rating and processing the results into the matrix.

Stages of Assessing Material Issues

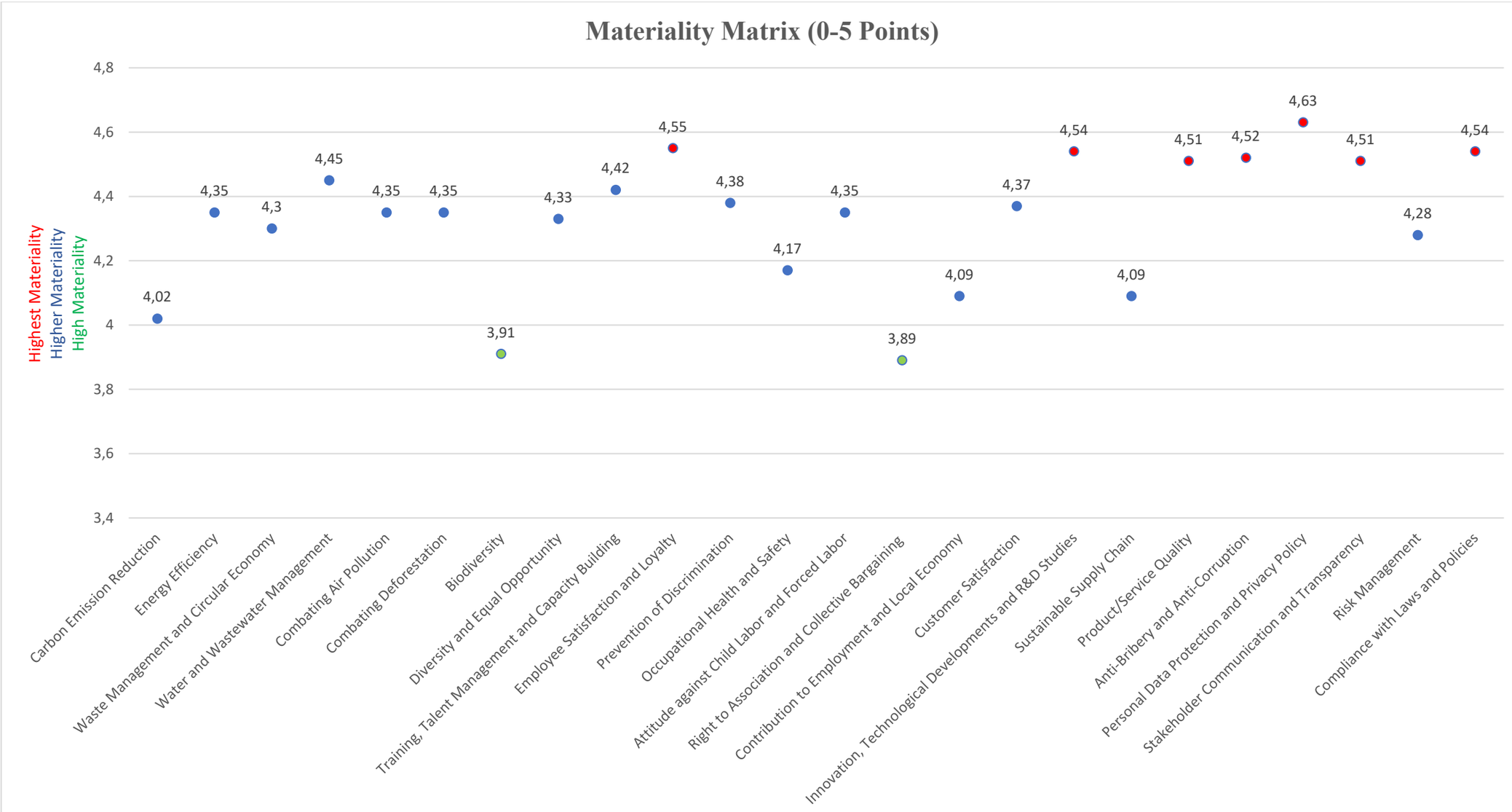


After determining list of key issues, we used different communication channels such as online surveys and e-mails to reach stakeholders. In survey methodology, each issue was rated between 0 (lowest score) and 5 (highest score).

We divided material issues into three categories: **high (0-4.00 points), higher (4.00-4.50 points) and highest materiality (4.50-5.00 points)**. Our employees and managers participated in the survey. Senior Management and the Corporate Governance Committee evaluated results and contributed to the finalization of table with their final opinions. These topics, which were initially identified in 2023, are planned to be reviewed with a survey study every 3 years.

Materiality matrix is the result of a comprehensive analysis and evaluation in which we determine material issues by taking into account the level of interest of a certain number and group of stakeholders we can reach on core issues. The resulting model reflects the issues that most concern both stakeholders and the company. We have structured this report around the "higher" and "highest" material issues, and in each section of the report we provide detailed information on how we are responding to concerns. We will continue our efforts to increase the number and group of stakeholders whose views we receive. According to the results;

- Biodiversity and the Right to Association and Collective Bargaining are rated ***"high importance."***
- Carbon Emission Reduction, Energy Efficiency, Waste Management and Circular Economy, Water and Wastewater Management, Combating Air Pollution, Combating Deforestation, Diversity and Equal Opportunity, Training, Talent Management and Capacity Building, Prevention of Discrimination, Occupational Health and Safety, Attitude against Child Labor and Forced Labor, Contribution to Local Economy and Employment, Customer Satisfaction, Sustainable Supply Chain and Risk Management are rated ***"higher importance"***
- Employee Satisfaction and Loyalty, Innovation, Technological Developments and R&D Studies, Product/Service Quality, Anti-Bribery and Anti-Corruption, Personal Data Protection and Confidentiality, Stakeholder Communication and Transparency, and Compliance with Laws and Policies are rated ***"the highest importance"***.

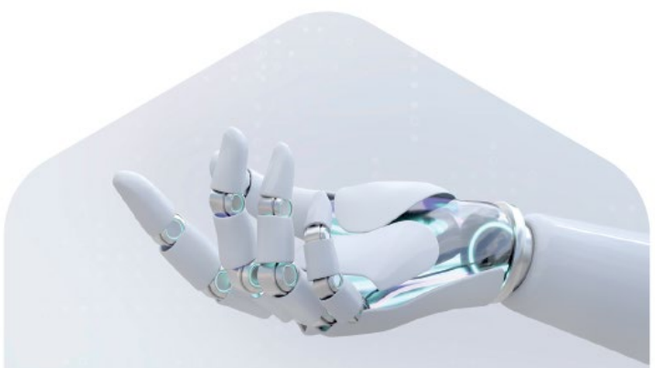

Materiality Matrix (0-5 Points)
Highest Materiality
Higher Materiality
High Materiality
4,8
4,6
4,4
4,2
4
3,8
3,6
3,4
4,02
4,35
4,3
4,45
4,35
4,35
3,91
4,33
4,42
4,55
4,38
4,17
4,35
3,89
4,09
4,37
4,54
4,09
4,51
4,52
4,63
4,51
4,28
4,54
Carbon Emission Reduction
Energy Efficiency
Waste Management and Circular Economy
Water and Wastewater Management
Combating Air Pollution
Combating Deforestation
Biodiversity
Diversity and Equal Opportunity
Training, Talent Management and Capacity Building
Employee Satisfaction and Loyalty
Prevention of Discrimination
Occupational Health and Safety
Attitude against Child Labor and Forced Labor
Right to Association and Collective Bargaining
Contribution to Employment and Local Economy
Customer Satisfaction
Innovation, Technological Developments and R&D Studies
Sustainable Supply Chain
Product/Service Quality
Anti-Bribery and Anti-Corruption
Personal Data Protection and Privacy Policy
Stakeholder Communication and Transparency
Risk Management
Compliance with Laws and Policies

PART 1) PROTECT: ENVIRONMENTAL PRINCIPLES

a) Corporate Sustainability Policy

The Company's Corporate Sustainability Policy entered into force with the Board of Directors Decision dated 26.07.2024 and numbered 22. The purpose of this policy is to determine the principles and principles regarding the realization of "Environmental, Social and Corporate Governance (ÇSY) Studies" within the framework of compliance with the Corporate Governance Principles and Sustainability Principles of the Capital Markets Board.

While carrying out sustainability activities, the Company takes care to support economic development in order to improve the quality of life of the society and to follow policies that respect the environment in all its activities, to support various projects prepared for social and cultural purposes, to provide valuable services in areas such as education, health, life without disabilities, environment and culture by internalizing transparency, fairness, accountability and responsibility, which are the basic principles of corporate governance, to support social development in all its business processes and to encourage efforts to increase employee awareness by taking part in social responsibility projects with its employees.



The Corporate Sustainability Policy covers the following principles based on environmental, social, and corporate governance:

- *Continuously improve all business processes by effectively managing risks*
- *Working with the principle of zero accident in occupational health and safety*
- *Improving company performance and production efficiency*
- *Providing an open communication environment by encouraging employees to actively participate*
- *Using energy efficiently, protecting environmental balance and natural resources*
- *Increasing stakeholders' knowledge and social awareness on climate change*
- *Following a sustainable environmental management policy based on national environmental legislation, relevant environmental standards, and the best technologies in this field.*
- *Ensuring information security and business continuity in all its activities*
- *Comply with national and international regulatory requirements.*
- *Managing stakeholder relations transparently and with common sense*
- *Ensuring continuity in customer satisfaction*
- *Developing suppliers towards sustainability practices*
- *Sharing sustainable environmental policy practices with the public in a transparent manner*
- *Presenting Corporate Social Responsibility activities to stakeholders in line with the Company's strategies, goals, and priorities*
- *Adopting Corporate Governance Principles, particularly ethical values, and anti-corruption, as a corporate culture.*

b) Process Management on Sustainability

a) Due Diligence

Kafein Environmental Management System is based on the **"Plan - Do - Check - Act (PDCA)"** methodology.

- **Planning:** It is the process of setting the company's goals and planning how to achieve them. Planning involves creating an action plan, allocating resources and assigning responsibilities. In the first stage, it is essential to identify the positive or negative impacts that the company has or could potentially have on the economy, environment and society (including human rights) in order to ensure sustainable development. Sustainability-oriented goals and targets, as well as risks and opportunities, are identified. Criteria and standards for the goals and targets are identified. Authorities, responsible persons and stakeholders to be collaborated with are identified.

- **Do:** It involves taking the necessary actions to implement the processes in accordance with the plan. At this stage, it is ensured that the agreed procedures are put into effect, relevant personnel are trained and coordination between units is ensured.

- **Check:** It involves monitoring and measuring processes and reporting results against environmental policies, including commitments, objectives and operating criteria, and is a process of assessing how far targets have been achieved. It is based on monitoring, measuring and reporting. The data from the implementation process is the main input for the check phase. Using performance measures and key indicators, actual results are compared with planned results.

- **Action and Remediation:** This step is based on the principle of continuous improvement. If there are deviations from planned targets or areas for improvement, corrective actions are implemented.

b) Compensation Mechanism

Compensation is the stage of providing solutions to eliminate or improve a negative impact. In order to identify the negative impact, Kafein Yazılım has established grievance mechanisms that are accessible to all stakeholders and respect the right to confidentiality. All of our employees working within the company can submit their opinions, suggestions and complaints either with their personal information or anonymously through the "I Have an Idea" section on our company's online portal (portal.kafein.com.tr). All our stakeholders can communicate with us through the contact form on our company website. All incoming notifications are directed to the relevant departments, evaluated and necessary actions are taken. Anonymous reports are forwarded to the Ethics Committee by the system within the scope of our company's Ethical Principles and Behavior Policy. In addition, the opinions and suggestions of stakeholders are taken into consideration by conducting

employee and customer satisfaction surveys on an annual basis and the results are reported to senior management.

No adverse behavior or attitude can be displayed towards employees or other stakeholders who make notifications and complaints in good faith regarding behaviors contrary to the norms within the scope of this policy.

c) Commitment

Kafein Technology is committed to full compliance with the Universal Declaration of Human Rights, ILO (International Labor Organization) Conventions ratified by Turkey and the legal framework and legislation regulating human rights and working life in Turkey. The Company commits its commitment and continuous support to the 10 globally recognized principles of the United Nations Global Compact under the main headings of "Human Rights, Working Conditions, Environment and Anti-Corruption". The Company adopts the United Nations Sustainable Development Goals (SDGs) and commits to pay utmost attention to partnership and cooperation for the goals.

c) Energy Consumption

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. We strive to reduce environmental impact and energy costs by reducing energy consumption to the lowest possible level. The company's Corporate Sustainability Policy, which entered into force with the Board of Directors Decision dated 11.12.2020 and numbered 2020/28, has accepted efficient use of energy as one of the main principles. In this context, we have been tracking and reporting energy consumption on the basis of kilowatt-hours per square meter since 2019.

The table below shows the energy consumption (kwh) of Davutpaşa Technopark Office for the years 2019-2024. By the end of 2024, compared to the base year (2022)**, 14% savings** on annual average were achieved in the amount of **electrical energy spent per m²** and **%7 savings** on annual average in terms of **electrical energy spent per capita.** All of the electrical energy is purchased and all of it is from non-renewable energy sources. There is currently no renewable energy produced or purchased (biomass, geothermal, hydroelectric, solar, wind, etc.). Electricity consumption is monitored through electricity meters and monthly consumption invoices.

Total Electricity Consumption (KWH - Kilowatt-hour)						
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
January	32,899	26,406	19,023	54,148	29,103	35,677
February	26,369	23,606	18,331	44,639	28,472	37,067
March	23,810	19,339	18,155	53,809	29,686	30,872
April	19,824	13,477	14,080	23,965	26,859	22,033
May	9,032	12,604	12,571	20,032	23,650	25,004
June	25,212	21,478	15,960	25,040	23,332	28,809
July	25,761	22,587	20,777	26,649	36,948	35,872
August	24,368	25,510	23,674	24,403	34,406	35,683
September	21,404	18,250	17,933	22,793	31,049	29,782
October	18,542	14,417	16,506	20,943	24,980	30,009
November	17,149	15,950	18,863	23,444	26,398	34,777
December	22,471	18,638	21,040	26,236	33,229	37,012
TOTAL	**266,841**	**232,262**	**216,913**	**366,101**	**348,115**	**382,596**
Area (m²)	1,215	1,215	1,215	2,309	2,670	2,670
Kwh per m²	**219.62**	**191.16**	**178.53**	**158.55**	**130.38**	**143.29**
# Personnel	456	585	618	664	685	738
Kwh per capita	**585,18**	**397,03**	**350,99**	**551,36**	**508,20**	**518,42**

Electricity Energy Savings Compared to the Base Year of 2022			
Indicator	**2022**	**2023**	**2024**
Decrease in kwh per m² (%)	-	(%18)	(%10)
Decrease in kwh per capita (%)	-	(%8)	(%6)

Efforts to Reduce Energy Consumption

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. We strive to reduce our environmental impact and energy costs by reducing our energy consumption to the lowest possible level. Based on the company's Sustainability Policy, the Energy Management Principles are defined as follows:

- The Company follows all legal regulations related to energy management, efficiency programs developed on national/international platforms, carries out its activities within the framework of corporate standards, integrates applicable rules and standards, especially ISO 50001 Energy Management System, into its processes, fulfils its obligations under legal regulations and programs of which it is a member.
- Within the scope of this policy, it determines and categorizes the energy impact of its activities, ensures the efficient use of energy resources, continuously strives to improve its energy performance and, as a result, minimizes energy and environmental impact to the minimum possible level.
- Sets goals and targets to continuously improve energy efficiency, reviews them regularly and prevents inefficient energy use.

