

COMMUNICATION ON PROGRESS

Implementing UN global compact principles for the
Smartiks Yazılım Anonim Sirketi

2020

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Message from the CEO and Statement in Support of UNGC

Dear Stakeholders,

Smartiks Yazılım A.S. was established in 2006 to generate effective business solutions and to render software development and consultancy services to its customers with its expert staff by using the highest technology components.

Smartiks acts with the vision of offering the truest solution within the shortest time. Smartiks, which offers service by always giving particular importance to productivity and service quality in its works to be mentioned with quality, consistently empowers and improves its staff with the understanding that its most important resource is human. Our company, which has shaped its rooted software traditions with a modern understanding according to today's technology and fast production needs with its international collaborations, has taken its place among leading technology development companies