- It follows global, sectoral and technological developments regarding energy efficiency and identifies new products, processes and standards that can be applied within the scope of this policy. By presenting the developments and opportunities it identifies to the evaluation of relevant stakeholders, it ensures the use of applicable new products and/or implements processes and standards.

- Diversifies the energy resources used by taking into account the risks of climate change and encourages the use of renewable energy resources.

The company has the **ISO 50001 Energy Management System Standard** certificate, which enables organizations to establish the processes and systems necessary to increase energy efficiency, to ensure the implementation and sustainability of these processes and systems, and to encourage all organizations to effective energy management, cost reduction and environmental awareness. The relevant certificate is renewed every year.

In order to increase energy efficiency and awareness on this issue, all company employees are regularly trained through the training channel on the company portal. The main trainings on the subject in the Kafein Online Training Portal are as follows:

- Lighting Systems in Energy Efficiency
- Automation and New Technology in Energy Efficiency
- Methods to Increase Energy Efficiency
- Energy Audit
- Electric Cars and Clean Environment etc.

The company supports the use of electric vehicles. In this regard, electric charging units have been placed at the entrances of the company.

In order to ensure efficiency in energy consumption, in order to minimize lighting and heating in large rooms with a small number of personnel due to remote working, personnel were directed to appropriate areas and informative signs were placed at the entrances of the rooms. Sensor lighting is used in common areas.

Energy and Environment Friendly Projects

Smart Parking Lot: With Smart Parking Lot, an R&D project developed by the company, users can quickly find the nearest available parking lot with the Smart Parking Lot System, which enables the occupancy rate in parking lots to be determined and data to be monitored instantly. In this system, IOT devices placed in the parking lots control the density status and the user is directed to the nearest available parking lot via the mobile application. Therefore, the system saves energy, fuel and time.

Digital Twin: It is a Smart Cities project developed based on digital twin modelling and is a virtual representation of a physical object or system. This technology serves as a bridge between the physical and digital world for organizations. By matching the virtual and physical worlds in this way, organizations can monitor their operations before they are implemented,

identify points where they can improve, and create predictions on how a problem can be recognized and solved. Digital Twin platform uses functions such as sensor data processing, big data analysis, video content management, data integration from local governments to make sense of this data with smart relationships, transmit analysis and alarms to the front end, and manage operations in a smart way.

Digital twins can be used to develop strategies to improve a city's sustainability by collecting data on air and water quality, energy consumption and other factors. They can help identify opportunities to reduce energy consumption and carbon dioxide emissions, reduce waste and improve public health. It also helps to optimize urban infrastructure through simulations.

Robotic Process Automation (RPA): RPA is a business process automation technology that uses virtual software robots, also known as digital robots or bots, to perform manual, time-consuming jobs, or tasks. RPA allows you to assign simple, rule-based tasks to the digital workforce and makes it possible to automate operations.

RPA (Robotic Process Automation), which is in company's service portfolio, reduces the manual and repetitive routine processes of departments (law, accounting, etc.) that use a lot of paper both in customers and within the company through robotic process automation, and also eliminates the risk of error and increases the correct and qualified use of human capital and energy by establishing efficient systems.

Weight and Balance Project: It is a software project developed by the company 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.

Foramind: Foramind is an online Mind Mapping platform and artificial intelligence powered next generation learning tool developed by Kafein Technology. It is the first domestic product on Mind Maps, one of the rising and valued development tools in the world. Mind mapping is an effective technique that helps you visualize and communicate your thoughts to others. It can be used for problem solving and planning, revision, and presentations. The related application is available on the Foramind website. Using Digital Mind Maps eliminates the need for traditional paper-taking notes and drawings. These applications are cloud-based and multi-device compatible, so users can work efficiently by accessing them from different platforms, thereby optimizing the use of electronic resources. Additionally, it reduces the number of physical meetings by enabling remote collaboration, which reduces carbon emissions.

d) Carbon Footprint

We have been preparing Corporate Carbon Footprint Report since 2022 in order to disclose the greenhouse gas emissions emitted from company operations. The full report is available on corporate website. The reporting period is on an annual basis and consists of the period between January and December. The Corporate Carbon Footprint Report is reported in accordance with the requirements of the "Greenhouse Gas Protocol Corporate Calculation and Reporting Standards" prepared by the GHG Protocol and the "7.3. Content of the Greenhouse Gas Report" in the TS EN ISO 14064-1:2019 standard. The operational control approach was used in the said Corporate Carbon Footprint Calculation and Reporting.

Purpose and Scope: Regarding Kafein Technology activities, this report has been prepared for the purposes of;

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

Methodology: 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 sulfur hexafluoride (SF6). A common unit, the carbon dioxide equivalent (CO2e), is used to quantify them.

Scope I (Direct Emissions)

Only constant combustion data was used for Scope I calculations. Annual natural gas consumption for the company is in Standard cubic meter (Sm^3). No biomass is burned in any of Kafein Technology's activities.

Scope I Consumption Amounts of Kafein Technology			
Scope I	**2022**	**2023**	**2024**
Electricity Consumption (kwh)	210,204	288,488	382,596
Total fuel consumption of company vehicles, distinguishing between diesel and gasoline, in liters (including service, rental vehicles and generator) (Lt)	39,572	50,111	53,150
Movable Combustion (Diesel)	-	-	-
Movable Combustion (Gasoline)	-	-	-
Refrigerant Gases (R410 A)	-	-	-
Refrigerant Gases (R407 A)	-	-	-
Refrigerant Gases (R407 C)	-	-	-
Fire Tubes (CO2)	-	-	-

Scope II (Indirect Emissions)

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 amount of emissions from electricity generation in Turkey is 0.59 kg tCO2e/kwh.

Scope II Consumption Amounts of Kafein Technology			
Scope II	**2022**	**2023**	**2024**
Electricity Purchased from the Grid (kwh)	210,204	288,488	382,596
Steam Purchased from the Grid	-	-	-

Scope III (Other Indirect Emissions)

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

Scope III Consumption Amounts of Kafein Technology			
Scope III	**2022**	**2023**	**2024**
Flight Travels (km)	83,566	48,926	141,616
Road Trips (km)	-	-	1,330,371
Bus Trips (km)	-	-	40,462
Personnel Shuttles	-	-	-
Rail Travels (km)	-	-	20,231
Natural Gas Consumption	-	-	-
Waste (kg)	-	-	4,035.44
Electricity Consumption Arising from the Use of Organization Products (ISO 14064-1 / Category 5) (kwh)	-	-	65,520

Total Carbon Footprint

The results of the total carbon footprint study are as follows. According to Kafein Technology's 2024 calculations, the Corporate Carbon Footprint is calculated as **600,405 tCO2e.**

From the practice of working from home, which started to be implemented after the pandemic, to working from the office two days a week as of 2024. In the current period, there was an 11% increase in the number of personnel compared to the base year (2022). In addition, electricity consumption arising from the use of the organization's products has been added to the scope III calculations.

Total Carbon Footprint						
Year	**Scope I** (tCO_2e)	**Scope II** (tCO_2e)	**Scope III** (tCO_2e)	**Total Carbon Footprint** (tCO_2e)	**Number of Staff**	**Per Capita Emissions** (kg CO_2e /person)
2024	154.608	182.880	262.917	600.407	738	1,230
2023	127.623	136.166	4.23	263.790	685	1,055
2022	104.539	99.216	7.24	203.762	664	1,026

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. Kafein Technology's **carbon emission per capita** in 2024 is calculated as **1,230 kgCO2e**. This value is

a value in European standards. As a result of the calculations, the distribution of Scope I-II-II emissions are as follows.

Distribution of Scope I-II-III Emissions						
Year	**Scope I (tCO2e)**	**%**	**Scope II (tCO2e)**	**%**	**Scope III (tCO2e)**	**%**
2024	154.608	**%26**	182.880	**%31**	262.917	**%43**
2023	127.623	**%29**	136.166	**%70**	4.23	**%1**
2022	104.539	**%51**	99.216	**%48**	7.24	**%1**

Apart from the emissions mentioned above, the company does not emit greenhouse gases (GHG), ozone depleting substances (ODS), nitrogen oxides (NO) and sulphur oxides (SO) within the scope of its activities.[6]

Reducing Carbon Footprint

Carbon Footprint refers to the damage caused to the earth by the emission of carbon dioxide (CO_2), which is emitted into the atmosphere by the use of fossil fuels, which causes the formation of gases that cause the greenhouse effect, which is shown to be the main cause of global warming, directly or through the use of energy in the production of the products used by individuals and companies.

Since energy intensity varies in the software sector, carbon footprint results vary from company to company. In the software sector, comparisons can be made per kg, turnover value and number of people. The most accurate comparison is to compare with their own emission results based on previous years. According to the IPCC report, the most important reason for the impact of the Software industry on climate change is the consumption of electricity, Vehicle fuels and Flight Travel. Especially in software processes, a lot of energy is consumed.

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. In this context;

- Including Scope I (Direct Emissions), Scope II (Indirect Emissions), and Scope III (Other Indirect Emissions), the Company regularly monitors and reports greenhouse gas emissions and ozone-depleting substance (ODS) emissions from its operations on an annual basis by adopting an operational control approach within the framework of globally accepted standards.
- Provides comprehensive trainings to its employees through the training portal in order to raise awareness on the reduction of Carbon

[6]These greenhouse gases are the six gases listed in the Kyoto Protocol: carbon dioxide (CO2), methane, nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF6).

Footprint and Air Pollution and to improve human and institutional capacity.

- Prepares an improvement plan especially in electricity consumption where emissions are high and sets gradual targets for emission reduction.

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. By 2030, the environmental strategy is to reduce Scope I, Scope II and Scope III emissions by 35%.

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 main trainings on the subject in the portal are as follows:

- What is Carbon Footprint?
- Measures to Reduce Carbon Footprint
- Carbon Footprint ISO Standard and Reporting Frameworks
- National Carbon Reduction Strategies vs.

In order to improve training, awareness raising and human and institutional capacity on climate change mitigation, adaptation, mitigation and early warning, our training portal, which is accessible to employees, includes various trainings in the fields of environment, biology, water, waste and carbon management such as Micro Plastics, Recycling and Zero Waste, Ecological Balance, Sustainability, Global Warming.

An environmental policy and a corporate sustainability policy have been established by senior management, which are presented to all employees on environmental impacts, and a commitment to comply with the Code of Conduct has been obtained from all stakeholders.

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 Scope II results, the company management evaluates the necessity of turning to renewable energy sources or making investments in this direction in order to reduce carbon emissions from electricity consumption. It is important to prepare an improvement plan and set gradual targets for emission reduction, especially in electricity consumption where emissions are high. Emission measurement, recording and monitoring activities will continue periodically.

In order to reduce the company's global carbon emissions and minimize the effects of climate change, the first Carbon Footprint Report was prepared in

2022 and the company passed **ISO 14064-1: Corporate Greenhouse Gas Standard and ISO 5001: Energy Management System Standard Certification** as of 08.12.2022. ISO 14064-1: Corporate Greenhouse Gas Standard provides information on principles and requirements for planning, developing, and reporting greenhouse gas inventories. The relevant certificates are renewed every year.

Tackling the Climate crisis

As outlined in the Sustainability Policy approved by the Board of Directors' decision dated 26.07.2024 and numbered 22, our environmental principles regarding the Fight Against the Climate Crisis are specified as follows:

- The Company conducts its activities in compliance with local and international environmental and climate change legislation and other requirements. In cases where legal legislation is not regulated, the Company adopts standards, internationally recognized principles and best practices.
- Identifies risks and opportunities arising from environmental and climate change impacts and uses the results obtained in determining business strategies.
- Monitors environmental and climate change performance, manages it through targets and focuses on continuous improvement. Takes the Company's sustainability strategy and roadmap into consideration when setting targets.
- Considers environmental and climate change impacts in financial and physical investment decision-making processes and conducts impact assessment studies in this context.
- Prioritizes the use of appropriate technologies in the transition to a low-carbon economy, taking into account the dynamics of the sector in which it operates, and carries out studies that will contribute to the fight against climate change.
- It considers environmental impact and climate change factors in facility and process design and production technology choices, aims to minimize their impact by implementing the best available techniques and technologies, and integrates best practices into business processes.
- Aims to keep environmental and climate change impacts under control throughout the product life cycle and develops environmentally friendly products. Carries out improvement studies using the results obtained.
- Participates in the efforts of its customers in the value chain to cooperate on their environmental and climate change performance and meets their requests in this direction. Encourages them to improve their environmental performance.

- Encourages the efforts of its employees and business partners to improve their climate and environmental performance through suggestion and reward systems.
- Carries out training and communication activities to raise the level of awareness of employees, external stakeholders and the general public on the environment and climate change.
- Considers climate change and environmental impacts in procurement and supply processes, supplier and raw material preferences; encourages its suppliers to improve their products and practices for climate change and environmental management.
- Closely follows international and national developments on environment and climate change, carries out communication and cooperation activities with institutions and organizations, and supports sectoral and public initiatives.
- Follows incentive mechanisms and prioritizes access to green financing to be used in the projects it develops and investments it will realize.

e) Waste Management and Economy in Circles

As a company operating in the software industry, we are sensitive about waste management, especially paper, toner, plastic, and electronic waste. Based on the **"Recycling at the Source"** Strategy, we collect waste separately according to type and use the "recycling bins" located in the common areas of Technopark to recycle for household waste, paper, battery, and glass at the head office. These recycling bins are delivered to Esenler Municipality within the scope of zero waste studies.

We provide **"Waste Management Trainings"** and education on waste management to all employees in order to raise awareness in the Kafein Online Training Portal and in our HR bulletins.

The company's Waste Management procedures has been determined and prioritized as follows, in order from the most priority option to the last option.

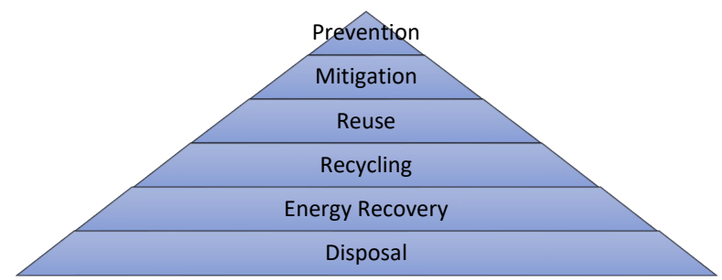


Figure1: Waste Management (from Most Prioritized to Least Prioritized Option)

Waste Management encompasses all waste-related activities such as generation, segregation, storage, transportation and transport from the point of origin (region/department) to the final disposal location (recycling/storage/incinerator). The company's Sustainability Policy defines Kafein's arrangements, including responsibilities for the classification, segregation, collection, storage, transportation and disposal of all waste generated as a result of Kafein's activities. The principles are as follows:

- The company supports minimizing the consumption of materials and packaging, using materials with low environmental impact, increasing recycling, recovery, reuse and continuing its activities with a circular economy approach.
- With a waste management principle in line with the value chain approach, it ensures that waste generation is prevented at the source, waste is reduced, sorted, recycled and, where possible, waste is used as a resource.
- Within the scope of waste management and recycling activities, it acts in accordance with the waste policies of the Technology Development Zone in which it operates.
- Always ensures full regulatory compliance for Waste Management activities and realizes the best possible practices.
- All employees actively participate in, and support waste reduction, minimization and recycling initiatives carried out in their respective areas/departments.

Although there is no direct physical waste produced within the scope of our company's software activities and operations, domestic waste, electronic waste and digital waste may occur during the service process. The table of consumption and waste data for the current year is as follows:

Kafein Technology Waste Data			
Waste Type	**2022**	**2023**	**2024**
Waste Generated (Total) (kg)	**5,292**	**5,492**	**4,034**
-Household Waste (Domestic and Organic)	*5,080*	*5,080*	*3,765*
-Paper Waste	*212*	*412*	*269*
Waste Diverted from Disposal (Recycling) (kg)	**-**	**-**	**108,92**
-Hazardous	-	-	-
-Non-hazardous	-	-	108,92
Waste Directed to Disposal[7] (kg)	**-**	**-**	**-**
-Hazardous	-	-	-
-Non-hazardous	-	-	-

[7] Waste disposal is the process of separating, eliminating, destroying, and recycling hazardous substances from hazardous waste.

Waste Transmitted to Recycling - Detailed							
Waste Type (kg)	Hazardous[8]	Non-Hazardous					TOTAL (kg)
		Glass	Metal	Paper	Plastic	Battery	
2024	-	13.20	-	26.52	66.0	3.20	108,92

Data Disposal Procedure: The Company defines the rules related to the destruction of the environments in which the information is transported and stored in cases where the information is necessary to prevent the infiltration of critical information to unauthorized persons in the company's "Data Disposal Procedure". For information assets on the paper, the information technology manager destroys the storage time with a paper crop machine. Document storage times are determined for our company as 5 years in the physical environment and 10 or 20 years in the archive according to the nature of the document. The beings to be destroyed in electronic environment are destroyed in a way that cannot be combined physically. Computers or notebooks are first formatted. The hard drives are removed and disintegrated with shredding tools in such a way that they cannot be joined again. After the destruction of Hard disk for data security, the remaining computer or electronic device is transferred to contracted companies for reusing. Critical storage environments can be destroyed by a company providing data destruction services according to the number of environments to be destroyed. For assets destroyed from the asset inventory list, a report of destruction is always arranged and stored in a file.

Forest Positive Strategy and Biodiversity Principles: Kafein Yazılım commits to take utmost care to protect and restore terrestrial ecosystems such as forests, wetlands, drylands and mountains in order to combat climate change and improve the capacity for sustainable use of forests. Observes local and global legislation to reduce the degradation of natural habitats and halt the loss of biodiversity. In this context, in order to reduce the demand for natural resources and ecosystems, the Company seeks resource efficiency and minimum waste generation in its operations.

- The Company pays utmost attention to protect and develop natural ecosystems in the geographies where it operates and to minimize the impact on biodiversity.

- Kafein aims to protect the diversity of species, habitats, ecosystems and the integrity of ecological functions by identifying and monitoring the impacts of its activities on biodiversity.

[8] Hazardous waste includes infectious, pathological, sharp, and other such waste, while non-hazardous waste includes paper, packaging, metal, scrap, etc.

- Within the scope of its activities, it identifies risks and takes necessary actions to prevent soil and forest degradation.
- It cooperates with NGOs (Non-Governmental Organizations) to support the sustainable management of all types of forests, to end deforestation, to restore degraded forests and to promote afforestation and reforestation.

Within the scope of our forest positive strategy, we have implemented some practices to reduce paper use:

- The company has committed to donate 1000 saplings every year as of 2024. Pursuant to the Board of Directors Resolution No. 02 dated 22.01.2024, the company donated TRY 75,000 to the Turkish Foundation for Combating Erosion, Reforestation and Protection of Natural Habitats (TEMA) for the purpose of purchasing 1000 sapling certificates within the scope of the company's Donation and Aid Policy.

- As of 2021, the company switched to the "Electronic Board of Directors System (E-YKS)" and ensured that all board meetings are held online, and e-signature was preferred instead of wet signature in all possible platforms and contracts. In addition, with the E-General Assembly application, all stakeholders can legally participate in General Assemblies electronically. In addition, as of 01.07.2025, based on the "Communiqué on the Electronic Keeping of Commercial Books Not Related to the Accounting of the Enterprise", the books regarding the board of directors, the general assembly, and the share ledger will be transferred to electronic platform and their physical copies will be cancelled through a notary public.
- All applications and forms related to HR processes (leave form, embezzlement form, purchasing form, etc.) can be accessed through the company's online portal platform. Thus, all administrative affairs and human resources application processes have been moved to the electronic environment.
- Kafein Magazine is an online and regularly published magazine where we can share developments about the company and the market with the employees, feature new teammates who have joined us, and talk about events and awards. The aim with this magazine is to take our bond with teammates one step further. In order to contribute to saving paper, the magazine, which is published 4 times a year, is shared online.

f) Water Management

As one of the most important consequences of global warming and climate change, the decrease in water resources, which are strategic resources, poses a significant threat to a sustainable world and ecological balance. For this reason, it is important to use and protect water resources efficiently and to raise awareness about saving.

The Company has low water dependency arising directly from its operations due to the sector in which it operates. However, the Company

supports the United Nations' global goal of "Clean Water and Sanitation" to ensure accessible water and wastewater services and sustainable water management for all. In this context;

- The Company focuses on reducing water use and water-related risks, increasing wastewater recovery, and considering environmental and social needs in water withdrawal.
- It aims to minimize water-related environmental impacts throughout the product life cycle by adopting innovative technologies.
- Develops, implements and monitors effective water management projects by examining the best practices of national/international institutions.
- Carries out monitoring, measurement and analysis studies related to water and works to reduce its water footprint.
- In line with its water targets, it aims to reduce direct water consumption and to share annual water consumption in annual reports.
- Ensures that employees' right to access clean water is respected and a healthy working environment is provided.

Kafein Technology's impact on water resources due to its activities is quite minimal. The main characteristic of water use is the consumption arising from the daily needs of employees and met with municipal water. The amount of water used by the company during the year is as follows:

Kafein Technology Total Annual Water Consumption		
Water Data (m^3)	**2023**	**2024**
Total Water Consumption (Mains Water)	48 m^3	32,7 m^3
Water Withdrawal (Surface, Groundwater, Seawater, Produced water etc.)	-	-
Water Discharge (Surface, Groundwater, Seawater, Produced water etc.)	-	-

The company is in Technology Development Zone (Technopark) and complies with Technopark legislation regarding common water consumption. We try to reduce water consumption with efficient fixtures and consumption practices. In Online Training Portal, we include relevant trainings (such as Microplastics, Protecting Our Seas) in order to increase employee awareness.

Due to presence in the software industry, there is no industrial wastewater generated within the scope of operations or activities. There is no water withdrawn from underground or above ground, recycled, or discharged.

g) Sustainability Practices Based on Supply Chain

The company's main supply element is the outsourced personnel and consultants we work with in accordance with the demands of the customers while providing software services. Within the scope of supply chain management, we expect suppliers to comply with our work ethics values.

As of 30.09.2022, within the scope of compliance with sustainability principles and the corporate governance structure of the company, a "Sustainability and Environment" clause was added to all standard labor contracts of company and entered into force. 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, make maximum efforts to reduce the impact of their products and services on the environment, and try to utilize resources responsibly while performing their acquisition under the contract.

Within the scope of the same article, the customer/supplier declares and undertakes that it will comply with the generally accepted conditions on sustainability and that the service to be provided is of a quality that will enable these conditions, and that it will act in accordance with the Kafein Corporate Human Rights and Employee Rights Policy, which is available on 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, in this context, it declares and undertakes to take preventive and corrective measures against discrimination, inequality, human rights violations, forced labor, not to employ child labor, to oppose verbal insults, physical punishment, mental and physical force, and that it will promote the development of each individual, recognize equal rights and support participation in non-governmental organizations, and comply with the law and industry standards regarding working hours, and also declares and undertakes to comply with personal data protection and data security policies and regulations, and that it will not tolerate any type of corruption and bribery under any circumstances, and that it will take into account the "Occupational Health and Safety" and "Anti-Bribery and Anti-Corruption Policy" on the company's website, to comply with all tax legislation provisions and the principle of honesty, and not to act contrary to any applicable legislation provisions regarding health and safety.

Company's Sustainability Policy is binding for all activities and employees of the Company. The Company takes utmost care to ensure that the principles listed in this Policy are adopted and disseminated by its suppliers and business partners.

PART 2) EMPOWER: SOCIAL PRINCIPLES

Kafein acts with a commitment to human rights and ethical values while organizing and implementing all recruitment, remuneration and working processes. It offers its employees equal opportunity to develop themselves in line with their qualifications and demands. Acting within the framework of universal human rights in all its business processes, Kafein does not discriminate against language, religion, race, ethnic origin, political opinion, gender in its relations with any of its stakeholders, including its employees, suppliers and customers.

Both under the Constitution and Code of Ethics and Conduct, the company does not tolerate forced or compulsory labor through slavery, bonded labor or debt bondage, detention and abduction, workplace confinement, the use of the labor and services of prisoners without the supervision of public authorities and compulsorily hired by companies or placed at their disposal, work that punishes freedom of thought and expression, forced overtime work, withholding or renting documents necessary for work (financial or personal documents such as passports), non-payment of wages, and induced indebtedness. We do not have any suppliers or activities that carry a significant risk of forced or compulsory labor.

The company respects the Universal Declaration of Human Rights and International Labor Organization (ILO) Conventions and Recommendations. Within the framework of common human values, it carries out its activities with the awareness of its duty and responsibility to raise these values and quality of life. The tables in this section have been prepared in line with the data reported by the Human Resources and Administrative Affairs Directorate and consists of solo data unless otherwise stated.

a) Continuous Labor Supply and Employment Development

Since its establishment in 2005, the company has shown a regular increase in the number of employees every year. As of the end of 2024, the company has a total of 783 solo employees with professional knowledge and experience above the sector average. The company's solo workforce performance and employee portfolio over the years are as follows. In 2024, the number of personnel increased by **11%** comparing to the base year of 2022.

Total Number of Employees				
Year	**Technical Personnel**	**Administrative Staff**	**Total**	**% Increase Compared to Base Year of 2022**
2024	681	57	738	%11
2023	632	53	685	%3
2022	608	56	664	-
2021	574	44	618	-
2020	546	39	585	-

Personnel Structure by Contract Type and Working Duration				
Year	Number of Personnel Working with Indefinite/Definite Employment Contracts		Number of Full Time / Part Time Personnel	
	Indefinite Contract	Definite Contract	Full time	Part time
2024	715	23	737	1
2023	684	1	685	0

In 2024, 248 new personnel joined the company, and 184 personnel quit. The distribution of the relevant personnel by age, gender and country is as follows. In the current structure, all employees are Turkish nationals, and we do not have any foreign employees. The employee turnover rate of 2024 is %26.

Personnel Joined the Labor Force within year								
Year	Total	Sex		Age			Country	
		Women	Men	Under 30	30-50	+50	Turkey	Other
2024	248	82	166	116	116	16	248	0
2023	296	99	197	162	121	13	296	0

Personnel Left the Labor Force within year								
Year	Total	Sex		Age			Country	
		Women	Men	Under 30	30-50	+50	Turkey	Other
2024	184	65	119	82	94	8	184	0
2023	269	74	195	122	137	10	269	0

Employee Turnover Rate			
Year	Personnel Left the Labor Force within Year	Average number of personnel in the year	Employee Turnover Rate
2024	184	711,5	26%
2023	269	674,5	40%

Workers who are not employees

As a company operating in the software industry, the company offers project management, software development, product management and outsourcing in various specialties to its customers within the scope of its activities. The outsourced resources can be met from the company staff or Kafein can offer them to its customers by recruiting candidates with the required knowledge and experience in line with the needs of its customers. As of the end of the year, the number of outsourced consultancy and non-employee workforce is as follows.

Non-Payrolled Personnel			
Year	Number of Outsources and Consultants	Number of Personnel Working in Subsidiaries	Total
2024	106	25	131
2023	102	20	122

b) Diversity and Equal Opportunity

Within the framework of Article 3.3 titled "Equal Job Opportunity and Equal Treatment Principle" of the company's Code of Business Conduct and Business Principles, ensuring gender equality, combating prejudices brought about by the concept of sexism, and strengthening the position of women in business life are among Kafein's focus areas. The company observes the balance between male and female employees. It attaches special importance to pursuing strategies that promote the employment of women in managerial positions. The company offers opportunities and implements practices for women in order to encourage their participation in the workforce, facilitate their work/life balance and working life, and support their family life.

In business processes, we carry out activities to prevent discrimination, inequality, human rights violations, forced labor and child labor, and we stipulate this commitment in contracts so that these values are also adopted within the supply chain.

Within the scope of Corporate Human Rights and Employee Rights Policy;

- Providing equal opportunities to people under equal conditions in recruitment, training and development, remuneration and career planning,
- Treating employees equally in matters of development and promotion; establishing development policies and plans for employees to increase their knowledge, skills, and experience,
- Building a common corporate culture that can hold diversity together and capitalize on its richness have been identified as the main principles.

As of the end of 2024, **36.18%** of employees were female. The company has achieved the minimum target rate of 25% for the ratio of female members in the Board of Directors as stipulated in Article 4.3.9. of the Corporate Governance Principles in the Capital Markets Board's ("CMB") Corporate Governance Communiqué No. II-17.1. Within the scope of the company's "Code of Business Conduct and Business Principles", a minimum target rate of 25% has been set for the ratio of female members on the Board of Directors and the company makes maximum effort to achieve and maintain these targets. The board of directors evaluates the progress made in achieving these objectives on an annual basis.

Number of Employees by Gender				
Year	**Number of Male Employees**	**Number of Female Employees**	**Total**	**Female Employee Ratio %**
2024	471	267	738	36.18
2023	434	251	685	36.60
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

The company has woman members working in many senior management positions such as directors and managers. As of 2024, the ratio of woman personnel is **60,5%** among senior management team.

Management Structure as Gender/Age							
Senior Management Team (Board of Directors, Senior and Mid-Level Managers[9])	**By Gender**			**By Age**			
	Men	**Women**	**All**	**0-18**	**Under 30**	**30-50**	**+50**
2024	4	2	6	0	0	1	5
2023	6	2	8	0	0	1	7

c) Prevention of Discrimination

As Kafein Technology, we work with an inclusive approach to eliminate all forms of discrimination and gender-related prejudices in the workplace. There have been no incidents of discrimination reported during the term.

During the year, there were no discrimination cases filed against the company by employees or third parties in all business operations. No lawsuit has been filed against us for discrimination based on language, religion, race, belief, sect, ethnic origin, political or ideological opinion, marital status, age, sexual orientation, or gender difference.

According to UNICEF (United Nations International Children's Emergency Fund), disadvantaged groups are recognized as children with disabilities, children and youth in underdeveloped regions and rural areas, children and youth in poor cities and neighbourhoods, Romani, children and youth in conflict settings, children whose mother tongue is not Turkish, international migrants and all other disadvantaged groups. The number of employees in this group as of year-end is given in the table below.

As of 2024, **2.4%** of our total employees are included in groups considered under supportive policies.

Disadvantaged Group								
Year	**By Gender**			**By Age**				**Ratio to Total Personnel**
	Men	**Women**	**All**	**0-18**	**Under 30**	**30-50**	**+50**	
2024	8	10	18	0	7	9	2	%2,4
2023	8	10	18	0	6	9	3	%2,6

[9] Senior executives consist of C level and directors, mid-level managers consist of group managers and team leaders.

d) Parental Leave Indicators

Within the scope of Article 5.1 of the "Regulation on Part-Time Work After Parental Leave or Unpaid Leave" prepared on the basis of Labor Law No. 4857, it is essential that the female worker is not employed for a total period of sixteen weeks, eight weeks before and eight weeks after childbirth.

Pursuant to the fifth paragraph of Article 74 of the Labor Law No. 4857, the employer shall grant unpaid leave for up to 6 months from the end of the parental leave (after 8 + 8 = 16 weeks) to the female employee upon her request. This leave is also granted to one of the spouses or the adopter in case of adoption of a child under 3 years of age. In Turkey, paternity leave is 5 days for private sector employees and 10 days for civil servants.

Parental Leave Indicators				
Yıl	**Total number of employees on parental leave**		**Number of employees who returned to work in the reporting period following the end of parental leave**	
	Women	**Men**	**Women**	**Men**
2024	19	0	13	0
2023	9	0	9	0

e) Clear Position Against Child Labor and Forced Labor

The term "child" refers to a person under the age of 18 or below the age of completion of compulsory education or below the minimum age for employment in the country. Kafein is firmly against child labor and forced labor. To date, no cases have been reported across the company and its subsidiaries. Even among its suppliers and business partners, Kafein does not tolerate any form of child labor or forced labor.

Kafein has an obligation under the European and UN Human Rights Conventions to respect and observe human rights as fundamental values. This applies in particular to the prohibition of child labor and forced labor, equal treatment of employees, the right to interest representation and collective bargaining negotiations. We do not have any suppliers or activities with significant risks for child labor or forced and compulsory labor.

As of 2024, employees under the age of 30 constitute **43.9%** of our workforce.

Number of Employees by Age Group					
Year	**0-18 Years**	**Under 30 Years**	**30-50**	**+50**	**Total Number of Personnel**
2024	0	324	370	44	738
2023	0	342	309	33	685

f) Education Opportunities at Kafein

Employee Breakdown by Education Level

As of 2024, **96%** of employees have a bachelor's degree or higher. The company employees benefit from certain scholarships in Master's, Doctorate, Continuing Education Center Programs and Certified Art trainings at universities with which we have agreements.

Employee Breakdown by Education Level						
Year	**Primary School**	**High School**	**University (Bachelor)**	**+Master's Degree/PhD**	**Total number of Personnel**	**Undergraduate and Above Education Rate**
2024	20	9	690	19	738	%96
2023	8	44	611	22	685	%92
2022	8	57	566	33	664	%90
2021	8	21	554	35	618	%95
2020	7	24	524	30	585	%95
2019	6	24	393	33	456	%93
2018	6	21	376	15	418	%94

University Collaborations and Internship Opportunities

As of 2024, there are **4 University Collaborations** in total, including Bahçeşehir University, Kadir Has University, Yıldız Technical University, Yeditepe University, regarding internship, branded courses, and graduate programs.

On 01.10.2020, the Company signed a Protocol of Intent to Cooperate with Bahçeşehir University within the framework of CO-OP (Cooperative Education Model) within the scope of University-Industry cooperation, to remain in force unless terminated and to be automatically extended for one year. With the protocol,

- Promote solidarity and sharing between universities and companies.
- Being an example to society
- Preparing young people for work and life
- Mutually enhance the efficiency and quality of activities in key areas such as resource utilization are aimed.

With this protocol, the company,

- has declared its intention to enable university students to receive practical training in Kafein's field of activity.
- It will be able to create a "Branded Course" to be prepared by the expert staff of both parties in the subjects and fields they agree with the academic staff of the university.
- Company employees will be able to attend CO-OP branded courses free of charge.
- Company employees receive 15%-25% scholarships for the University's Continuing Education Center Programs, 20%-40%

scholarships for master's and PhD programs and 25% scholarships for Certified Art Education.

The company has an Internship Cooperation with Yıldız Technical University and Kadir Has University. Internship programs include mentor assignment and training processes.

In addition, employees benefit from a 25% discount at Yeditepe University Computer Sciences and Information Technologies Master's Program and a 50% discount at Kadir Has University for all master's Programs.

University Career Events: During the year, Kafein participated in many university events within the scope of Kafein Internship and Kafein Academy activities. At these events, students were brought together and given detailed information about academy program, internship, and recruitment processes. University events attended within one year are as follows:

• Yeditepe University İZ'24 Career Fair (18.04.2024)
• Yıldız Technical University Career Fair (07.05.2024)
• Bilgi University Talent Fest'24 (14.05.2024)
• ITU Internship and Interview Days by Istanbul Technical University (16.05.2024)
• Marmara University Career Fair (22.05.2024)
• Yıldız Technical University "Update your CV" Event (06.12.2024)

University Collaborations and Internship Opportunities			
Indicators	**Year**		
	2022	**2023**	**2024**
University Collaborations	3	4	4
Number of Interns	45	41	83
Number of People joined Kafein after Internship	7	3	2

Inhouse Trainings and Kafein Portal

On 21.02.2022, the online Kafein Training and Development Portal application was made available to employees and an internal trainer staff was established. Through the online portal, employees can access over 2,000 online trainings in total.
With the internal trainer staff, internal trainings were provided within the company with expert and experienced trainers, various courses, including basic skills and techniques, were organized and certification was provided. Some of these trainings include SQL, Test, Java, Siebel, Cyber Security, First Aid Training, Finance training for non-financiers.

Inhouse Trainings and Kafein Portal			
Indicators	**Year**		
	2022	**2023**	**2024**
Number of Training Content in the Kafein Portal	1.100	2.083	2.133
Total Views on the Kafein Portal	15.500	7.890	8.561
Number of In-House Trainings and Classroom Trainings	25	21	20
Number of External Trainings Organized	85	7	30
Total Training Hours (Academy + Internal/External Trainings) [10]	-	118	507
Total Number of Personnel Benefiting from Training	-	240	328
Total Budget Allocated to Training	220.000	460.462	2.824.571

[10] Data has started to be collected as of 2023.

Legally Mandatory Trainings

Legally mandatory trainings consist of Basic Occupational Health and Safety and Information Security Trainings. These trainings are taken compulsorily once by all employees and the relevant list is as follows:

- GDPR (General Data Protection Law) Training
- OHS (Occupational Health and Safety Training
- Business Continuity Management Training
- Information Security Awareness Training
- Agile Training (Agile philosophy, Scrum model, Project Execution, Transformation Process)
- Secure Software Development Training
- ISO 9001 Awareness Training

For employees who wish to pursue different areas of specialization, the company provides training opportunities in line with their demands and provides the necessary support for transition between different units.

Legally Mandatory Trainings				
Training	**Number of Staff Participated**		**Total Education Hours**	
	2023	**2024**	**2023**	**2024**

ISO 370001 Anti-Bribery and Anti-Corruption	384	240	76	48
GDPR (General Data Protection Law)	516	368	301	214
ISO 22301 Business Continuity Management	506	195	75	29
ISO 27001 Information Security Awareness	482	63	506	210
ISO 9001 Awareness Training	-	148	-	49
Secure Software Development Training	-	122	-	107

Training Program for Young Talents: Kafein Academy

The "Kafein Academy" program was established in 2021 to support new graduates or newly hired young talents to unlock their potential and develop in the industry. The Kafein Academy program is a five-month program for new graduates or young people with a maximum of one year of work experience. Young colleagues who successfully complete the program are aimed to take their first steps into business life with a full-time employment contract, and it is aimed to continue this program under the control of a mentor by creating a technical training program for them in the team to which they are assigned. During the orientation process, programs consisting of expertise, coding and personal development titles are offered with applied trainings created by expert trainers. Kafein Academy web page can be accessed via akademi.kafein.com.tr.

With AllinCyber Academy, which is established within company's cyber security brand AllinCyber, it is aimed to create a young talent program in the field of cyber security, to prepare a cyber security training program for the young talents who meet the necessary conditions and to bring these resources to the sector. The AllinCyber Academy program includes processes such as assigning an individual mentor to each participant, homework/presentation process on IT and Cyber security topics, conducting practical work, and providing training on product and its installation.

Kafein Academy		
Year	**Indicators**	
	Number of Young Talents participated	**Number of people joined Kafein after the academy**
2024	24	18
2023	20	13
2022	48	42

g) Commitment to Workplace

We monitor the level of belonging, motivation and commitment of our employees to the workplace within the framework of criteria such as fringe benefits, healthy working conditions, participation in feedback mechanisms, satisfaction level and development opportunities within the organization.

As of the end of 2024, 8.80% of employees have been working at Kafein for more than 5 years.

Number of Employees by Duration of Employment				
Year	**Employees with Less Than 5 Years**	**Employees with More Than 5 Years**	**Total Number of Personnel**	**Long Term Employment Ratio (+5 Year)**
2024	673	65	738	%8.80
2023	625	60	685	%8.75
2022	614	50	664	%7.53
2021	536	82	618	%13.26
2020	520	65	585	%11.11

Satisfaction Surveys and Performance Evaluation Process: This is a periodic survey conducted by the company's human resources to monitor the satisfaction of employees and to make necessary improvements and developments accordingly. Kafein conducts an employee satisfaction survey every year anonymously through the company portal. Within the scope of the feedback received, HR department evaluates the opinions and suggestions, ensures the improvement of working conditions and takes actions to increase employee satisfaction. We also organize a customer satisfaction survey for customers on an annual basis.

All employees undergo performance and career development evaluations once a year. Newly recruited colleagues are included in the performance evaluation system after completing their second month of employment.

Satisfaction Surveys				
Year	**Employee Satisfaction Survey**		**Customer Satisfaction Survey**	
	Ratio	Number of Participant	Ratio	Number of Participant
2024	%81	309	%73	27
2023	%78	185	%86	26
2022	%80	-	-	-
2021	%81	-	-	-

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

- **Reference Premium:** This is the incentive premium provided to employees for new colleagues who join the company through the references of existing employees.

- **Marriage Premium:** This is the support premium provided to current employees due to their marriage.

- **Team Leader Bonus:** This is an incentive premium provided to team leaders working on projects. It is realized by the manager to whom the employee reports, taking into account the "Performance Evaluation Scales" on the company portal, and then the relevant scoring is transparently recorded on the performance report card on the portal in a way that the employee can access.
- **"I Have an Idea" Suggestion Application:** The "I Have an Idea" application on the company portal is an internal application where employees can share their suggestions, opinions and complaints for commercialization and improvement. The number of contents evaluated through the application in the current period is as follows.

Number of Content Evaluated with "I Have an Idea" Platform	2023	2024
New Idea	0	1
Digital Solutions	1	1
Operation	0	0
Suggestions and Complaints	1	3

- **K-Stars Reward Application:** This is an application specially designed by the company to maintain employee motivation and create a culture of appreciation. When employees earn, points based on success criteria and reach a certain limit, also on special occasions such as birthdays and holidays, they are rewarded with gift vouchers.

K-Stars Reward Application Data	2023	2024
Number of personnel benefiting from K-Stars	106	173
Total budget allocated to K-Stars (TRY)	342,500	150.550

h) Occupational Health and Safety

Occupational Health and Safety Management System

Kafein aims to protect human values from injuries and health deterioration as a result of occupational accidents by creating safe working areas and a culture of occupational safety in all stages of its activities. In line with the purpose of the Occupational Health and Safety (OHS) Policy, it aims for zero occupational accidents and zero occupational diseases. An "Occupational Health and Safety Policy" has been established for this purpose.

Kafein, within the scope of its legal responsibility, organizes trainings at the beginning of the job and trainings in a way that aims to learn the risks specific to the departments by experiencing them. With the periodic trainings it provides in the Occupational Safety training areas, it raises the OHS culture of not only its employees but also suppliers, interns, visitors, etc. to the highest level.

We, as Kafein Technology, declare and undertake:

- To meet all legal and other obligations regarding Occupational Health and Safety,
- To use protective equipment and technologies necessary for a healthy and safe working environment,
- To adopt the principle that improvement activities within the scope of Occupational Health and Safety are the common responsibility of all employees,
- To support the provision of trainings within the scope of Occupational Health and Safety,
- To participate at all levels in activities to reduce the level of risk through effective risk assessment and risk analysis and to set targets in this direction,
- To establish an occupational health and safety culture, to make it sustainable by continuously improving it, and
- To achieve the goal of "Zero Work Accidents".

We take measures in accordance with the Occupational Health and Safety Law No. 6331.

Kafein OHS Management system covers all company employees and there is no person who is not a company employee and whose workplace/working area is under the management and control of company.

Personnel Structure According to OHS Management			
Year	**Number of Personnel whose OHS**	**Number of Personnel whose OHS Management is covered by third party**	**Number of personnel who are not**

	Management covered by the company			employees but whose OHS Management is covered by the company
	Personnel on company's Payroll	Outsource/ Freelance Personnel	Subsidiary Personnel	
2024	738	106	25	
2023	685	102	20	-

OHS Trainings: Occupational Health and Safety is a fundamental and indispensable element of management approach. Kafein provides Occupational Health and Safety Trainings to all employees within the scope of the "Regulation on the Procedures and Principles of Occupational Health and Safety Trainings of Employees" published in the Official Gazette dated 15.05.2013 and numbered 28648 and provides certification to employees upon their request.

OHS training includes information on basic occupational safety concepts, the responsibilities of employees in terms of safety, risks, causes of occupational diseases, first aid, precautions and protection against accidents and diseases. It is mandatory for all employees to receive OHS training once. The relevant training includes, but is not limited to, the following topics:

- Labor Legislation
- Legal Consequences of Work Accidents and Occupational Diseases
- Occupational Diseases
- First Aid
- Harm of Tobacco Products and Passive Exposure
- Causes of Work Accidents, Protection Principles and Technical Applications
- Evacuation and Rescue
- Fire and Electrical Protection

The number of personnel who received Basic OHS (Occupational Health and Safety) training by year and total training hours are as follows. First aid trainings are given every 2 years.

OHS and First Aid Trainings				
Year	**OHS**		**First Aid**	
	Number of Participant	Total Training Hours	Number of Participant	Total Training Hours
2024	154	1.232	23	28
2023	167	1.336	-	-
2022	595	4.760	13	14

Hazard Identification and Risk Assessment: With the Occupational Health and Safety Law No. 6331 published in the official gazette on 20.06.2012, it has been determined that businesses are obliged to employ personnel for Occupational Health and Safety or to receive services from a Joint Health and Safety Unit. The hazard class of the enterprises is determined by the NACE code, that is, the code given according to their field of activity. Kafein Technology is classified as "Less Dangerous" with 62.01.01 (Computer Programming Activities).

In companies classified as less dangerous by law,

- Employment of occupational safety experts for at least 10 minutes per employee per month
- Employment of a workplace doctor for at least 5 minutes per employee per month
- or OSGB (Joint Health and Safety Unit) are required.

The company has signed a contract with OSGB (Joint Health and Safety Unit) to receive services for the periods determined by the ministry in the relevant legislation.

Indicator Type	OHS Indicators	2022	2023	2024
Medical	Number of Work Accidents Reported	0	0	0
	Number of Occupational Diseases Reported	0	0	0
	Work Accidents / Occupational Diseases	0	0	0
Occupational Safety Services	Loss of Working Days	420	296	252
	Number of Recruitment Health Examinations	59	13	0
Legal	Number of judicial decisions against the company due to responsibility for occupational accidents	0	0	0

OHS Services and Promotion of Employee Health

All company employees benefit from private health insurance. Private health insurance covers 80% of all outpatient treatments, and the package includes fringe benefits such as full health screening and psychological support services. All employees are offered working models that enable them to achieve a work-life balance. The remote working opportunity, which started during the pandemic, continues for all employees in the current period.

All fringe benefits (leave, seniority, etc.) of fixed-term employees, except for the private health insurance criterion, have equal status within the legal framework. Legally compulsory health insurance is provided to fixed-term employees. The payroll department is audited annually and quarterly in order to measure the quality of business processes. It has been shared with all employees that in case any business nonconformity is detected, customer complaint or feedback is received within the scope of all quality processes, the Quality Department must be informed in writing via kalite@kafein.com.tr

i) Freedom of Association and Right to Collective Bargaining

In accordance with local laws, Kafein will respect the right of all employees to form and join unions of their choice, to bargain collectively, and to assemble peacefully and refrain from such activities. Workers and/or their representatives will be able to openly share and discuss ideas and concerns about working conditions and management practices with management without fear of discrimination, retaliation, intimidation, or harassment. The company supports the effective recognition of the right to freedom of association and collective bargaining. Pursuant to Article 8.3 "Right to Association" of the company's Code of Business Conduct and Code of Conduct Instruction, every employee has the right to organize to protect his/her own interests within the framework stipulated by law. We have no suppliers or activities where the right to organize and collective bargaining may be at risk.

j) Personal Data Protection and Privacy Provisions

Kafein is committed to protecting the reasonable expectations of privacy of personal information of everyone with whom it does business, including suppliers, customers, consumers, and employees. Kafein must comply with privacy and information security laws and regulatory requirements in the collection, storage, processing, transfer, and disclosure of personal information. All official disclosures are announced to investors, shareholders and the public through the units designated by the company in a complete, simultaneous, and understandable manner in line with the principle of equality.

Employees and the company's lawyers, independent auditors, tax consultants, credit institutions, etc., with whom the company shares information due to business relations, are subject to confidentiality rules and have a separate agreement regarding their obligation to keep such information confidential.

Within the scope of the Personal Data Protection Law (PDPL) published in the Official Gazette dated 07.04.2016 and numbered 29677, Kafein obtains written consent from all its employees regarding the processing of their data. The Clarification Text, Application and Request Form and Internet Clarification Text regarding the LPPD are presented to the attention of all stakeholders on company's website.

It is mandatory for all employees to receive one-time training on PDPL. In this training, information is provided on the definition of personal data, the purpose of the Personal Data Protection Law, the processing of personal data, the obligation to inform, the conditions of sharing personal data, storage and destruction of personal data, and criminal sanctions in case of non-application. Likewise, "Information Security Awareness Training" must be taken once by all employees. Information Security Awareness Training includes topics such as the definition of information security, protection of information, internet use, social media use, information crimes, information security breach incidents, password and e-mail security, malware, cyber-attacks.

k) Donations and Aids

Pursuant to the Board of Directors Decision dated 22.01.2024 and numbered 02, within the scope of company's Donation and Aid Policy, TRY 15,800 was donated to the Turkish Education Foundation (TEV) and TRY 75,000 was donated to the Turkish Foundation for Combating Erosion, Reforestation and Protection of Natural Habitats (TEMA) for the purchase of 1000 sapling certificates, totalling TRY 90,800.

After the period, with the decision of the Board of Directors dated 02.01.2025 and numbered 01, a donation of 15,000 TRY was made to the Turkish Education Foundation (TEV) within the scope of our Company's Donation and Aid Policy.

After the period, with the decision of the Board of Directors dated 19.02.2025 and numbered 04, a donation of 105,000 TL was made to the Turkish Foundation for Combating Erosion, Reforestation and Protection of Natural Habitats (TEMA) within the scope of our Company's Donation and Aid Policy.

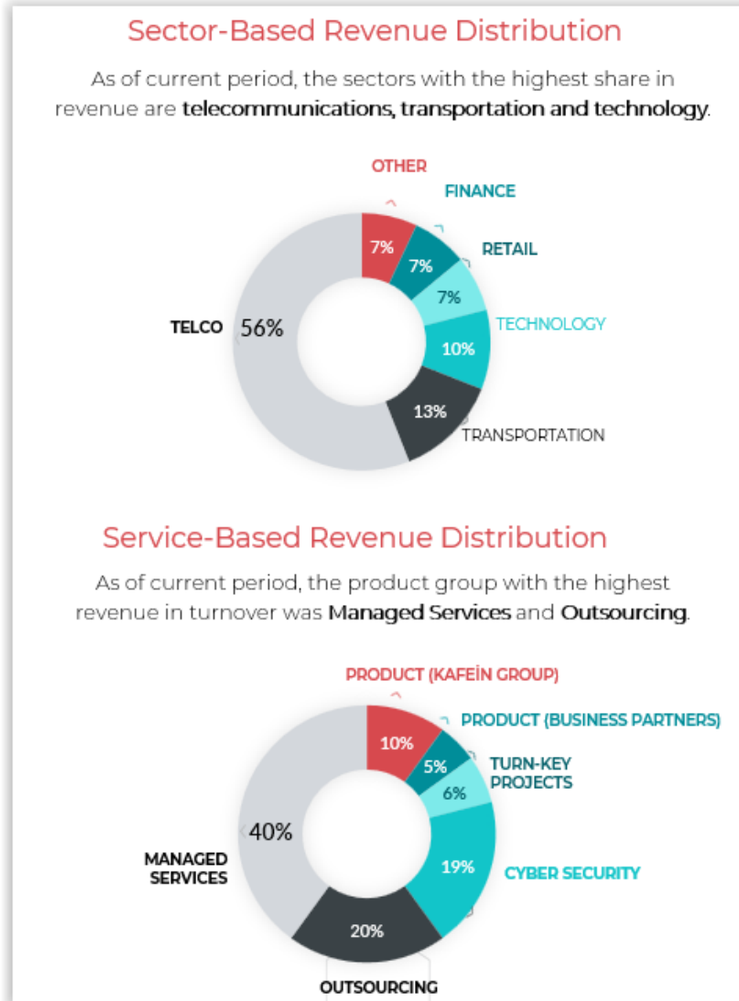
PART 3) IMPROVE: ECONOMIC PRINCIPLES

a) Strong Financial Structure and Sustainable Economic Growth

Our company maintains sustainable economic growth through its strong financial structure, robust cash flow, and balanced capital management. By leveraging innovative business models, effective cost management, and strategic investments, we aim to create long-term value. Our financial stability enhances our resilience against market fluctuations, while our commitment to sustainable growth strengthens our operational efficiency and profitability. With our technology-driven approach and continuous development strategy, we continue to maintain our competitive advantage in the industry and deliver lasting value to our stakeholders.

In current year, Kafein Technology maintained its strong growth performance and financial stability with its ongoing financial investments and new strategic business partnerships, exporting its high value-added software services not only domestically but also abroad to countries such as the Netherlands, Saudi Arabia, Cyprus, Azerbaijan, Libya, Portugal and America.

As of 2024, Consolidated revenue reached TRY 1,918,951,485 and net profit reached TRY 210,814,060 corresponding to %20 and %67 growth respectively Approximately 40% of sales revenues were generated from Managed Services, 10% from Kafein Group Product Revenue, %5 from Business Partner Product Revenue, 6% from Custom Software Solutions, 19% from Cyber Security and 20% from outsourcing. The proportion of high value-added items in service portfolio has been on an upward trend over the years.



b) Impacts Across the Value Chain

The Company's Value Chain covers all stakeholders involved in the stages of the software from its development to the end user. The Value Chain of our company encompasses all stakeholders engaged in the various stages of software development, right from inception to delivery to the end user. This process spans a broad spectrum, starting with the ideation phase, followed by research and development (R&D), software design, coding, testing, security evaluations, and ultimately the product launch. Additionally, it involves all contributors within the ecosystem, including suppliers, technology collaborators, regulatory bodies, investors, customer support teams, and end users. Our key objective is to enhance efficiency, optimize quality, and promote sustainable growth across all phases of this value chain. This chain can be summarized as in the table below.

Activity	Detail	Stakeholders on Value Chain
Input Suppliers	Hardware, cloud services, licenses, data resources	Service and Service Provider Outsourcing Consultants, Suppliers, Business Partners
Operations (Production)	Software Development, Testing, R&D, Code Writing, Cyber Security, Support and Maintenance Services	IT Employees and R&D Team, Subsidiaries
Service Recipients (Distribution)	Delivering the software to customers (Customer Systems, Digital Platforms, Mobile Applications)	Domestic and International Customers, End Users
Marketing & Sales	Sales Processes, Marketing Campaigns, Public Relations	Sales Team, Senior Management, Public Relations and Press Unit
Support Activities	Elements that support the company's operations.	All units and consultants in Finance, Human Resources, Law, Investor Relations, etc.
Capital & Financing	Financial actors who determine the capital structure and growth strategies	Shareholders, Company Principal Shareholders, Creditors
Regulatory Compliance	Regulative, encouraging, supervisory authorities that determine the company's compliance with laws, regulations and all regulations.	All regulatory, encouraging, law-setting and supervisory authorities (Government Institutions, CMB, Tax Office, etc.)
ESG Studies and Social Responsibility	Organizations that play an active role in sectoral development studies, social responsibility projects, ethical standards and best practice examples.	Non-Governmental Organizations, Social Responsibility Project Participants, Universities, External Stakeholders

As a software company that has been continuously growing since its establishment in 2005, we aim to create not only economic contribution but also social and environmental positive value for society and the world. Value chain refers to the set of activities that a business coordinates to meet the needs of its customers, including the supply chain, the process of value creation starting from the supplier and extending to production, marketing, and distribution. As a company, we are aware that impacts on society are not limited to financial statements and that operations and activities throughout value chain have impacts on all people, including the economy, environment, and human rights. These impacts can be actual or potential, positive or negative, temporary, or permanent. In order to better assess these values, as a result of the work of the company's senior management and Corporate Governance Committee, we have identified main impacts on value chain as follows.

Economic Impact: The economic impacts of Kafein Software throughout the value chain can be classified as follows.

- **Employment and Added Value:** The company create a highly skilled workforce, increases employment, and contributes to the growth of the technology sector.
- **Export and Foreign Exchange Income:** The company provides foreign currency inflow to the country's economy by exporting software on a global scale.
- **Tax Payments**: Financing of local governments through the tax item in the income statement.
- **Interest and Dividends**: The economic impact of the company on creditors and shareholders.
- **Innovation and Contribution to Technology:** To offer new technologies (Robotic Process Automation, Cyber Security, Artificial Intelligence, Deep Learning, etc.) with high added value and in line with global trends to the society by adding them to the service portfolio and to develop domestic and national technologies through R&D studies.

Direct Economic Value Generated and Distributed (Consolidated, TRY)		2024	2023	2022
Generated Economic Value	Domestic Sales Revenue (Net)	1,846,005,037	1,552,013,562	733,196,732
	International Sales Revenue	65,602,241	43,742,942	24,202,300
	Incenvitves	158,581,901	136,546,632	94,575,283
	Investment and Financing Income (Net)	78,740,529	(50,357,595)	(41,169,252)
Economic Value Distributed	Operational Costs (Other than R&D Expenses)	(222,165,103)	(185,901,287)	(96,264,998)

	Cost of Services Sold (Other than Personnel Wages)	(503,620,083)	(409,833,569)	(192,616,570)
	Personnel Wage Expenses	(946,025,602)	(730,861,402)	(323,485,295)
	Dividends Paid (Cash Flow Statement)	(4,430,507)	(4,125,082)	(2,054,700)
	Tax Expense from Continuing Operations	(35,158,837)	(8,723,009)	(17,399,879)
	Interest Paid (Cash Flow Statement)	(8,296,338)	(10,140,996)	(7,657,400)
	R&D Expense	(67.546.135)	(62,386,884)	(28,765,403)
	Donations and Grants	(90,000)	(55,000)	(7,000)
Net Protected Economic Value	**(Economic Value Generated- Economic Value Distributed)**	**361,597,103**	**269,918,312**	**142,553,818**

Social Impact: The social impacts of Kafein Software throughout the value chain can be classified as follows.

- **Employment:** Contributing to both the local labor force in general and the women's labor force in particular by providing sustained employment and labor for the macro economy.
- **Social Initiatives:** Impact on the segments of society we can reach through donations and grants, investments, and inclusive business culture.
- **Talent Management, Education Opportunities and Career Development:** The value we create for both employees and young graduates through training programs, internships, university collaborations and other initiatives.
- **Occupational Health and Safety:** The impact of trainings and measures taken to minimize the impact of occupational accidents on employees and their families.

Environmental Impact: The environmental impacts of Kafein Software throughout the value chain can be classified as follows.

- **Greenhouse Gas Emissions and Energy Consumption:** Data centers and servers can consume large amounts of energy, causing carbon emissions. In order to observe our environmental impact in this context, we report all our greenhouse gas emissions and energy consumption, including scope 1,2,3. We include software optimizations, efficient algorithms, and the use of robotic automation in our service processes.

- **Paperless Working Culture:** The company adopts an environmentally friendly business model by reducing the use of paper thanks to its digital transformation processes. E-signature, digital document management and cloud-based business processes minimize paper consumption and reduce the impact on nature.
- **E-Waste Management:** With the rapid progress of the sector, old equipment is rapidly disabled and electronic waste is generated. As a company, we aim to reduce the environmental burden by developing sustainable strategies for recycling or reusing old devices.

c) Technopark Settlement and R&D Investments

In 2013, Kafein's Yıldız Technical University Davutpaşa Technopark Branch was opened. The said branch was registered to the trade registry on 17.06.2013 and the registration was announced in the TTSG dated 21.06.2013 and numbered 8347. In this context, the company is subject to the Law No. 4691 on Technology Development Zones and the Law No. 5746 on Supporting Research and Development Activities, which provides support, discounts, and incentives. There is a 1-year lease agreement between Yıldız Teknoloji Geliştirme Bölgesi Teknopark A.Ş. and company covering the dates 11.02.2024-10.02.2025. The contract is renewed regularly after the period. YTÜ Technopark Office has a working capacity of 2670 m².

As of 31.12.2024, Kafein has **a total of 35 R&D projects** in Technopark. As of 31.12.2024, 603 of 738 personnel work within the Technology Development Zone and 135 of them work in locations outside the Technopark.

Employees Structure Based on the Working Location			
Year	**Technopark Location**	**Customer Location**	**Total Number of Personnel**
2024	603	135	838
2023	603	82	685
2022	584	80	664
2021	521	97	618
2020	458	127	585
2019	309	147	456
2018	240	178	418

The consolidated budget allocated to Research and Development Activities and R&D Expense over the years is presented in the table below. Comparing the base year of 2022, in the current period, the total R&D budget increased by **126%** and reached to **TRY 74,326,414** and R&D expenses increased by **135%** in the current period and reached to TRY **67,546,135.**

Year	Total R&D Budget by Year (TRY)*[11]	Increase % Comparing the Base Year (2022)	Total R&D Expenditures by Year (TRY)	Increase % Comparing the Base Year (2022)	Number of R&D Project
2024	74,326,414	%126	67,546,135	%135	35
2023	62,522,437	%90	62,386,884	%117	35
2022	32,848,264	-	28,765,403	-	28

d) Supported R&D Projects by TUBITAK

A total of **6 R&D Projects** that Kafein Technology has developed so far, were found worthy of support by TÜBİTAK (Scientific and Technological Research Council of Turkey) as a result of the evaluations made within the scope of the "Regulation on Technology and Innovation Support Programs of the Scientific and Technological Research Council of Turkey" and "TÜBİTAK Priority Areas Research Technology Development and Innovation Projects Support Program Implementation Principles".

- **5G4P Health Personalized Digital Health Passport with Artificial Intelligence and 5G Support:** (01.01.2024- 31.12.2026) 5G4PHealth is a smart and next-generation digital health passport that provides healthcare services in different specialties, keeps electronic health records, can create big data libraries by combining data collected from patients using medical records and smart devices, and includes a patient monitoring and tracking module integrating various technologies such as communication technologies (e.g. 5G), artificial intelligence (AI) and the Internet of Things (IoT) into the healthcare system.

  On 11.10.2023, the project developed by the company with domestic and foreign consortium partners is also awarded with the ***"Full Label"*** by ***Eureka Celtic-Next*** (EU Commission-funded project support initiative). In the 16-stakeholder project consortium, Kafein is responsible for Security Architecture Development and Cyber Security, including Internet of Medical Things (IoMT), Security of Edge Computing Environments and Zero Trust Architecture. Project official kick-off meeting took place in Brussels on July 8-9, 2024, and the subsequent consortium meeting, with the participation of all domestic and foreign companies, took place in Istanbul on January 20-21, 2025.

- **Bio-Curity: E-Health Services with Digital Biomarker Ecosystem (01.01.2023-31.12.2025):** Bio-Curity is an e-health technology integrated solution that includes artificial intelligence-supported software that will help in the diagnosis, monitoring, prognosis, and

[11] The total R&D budget within the scope of capital expenditure includes the cost value purchases of capitalized development costs included in intangible assets.

treatment processes of diseases by transferring biomarkers (biological signals originating from the human body) to the digital environment. The project is being developed together with the company's domestic and foreign consortium partners. The first audit meeting of the project, conducted by the Eureka Xecs program referees, is held in Istanbul on 10-12 January 2024; the second audit meeting is held in the Netherlands on 21-23 January 2025.

- **Smart Platform Assisting the Treatment and Follow-up Process of Parkinson's Disease (01.03.2019-31.12.2020):** The aim of the project is to produce an analytical solution that will support the remote monitoring of the treatment processes of Parkinson's disease, a chronic disease. Within the scope of this project, a mobile platform supported by data mining, image processing and artificial intelligence that can be used by patients, relatives and doctors is being developed. The project has been completed, and commercialization works are ongoing.

- **Providing Cloud-Based Personalized Content through Anonymous Profiling on Different Media** (01.07.2017-31.12.2018): With the cloud-based solution proposed within the scope of the EUREKA program and developed in an international (Netherlands - Turkey) partnership, it is a software service that allows an anonymous profile to be created between the channels where the software is integrated for websites and mobile application users, and personalized content suitable for the interests of the users to be presented by these channels in real time.

- **Open-Source Business Intelligence Software with 3D Data Visualization Components, Social Media Integration and Data Mining and Instant Data Processing (**01.01.2017-30.06.2018): With the project, in addition to providing all the opportunities provided by the Business Intelligence software, the data was analyzed with 3D data display capabilities.

- **Smart Cities Cloud Based Parking System (K-Merge)** (01.01.2017-02.07.2018): The Smart Parking System, which enables the detection of density in parking lots and instant monitoring of data, helps users quickly find the nearest available parking lot. In the Smart Parking System, densities are detected with IOT devices placed in the parking lots and the nearest available parking lots are searched and directed via the mobile application.

e) Patent Applications

Kafein Technology has 4 patent applications with the Turkish Patent and Trademark Office, the evaluation process of which is ongoing. In case these applications are finalized, relevant developments will be shared with the public.

- **Application Based Data Usage Risk Score Method - DataTouch** (27.12.2023): The product is related to a method that provides data inventory by determining in which database and where all the data kept by institutions in their databases is located, which applications use them and calculates the risk of data usage values of the database systems it monitors.
- **Test Data Management Product - TDM** (07.09.2023): The product is designed to produce test data that is independent of real data and fully compliant with regulations.
- **Online Pre-Interview System and Method HR Application** (02.12.2021): The product is related to an online interview system and method for use in the human resources sector, which can check the compatibility of job applicants with certain positions, present data to the human resources specialist about the candidate and thus suggest which candidates can be called for a physical interview.
- **Parkinson's Disease Treatment and Follow-up Platform** (01.09.2021): The product is related to a system and method that evaluates the level of the disease with the help of artificial intelligence and enables patients to perform and evaluate UPDRS (Unified Parkinson's Disease Rating Scale) tests regardless of time and place.

f) Receiving Domestic Goods Certificate by ISO

On 22.10.2024, the test data management ***"TDM (Effective Test Data Management Software)"*** and online application software ***"OIM (Online Processing Center)"*** products developed by the company were certified with the "Domestic Goods Certificate" by the Istanbul Chamber of Industry (ISO) with their 100% local content and high technology level classification.

ISO Domestic Goods Certificate is a document that proves that the domestic input rate in the production of a product is at a certain level. The document aims to increase the competitiveness of domestic manufacturers and encourage production in Turkey. The document provides advantages in public tenders, incentives, and supporting incentives and elements for increasing market share.

g) Acceptance to E-Turquality (Stars of Informatics) Program

The Ministry of Trade of the Republic of Turkey, General Directorate of International Service Trade, has approved the inclusion of our company in the "E-TURQUALITY (Stars of Informatics) Program" as of the date of their official letter dated 14.11.2024, numbered E-61547667-525.01-00102924880.

The E-TURQUALITY (Stars of Informatics) Program is implemented to develop the country's informatics sector and its sub-sectors, promote

innovation, and foster the creation of regional and global unicorns capable of competing in international markets. During the period, a consultancy agreement was signed with Gartner to evaluate potential collaborations abroad and expansion options into new markets.

h) Financial Incentives Received from Government

The Group receives incentives for its TUBITAK (Scientific and Technological Research Council of Turkey) projects related to R & D activities. The incentive to be received is not recorded as income in the first accounting records and is recorded as income in proportion to the amortisation of the R&D investment.

The Group operates in the software sector within the Technology Development Zone. In accordance with the Law No. 4691 on Technology Development Zones, the remuneration of the personnel working in the said zone related to these duties is exempt from any tax until 31 December 2028. In addition, in accordance with Law No. 5746 on Research, Development and Design Activities, half of the employer's share related to this personnel's insurance premium is paid by the allowance of the Ministry of Finance's budget for five (5) years for each employee; Pursuant to the Social Insurance and General Health Insurance Law no. 5510, 5% of the employer's share of insurance premium is paid by Republic of Turkey, Undersecretariat of Treasury under The Prime Ministry.

The amounts, which are benefitted by the company, related to the Social Security Institution, income tax in relation to the personnel, stamp tax incentives are demonstrated in the chart, by years.

Social Security Institution (SSI) Incentives (Consolidated, TRY)	**2022**	**2023**	**2024**
Benefited as per law no. 5510	21,138,466	30,519,458	32,422,470
Benefited as per law no. 5746	28,800,509	41,581,821	42,908,686
Benefited as per law no. 4857	471,157	680,251	625,545
VAT, Income Tax and Stamp Tax related Incentives	502,594	725,639	625,083
TOTAL	**94,575,283**	**136,546,632**	**158,581,901**

i) International Standards, Initiatives and Certifications

Electronics Industry Citizenship Coalition (EICC) (now RBA - Responsible Business Alliance) Audit and Commitment: The Electronics Industry Citizenship Coalition (EICC) Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business activities are environmentally responsible and conducted in an ethical manner. The Code consists of five parts.

- A) Labor Force
- B) Health and Safety
- C) Environment
- D) Code of Ethics
- E) Management Systems

The company was audited on 17.09.2019 within the scope of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and successfully completed the audit. The company's commitment to compliance with EICC codes continues indefinitely. The company's EICC Code of Conduct is available on website.

ISO 9001: Quality Management Systems: ISO 9001, the world's best-known quality management standard, is a management system that enables organizations to improve their quality and ensure continuity in service and performance management. Kafein first received "2014 ISO 9001:2008 Information Technologies Software and Outsourcing Management Services quality certificate" from Bureau Veritas Certification Holding SAS - London Office in March 2014. The current certification is in force until 12.03.2023 and is regularly renewed.

ISO 22301: Security and Resilience - Business Continuity Management System: The ISO 22301 Standard specifies the requirements for organizations to create, implement, operate, monitor, review, maintain, maintain, protect and prepare to mitigate risks, to develop a documented management system to recover from catastrophic events, to create the necessary plans for organizations to ensure business continuity. The company was first certified on 25.09.2019 with certificate number 791.800.336. The effective date of the current certificate is 24.09.2023 and the relevant certificate is renewed once a year.

ISO 27001: Information Technology, Security Techniques - Information Security Management System: ISO 27001 certification is an ISO certification that helps organizations secure and manage their and their customers' confidential information. The ISO 27001 Information Security Management System is an international framework that helps companies protect their financial data, intellectual property and sensitive customer information. Thanks to ISO 27001, companies can identify their risks and manage or mitigate risks to their confidential information. They also fulfill the necessary security measures in this direction. The company was first certified on 25.09.2019 with certificate number 2019/ISMS/0339. The effective date of the current certificate is 19.09.2023 and the relevant certificate is renewed once a year.

ISO 37001: Anti-Corruption Management Systems: ISO 37001:2016 specifies requirements and provides guidance for the establishment, implementation, maintenance, review and improvement of an anti-

corruption management system. The system can be stand-alone or integrated into an overall management system. The company was first certified on 25.09.2019 with certificate number 725.986.700. The said certificate is renewed once a year. The effective date of the current document is 06.09.2023 - 24.09.2024 and it has been renewed to be valid between 27.02.2025-26.02.2026.

ISO 14064-1: Corporate Greenhouse Gas Standard: ISO 14064-1 is the basis for calculating a company's greenhouse gas emissions, i.e. establishing a corporate carbon footprint (CCF). The standard provides information on the principles and requirements for planning, developing and reporting greenhouse gas inventories within a company. The company was first certified on 08.12.2022 with certificate number AB09211012. The relevant certificate is renewed once a year. The effective date of the current document is 30.11.2023 - 07.12.2024 and it has been renewed to be valid between 12.02.2025-11.02.2026.

ISO 5001: Energy Management System Standard: The ISO 50001 Energy Management System Standard ensures that organizations establish the processes and systems necessary to improve energy efficiency, the implementation and sustainability of these processes and systems. The standard covers all types of energy. It encourages all organizations to effective energy management, cost reduction and environmental awareness. The company was first certified on 08.12.2022 with certificate number 07.22.10926.15110.D and is renewed once a year. The current certificate, effective from 30.11.2023 to 29.11.2024, and it has been renewed to be valid from 26.12.2024 to 25.12.2025.

ISO 10002: Customer Satisfaction Management System Standard: ISO 10002 is a customer satisfaction quality management system that deals with customer complaints in organizations and institutions. Containing guidelines for the handling of customer complaints, ISO 10002 guides the process of processing complaints about products and services within the organization. This process includes stages such as planning, design, operation, maintenance and improvement. The company was first certified on 20.09.2022 with certificate number 510.208.269. The said certificate is renewed in every one year. The effective date of the current certificate is 06.09.2023-19.09.2024 and it has been renewed for the term of 27.02.2025-26.02.2026.

ISO 14001: Environmental Management System Standard: ISO 14001 is an international standard that helps an organization establish and maintain an environmental management system. This standard enables businesses to systematically identify, control, and implement continuous improvement processes for their environmental impacts. The company was initially certified on 20.09.2022 with certificate number EMS-0106500. The said certificate is renewed in every one year. The

effective date of the current document is 19.09.2024 and it has been renewed to remain in force between 03.03.2025-02.03.2026.

j) Collaborations and Memberships

Communication Technologies Clustering (HTK) Membership: Communication Technologies Clustering is an institution established to bring together stakeholders in the communication technologies sector to act jointly, to reinforce and develop domestic and national development in the field of economy and industry, to meet the needs of the sector and to enable them to compete in international markets, to commercialize the knowledge developed by universities in this field, to meet the needs of hardware, software and material manufacturers and service providers in the sector. The company has been a member of HTK (Communication Technologies Clustering) since 03.08.2019.

Woman in Technology Association Membership: As of July 2024, the company became a corporate member of the "Women in Technology Association". The association aims to train competent, expert and creative human resources in science and technology, and to bring women to employment and production in technology by increasing the number of women experts in the technology sector, which is low in number and motivation.

United Nations Global Compact (UNGC) Signatory Member: The United Nations Global Compact is a non-binding United Nations pact that encourages businesses worldwide to adopt sustainable and socially responsible policies and report on their practices. On 27.10.2020, the company was accepted as a signatory company to the "United Nations Global Compact (UN Global Compact)", the world's largest corporate sustainability initiative based on ten universal principles in the field of human rights, labor standards, environment, and anti-corruption, and has been submitting progress reports since this date.

Global Compact Signatories Association Membership: With the Board of Directors meeting dated 13.04.2023 and numbered 2023/10, the Company has decided to become a member of UNGC Turkey "Global Compact Signatories Association", one of the local networks of UN Global Compact worldwide.

Financial Reporting Standards: The company's financial reporting is subject to IFRS (International Financial Reporting Standards) and Tax Procedural Law (TPL).

PART 4) COMPLY: CORPORATE GOVERNANCE

a) Anti-Bribery and Anti-Corruption

Kafein Technology Anti-Bribery and Anti-Corruption Policy covers all Kafein Technology employees including Kafein Technology Board of Directors, companies and their employees from which we receive goods and services, persons and organizations (business partners) working on behalf of Kafein Technology, including suppliers, consultants, lawyers, external auditors. The processes complied with within the scope of the policy are as follows:

1. Companies and Business Partners from whom Goods and Services are Purchased and Sold:

External suppliers from whom products and services are supplied and customers and business partners to whom products and services are provided are obliged to comply with the policy principles and other relevant legal regulations, and work with persons and organizations that do not comply with them is terminated.

1.1. Selection of Companies and Business Partners

In the selection of companies and business partners from which goods and services are purchased and sold, senior management takes into account criteria such as experience, financial performance, technical competence and other performance criteria determined by the Purchasing Department, as well as their ethical level and a positive track record in this field. Companies or business partners with negative intelligence on bribery or corruption are not worked with, even if they meet other criteria. In this context, senior management is primarily responsible for conducting the necessary research and evaluations before entering into any business relationship. In its audits, the Quality Department evaluates whether these issues are complied with.

1.2. Making Agreements with Companies and Business Partners

In agreements and contracts to be made with companies and business partners that have positive intelligence and meet other criteria, conditions related to;

- Ensuring full compliance with the principles set forth in the Policy and other relevant regulations,
- Employees internalize these principles and act accordingly,
- Ensuring that employees receive trainings on the Policy at certain intervals,
- Regularly reminding its employees about their reporting obligations and Ethical practices and encouraging them to report in case they encounter such situations,

shall be included. In case of non-compliance with these or in case of a situation contrary to the Policy, provisions are included regarding the termination of the work and the contracts in force for just cause.

2. Bribery and Corruption

Kafein Technology stands against all forms of bribery and corruption. It is absolutely unacceptable to take or give bribes regardless of the purpose. Business relationship with 3rd parties who want to do business with Kafein Technology through bribery or corruption will not be continued.

2.1. Gift

A gift is a product that does not require a monetary payment and is usually given by business partners or customers as a thank you or business courtesy. Any gift offered or given by Kafein Technology to third parties must be offered publicly, in good faith and unconditionally.

The same principles apply to the acceptance of gifts, and no gifts should be accepted except for symbolic gifts that do not have a high monetary value as specified in these principles. In addition, even if it is within this scope, the acceptance of gifts should not be frequent, and the acceptor should notify the HR and senior management of the company through his/her immediate supervisor about the accepted gifts.

2.2. Facilitation Payments

Persons and entities covered by this Policy are not offered facilitation payments to secure or expedite a routine transaction or process (obtaining permits and licenses, obtaining documents, etc.) with government agencies.

2.3. Donations

The Donation and Aid Policy entered into force with the decision of the Board of Directors dated 28.05.2018 and numbered 2018/20 and was approved at the 2018 Ordinary General Assembly dated 15.03.2019. The Board of Directors may make donations on behalf of the company within the upper limit to be determined by the shareholders at the General Assembly meeting. In this regard, the Board of Directors acts in accordance with the principles set out in the Donation and Aid Policy and the regulations to be made by the Capital Markets Board on the subject. The principles regarding donations and grants are as follows.

- Kafein may make donations and grants to persons, non-governmental organizations, public institutions and organizations, associations and foundations operating in the fields of education, arts and culture or in the field of its field of activity.
- The upper limit applicable to the total amount of donations and aids that may be made by Kafein in each fiscal year shall be submitted by the Board of Directors to the approval of the shareholders at the ordinary General Assembly meeting to be held for the previous fiscal year.
- Donations and aids to be made by Kafein shall be realized based on the decision of the Board of Directors. The Board of Directors may

decide to make donations and grants within the upper limit determined at the ordinary General Assembly meeting.

- Amendments proposed by the Board of Directors to the Donation and Aid Policy are submitted for the information of the shareholders at the General Assembly meeting.
- The activities carried out by Kafein within the scope of Corporate Social Responsibility Policy and Sponsorship activities are carried out within the framework of the general authorization determined by the Board of Directors independently from the Donation and Aid Policy.

2.4. Error-Free Record Keeping

The issues that Kafein Technology accounting and recording system must comply with are regulated by legal regulations. Accordingly;

- Recording and maintaining all kinds of accounts, invoices, and documents of third parties (customers, suppliers, etc.) in a complete, accurate and reliable manner,
- It is essential that accounting or similar business records relating to any transaction are not falsified or misrepresented.

2.5. Training and Communication

The Anti-Bribery and Anti-Corruption Policy has been announced to Kafein Technology employees and is constantly and easily accessible through Kafein Portal and website. Trainings are an important instrument for raising employee awareness. In this context, the Human Resources Department, together with the Quality Department and the Financial Affairs, Legal, Accounting and Investor Relations Departments, designs training programs that all employees are required to attend.

2.6. Policy Violations and Notification

If there is an opinion or suspicion that an employee or a person acting on behalf of Kafein Technology has acted contrary to this policy, the situation is communicated to the senior management. Issues related to Kafein Technology Code of Business Ethics are periodically reminded to Kafein Technology employees.

Kafein Technology encourages an honest and transparent approach and supports any employee or any person acting on behalf of Kafein Technology who raises genuine concerns in good faith and keeps such reports confidential. No employee may be subjected to pressure or punishment for making a report to Senior Management that he/she believes to be a violation of the Code of Ethics, and no change in the scope or location of his/her position may be made for this reason without the written approval of Senior Management. In the event that the reporting person is subjected to such treatment, he/she is required to report it to the Ethics Committee.

External suppliers of products and services, customers, and business partners to whom products and services are provided are also required to regularly remind their employees about Ethical Practices and encourage them to report such situations. This issue is also guaranteed by the contracts made. In cases that are or may be contrary to the policy, the issue is examined by the Senior Management and necessary sanctions are applied in case of detection of inappropriate behavior.

In the event that it is determined that there is a behavior, attitude or activity contrary to the Policy in the contracts made with the companies from which goods and services are purchased and sold or with the persons and organizations acting on behalf of Kafein Technology, provisions stating that the works / contracts in force will be terminated unilaterally by Kafein Technology for just cause and in case of violation of the Policy, these provisions will be applied without exception.

b) Remuneration Principles and Compensation Policy

The Remuneration Policy was put into effect by the company's Board of Directors at its meeting dated 10.10.2022 and numbered 2022-22. The Board of Directors ensures the effectiveness of the Remuneration Policy by reviewing it at least once a year and evaluating its performance.

The 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 governance principles and compliance needs for remuneration practices. Fair, objective and motivating factors are taken into account in determining wages and benefits; language, race, gender, belief, religion, sect, age, physical disability and similar characteristics are not accepted as criteria in remuneration and the principle of equality is adopted.

A fixed remuneration for all members of the Board of Directors is determined each year at the ordinary general shareholders' meeting. The 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 level of knowledge, skills, competence, experience and time spent. The Remuneration Committee (Corporate Governance Committee) submits its recommendations to the Board of Directors regarding the remuneration of the members of the Board of Directors, taking into account the degree of achievement of the criteria used in remuneration.

Dividends, share options or payment plans based on the company's performance cannot be used in the remuneration of independent board members. It is essential that the remuneration of the independent members of the board of directors be at a level to protect their independence.

The company may not lend money or extend credit to any member of the Board of Directors or executives with administrative responsibilities, extend the term or improve the terms of any loans or credits already

granted, extend credit under the name of personal credit through a third party or provide guarantees such as surety in their favor.

It is essential that the wages to be paid to Kafein's senior executives and employees are compatible with Kafein's ethical values, internal balances, and strategic goals. Remunerations consist of base salary, performance bonus and additional benefits. Wages are determined by taking into consideration Kafein's financial structure, financial situation and market conditions and are paid to employees according to the working period, title, experience, competence, and the nature of the work performed. For remuneration of senior executives and employees, the company's General Manager and HR and Administrative Affairs Director are authorized to determine the remuneration, periodically review it, and carry out the necessary procedures in accordance with the policy and relevant legislation.

Remuneration and all other benefits provided to board members and executives with administrative responsibility are disclosed to the public through the annual report. For the period 01.01.2024-31.12.2024, the total amount of salaries and similar benefits provided to the members of the Board of Directors and General Manager level executives is **TRY 17,286,743.**

The senior management team consists of the Chairman of the Board of Directors and members of the Board of Directors, as well as executives at the general manager level. Benefits provided to senior executives include benefits such as wages and bonuses.

YIL	Remuneration and Similar Benefits Provided to Senior Management Team (Consolidated, TRY)
2024	17,286,743
2023	28,002,281
2022	11,056,854

Attendance Fee: At the Extraordinary General Assembly for the year 2024 dated 01.04.2024, the opinion of the Corporate Governance Committee presented to the Board of Directors at its meeting dated 19.02.2024 and numbered 02 was taken into consideration. For the year 2024, the payment of a monthly net attendance fee of 30,000 TRY to the Chairman and the Independent Members, 20,000 TRY to the Deputy Chairman and 15,000 TRY to the Members of the Board was put to vote and accepted.

Wage Indicator (Solo)	2023	2024
Number of Employees Receiving Minimum Wage	20	19
Number of Employees Paid Above Minimum Wage	665	719

Total Number of Personnel	685	738
Total Personnel Wage Expense	TRY 373,603,736	TRY 736,983,301
Average Wage Income Per Capita	**TRY 545,407**	**TRY 998,622**

The provisions of the Labor Law No. 4857 in force regarding severance and notice pay are applied in the company. If the Labor Law No. 4857 is amended, the provisions of the relevant law that will enter into force will be applied. The company's Compensation Policy on this subject is available on the company's website.

Defined benefit plan liabilities and other retirement plans: Under Turkish law, lump sum payments are made to employees retiring or involuntarily leaving the Group. Severance payments are calculated on the basis of 30 days' gross salary for each year of service. Such payments are considered as defined retirement benefit plans in accordance with IAS 19 Employee Benefits. Annual gain/loss on remeasurement of defined benefit plans (after tax) is as follows.

YIL	Defined benefit plan liabilities and other retirement plans (Consolidated, TRY)
2024	1,184,290
2023	2,186,585
2022	2,814,834

c) Compliance with Laws and Regulations

Kafein's policy is to comply with all applicable laws and regulations of the countries in which we operate and to conduct business activities in an honest, ethical, and responsible manner. Honesty, sense of responsibility and respect for rights are essential in the company's relations with employees, suppliers, customers, shareholders, other stakeholders, and the public. As a corporate citizen, the company is aware of its role in social and economic life and considers the development of society and the economy while continuing its activities. The Ethical Principles and Behaviour Policy of the company is available on website.

Compliance Indicators			
Number of Notifications/Cases/Suitcases	**2022**	**2023**	**2024**
Number of notifications made to the Ethics Committee	-	-	-
Number of significant lawsuits that may affect the company's financial situation and activities	-	-	-
Number of administrative or judicial sanctions imposed on the company and board members due to practices contrary to the provisions of the legislation	-	1[12]	-

[12] Competition Board Notification dated 23.01.2024.

Number of finalized lawsuits against our company due to liability related to work accidents	-	-	-
Number of lawsuits finalized against our company due to violation of employee rights	-	1[13]	2[14]
The lawsuits filed and/or concluded against the Company about environmental issues	-	-	-

During the current period, there has not been any notification made to the Ethics Committee (gizli@kafein.com.tr) regarding the company's ethics and code of conduct. In the current period, there is no significant lawsuit filed against the company that may affect the financial status and operations of the company.

d) Corporate Governance Studies

The company aims to achieve full compliance with the mandatory and voluntary Corporate Governance Principles within the framework of the Capital Markets Board's (CMB) Corporate Governance Communiqué No. II-17.1. In this context, administrative, legal and technical infrastructure works are ongoing regarding the principles that have been partially complied with or not yet complied with.

Initially, on 11.09.2023, as a result of the study conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. to determine the level of compliance of company's practices with the "Capital Markets Board Corporate Governance Principles", company's Corporate Governance Principles Compliance Rating was determined as 9.41 (94.07%). Subsequently, the company was listed on the BIST Corporate Governance Index as of September 13, 2023. On 31.05.2024, the contract is renewed with 'Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.' for a period of another one year for the purpose of renewing its corporate governance rating. Corporate Governance Rating dated 04.09.2024 is 94,49%

Kafein Technology	2023	2024
Corporate Governance Credit Rating	%94,07	%94,49

For the upcoming period, the company's new goal is to be included in the "BIST Sustainability Index" and concrete efforts will be made to be included in the İstanbul Stock Exchange Sustainability Index within the scope of the CMB Sustainability Principles Compliance Framework dated 02.10.2020. For this purpose, as of 2023, the company's sustainability reporting has started to be prepared based on the "Global Reporting Initiative (GRI) Standards", which are the most widely used in the world.

[13] Return to Work Case

[14] Labor Claims

Goals and Progress Chart

	Target	2024	2023	2022	Progress (Comparing the Base Year of 2022)	2030 Target
Environmental	**Reducing Energy Consumption Per Square Meter** (kwh/m²)	143,29	130,38	158.55	%14 Annual Average Saving	%20 Annual Average Saving
	Reducing Per Capita Carbon Footprint (kg CO_2e/per capita)	1,230	1,055	1,026	Outperforming the European average with Average CO_2e carbon emissions of 1,104 kg per capita since base year 2022	Lower carbon emissions per capita than the European Average of 1,210 kg CO_2e per capita
	Commitment to Donate 1000 Saplings every year within the scope of the Forest Positive Strategy	1000[15]	-	-	Total of 1000 Saplings	1000 Saplings Donation Every Year
Social	**Investing in Human Capital**					
	Number of Kafein & AllinCyber Academy Participants	24	20	48	Total of 92 Young Talents	At least 150 Young Talents
	Number of Internship Program Participants	83	41	45	Total of 169 Interns	At least 250 Internship Participants
	Total Number of University Collaborations	4	4	3	4 University Collaborations	5 University Collaborations
	Education Budget per Employee (TRY)	3,827	653	322	Average annual increase of 266% since base year 2022	Regular Increase in Education Budget Per Employee
	Ratio of Women in Total Personnel	%36,18	%36,60	%34,64	%1,54 Increase	40% Woman Personnel Ratio
Economic	**Increasing R&D Volume (Consolidated)**					

[15] 1000 saplings were donated on 22.01.2024 and on 19.02.2025 after the period.

	Total R&D Budget (TRY)	74,326,414	62,522,437	32,848,264	Average Annual %108 Increase since 2022	Average annual growth of over 100%
	Total R&D Expense (TRY)	92,089,852	62,386,884	28,765,403	Average Annual %126 Increase since 2022	Average annual growth of over 100%
	Number of total projects receiving incentives, support, patents, or labels[16]	7	6	4	Total of 7 Project	Reaching a total of 10 Projects Receiving Incentives
	Increasing the Economic Contribution and Employment (Consolidated)					
	Total Number of Employee (Annual Average)	738	706	622	%11 Increase (Comparing the Base Year of 2022)	800 Personnel
	Annual Personnel Wage Expense Per Capita (Gross, TRY)	1,281,878	1,035,214	520,073	Average of 61% Increase Per Year since the base year of 2022	Annual average wage increases are expected to be above the average annual inflation increase (55%) compared to the base year 2022.
	Donations and Aids (TRY)	90,000	55,000	7,000	%64 Increase (Comparing the Previous Year)	Regular Increase in Donations
	Dividend Paid (TRY)	4,430,507	4,125,082	2,054,700	Average of 54% Increase Per Year since the base year of 2022	Regular Increase in Dividend
Corporate Governance	**Being Included in ESG Related Stock Exchange Indices**	-	+ Entry to BIST Corporate Governance Index	+Entry to BIST Dividend Index	Entry to BIST Dividend, Corporate Governance since 2022	+ Entry to BIST Sustainability Index

[16] Local Produce Certificate and Eureka Labels are included.

Annex 3: GRI Content Index

Statement of Use: This Report has been prepared by Kafein Technology Hizmetleri Ticaret A.Ş. in accordance with GRI Standards for the period 1 January 2024 to 31 December 2024.
GRI 1 Use: GRI 1: Foundation 2021
Applicable GRI Sector Standard: N/A

			OMISSION				
GRI Standard	**DISCLOSURE**	**LOCATION**	**REQUIREMENT(S) OMITTED**	**REASON**	**EXPLANATION**	**SDG Link**	**UNGC Link**
GRI 2: General Disclosure 2021	2-1 Organizational details	About Kafein (p.7)					
	2-2 Entities included in the organization's sustainability reporting	About the Report (p.5)					
	2-3 Reporting period, frequency and contact point	About the Report (p.5)					
	2-4 Restatements of information	There is no re-statement.					
	2-5 External Assurance	Sustainability Management and Responsibility (p.25-26)					
	2-6 Activities, value chain and other business relationships	About Kafein (p.7), Vision, Mission, and Values, (p.9), Services and Facilities (p.10),					

		Awards (p.11), Impacts Across the Value Chain (p.67),					
	2-7 Employees	Continuous Labor Supply and Employment Development (p.50-51)				8.5, 10.3	
	2-8 Workers who are not employees	Workers who are not employees (p.51)				8.5	
	2-9 Governance structure and composition	Management Structure and Composition (p.13-14)				5.5, 16.7	
	2-10 Nomination and selection of the highest governance body	Management Structure and Composition (p.13-14)				5.5, 16.7	
	2-11 Chair of the highest governance body	Management Structure and Composition (p.13-14)				16.6	
	2-12 Role of the highest governance body in overseeing the management of impacts	Management Structure and Composition (p.13-14), Sustainability Management and Responsibility (p25-26)				16.7	
	2-13 Delegation of responsibility for managing impacts	Management Structure and Composition (p.13-15), Sustainability Management and Responsibility (p.25-26)					

	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management and Responsibility (p.25-26					
	2-15 Conflict of interest	Economic Risks (p.19-20)				16.6	
	2-16 Communication of critical concerns	Committees Established within the Board of Directors (p.14-16), Economic Risks (p.19-20)					
	2-17 Collective knowledge of the highest governance body	Board of Directors (p.13-14)					
	2-18 Evaluation of the performance of the highest governance body	Board of Directors (p.13-14)					
	2-19 Remuneration policies	Remuneration Principles and Compensation Policy (p.81-83)					
	2-20 Process to determine remuneration	Remuneration Principles and Compensation Policy (p.69-71)					
	2-21 Annual total compensation ratio	-	Annual total compensation ratio	Grounds for Confidentiality	Issues related to remuneration are considered confidential information within the scope of the LPPD.		

	2-22 Statement on sustainable development strategy	Sustainability Strategy (p.28), Corporate Sustainability Policy (p.32)					
	2-23 Policy commitments	UNGC Statement of Support (p.6), Compliance with Laws and Regulations (p.83-84)				16.3	
	2-24 Embedding policy commitments	Sustainability Management and Responsibility (p.25-26),					
	2-25 Processes to remediate negative impacts	Ethics Committee (p.15-16)					
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication and Notification Mechanisms (p.27)				16.3	
	2-27 Compliance with laws and regulations	Compliance with laws and regulations (p.83-84)					
	2-28 Membership associations	Collaborations and Memberships (p.77)					
	2-29 Approach to stakeholder engagement	Stakeholder Communication and Notification Mechanisms (p.27)					
	2-30 Collective bargaining agreements	Freedom of Association and Right to Collective Bargaining (p.64)				8.8	Principle 3
GRI 3: Material	3-1 Process to determine material topics	Sustainability Topics (p.29), Materiality Analysis (p.30)					

Topics 2021	3-2 List of material topics	Materiality Analysis (p.30), Materiality Matrix (p.31)					
Material Topics							
Part 1) Protect: Environmental Principles							
Energy							
GRI 302: Energy 2016	3-3 Management of material topics	Energy Consumption (p.34-37)					Principle 7 Principle 8
	302-1 Energy consumption within the organization	Energy Consumption (p.34-37)				8.4, 12.2, 13.1	
	302-2 Energy consumption outside of the organization	-	Energy consumption outside of the organization	There is no energy consumption outside the organization.	There is no energy consumption outside the organization.	8.4, 12.2, 13.1	
	302-3 Energy intensity	Energy Consumption (p.34-37)				8.4, 12.2, 13.1	
	302-4 Reduction of energy consumption	Efforts to Reduce Energy Consumption (p.35-37)				8.4, 12.2, 13.1	Principle 9
	302-5 Reductions in energy requirements of products and services	Energy Consumption (p.34-37)				8.4, 12.2, 13.1	

Water and Effluents							
GRI 303: Water and Wastewater 2018	3-3 Management of material topics	Water Management (p.47-48)					Principle 7 Principle 8
	303-1 Interactions with water as a shared resource	Water Management (p.47-48)				6.3, 6.4, 6.a, 12.4	
	303-2 Management of water discharge related impacts	Water Management (p.47-48)				6.3	
	303-3 Water withdrawal	Water Management (p.47-48)				6.4	
	303-4 Water discharge	Water Management (p.47-48)				6.3	
	303-5 Water consumption	Water Management (p.47-48)				6.4	
Emissions							
GRI 305: Emissions 2016	3-3 Management of material topics	Carbon Footprint (p.38-43)					Principle 7 Principle 8
	305-1 Direct (Scope I) GHG emissions	Scope I (Direct Emissions) (p.39)				3.9, 12.4, 13.1, 14.3, 15.2	
	305-2 Energy indirect (Scope II) GHG emissions	Scope II (Indirect Emissions) (p.39)				3.9, 12.4, 13.1, 14.3, 15.2	
	305-3 Other indirect (Scope III) GHG emissions	Scope III (Other Indirect Emissions) (p.40)				3.9, 12.4, 13.1, 14.3, 15.2	
	305-4 GHG emissions intensity	Total Carbon Footprint (p.40-41)				13.1, 14.3, 15.2	

	305-5 Reduction of GHG emissions	Reducing Carbon Footprint (p.41-43)				13.1, 14.3, 15.2	
	305-6 Emissions of ozone-depleting substances (ODS)	Total Carbon Footprint (p.40-41)				3.9, 12.4	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Total Carbon Footprint (p.40-41)				3.9, 12.4, 14.3, 15.2	
Wastes							
GRI 306: Wastes 2020	3-3 Management of material topics	Waste Management (p.44-47)					Principle 7 Principle 8
	306-1 Waste generation and significant waste-related impacts	Waste Management (p.44-47)				3.9, 6.3, 11.6, 12.4, 12.5	
	306-2 Management of significant waste-related impacts	Waste Management (p.44-47)				3.9, 6.3, 8.4, 11.6, 12.4, 12.5	
	306-3 Waste generated	Waste Management (p.44-47)				3.9, 6.6, 11.6, 12.4, 12.5, 15.1	
	306-4 Waste diverted from disposal	Waste Management (p.44-47)				3.9, 11.6, 12.4, 12.5	
	306-5 Waste directed to disposal	Waste Management (p.44-47)				3.9, 11.6, 12.4, 306.5	

Part 2) Empower: Social Principles							
Employment							
GRI 401: Employment 2016	3-3 Management of material topics	Part 2) Empower: Social Principles (p.50-65)					Principle 1 Principle 2
	401-1 New employee hires and employee turnover	Continuous Labor Supply and Employment Development (p.50-51)				5.1, 8.5, 8.6, 10.3	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Continuous Labor Supply and Employment Development (p.50-51)				3.2, 5.4, 8.5	
	401-3 Parental leave	Parental Leave Indicators (p.54)				5.1, 5.4, 8.5	
Occupational Health and Safety							
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Occupational Health and Safety (p.61-64)					
	403-1 Occupational health and safety management system	Kafein Occupational Health and Safety Management System (p.61)				8.8	
	403-2 Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Assessment (p.63)				8.8	

	403-3 Occupational health services	OHS Services and Promotion of Employee Health (p.64)				8.8	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Stakeholder Communication and Notification Mechanisms (p.27)				8.8, 16.7	
	403-5 Worker training on occupational health and safety	OHS Trainings (p.62)				8.8	
	403-6 Promotion of worker health	OHS Services and Promotion of Employee Health (p.64)				3.3, 3.5, 3.7, 3.8	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Practices Based on Supply Chain (p.49)				8.8	
	403-8 Workers covered by an occupational health and safety management system	Personnel Structure According to OHS Management (p.61-62)				8.8	
	403-9 Work-related injuries	OHS Indicators Table (p.63)				3.6, 3.9, 8.8, 16.1	
	403-10 Work-related ill health	OHS Indicators Table (p.63)				3.3, 3.4, 3.9, 8.8, 16.1	

Training and Education							
GRI 404: Training and Education 2016	3-3 Management of material topics	Education Opportunities at Kafein (p.55-58)					
	404-1 Average hours of training per year per employee	Inhouse Trainings and Kafein Portal Table (p.57)				4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3	
	404-2 Programs for upgrading employee skills and transition assistance programs	Inhouse Trainings and Kafein Portal (p.56-57)				8.2, 8.5	
	404-3 Percentage of employees receiving regular performance and career development reviews	Satisfaction Surveys and Performance Evaluation Process (p.59)				5.1, 8.5, 10.3	
Diversity and Equal Opportunity							
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Diversity and Equal Opportunity (p.52-53)					Principle 6
	405-1 Diversity of governance bodies and employees	Management Structure as Gender/Age (p.53)				5.1, 5.5, 8.5	
	405-2 Ratio of basic salary and remuneration of women to men	Remuneration Principles and Compensation Policy (p.81-83)				5.2, 8.5, 10.3	

Prevention of Discrimination							
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Prevention of Discrimination (p.53)					Principle 6
	406-1 Incidents of discrimination and corrective measures taken	Prevention of Discrimination (p.53)				5.1, 8.8	
Right to Association and Collective Bargaining							
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Freedom of Association and Right to Collective Bargaining (p.64)					Principle 3
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association and Right to Collective Bargaining (p.64)				8.8	
Child Labor							
GRI 408: Child Labor 2016	3-3 Management of material topics	A Clear Position Against Child Labor and Forced Labor (p.54)					Principle 5
	408-1 Operations and suppliers at significant risk for incidents of child labor	A Clear Position Against Child Labor and Forced Labor (p.54)				5.2, 8.7, 16.2	
Forced or Compulsory Labor							
GRI 409: Forced or	3-3 Management of material topics	A Clear Position Against Child Labor and Forced Labor (p.54)					Principle 4

Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	A Clear Position Against Child Labor and Forced Labor (p.54)				5.2, 8.7	
Part 3) Improve: Economic Principles							
Economic Performance							
GRI 201: Economic Performance 2016	3-3 Management of material topics	Part 3) Improve: Economic Principles (p.66-77)					
	201-1 Direct economic value generated and distributed	Direct Economic Value Generated and Distributed (p.68-69)				8.1, 8.2, 9.1, 9.4, 9.5	
	201-2 Financial implications and other risks and opportunities due to climate change	Risks and Opportunities (p.16-25)				13.1	
	201-3 Defined benefit plan obligations and other retirement plans	Remuneration Principles and Compensation Policy (p.81-83)					
	201-4 Financial assistance received from government	Financial Incentives Received from Government (p.74)					
Part 4) Comply: Corporate Governance							
Anti-Corruption							
GRI 205:	3-3 Management of material topics	Part 4) Comply: Corporate Governance (p.78-84)					Principle 10

Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Bribery and Anti-Corruption (p.78-81)				16.5	
	205-2 Communication and training about anti-corruption policies and procedures	Legally Mandatory Trainings (p.57-58), Policy Violations and Notification (p.80-81)				16.5	
	205-3 Confirmed incidents of corruption and actions taken	Compliance with laws and regulations (p.83-84)				16.5	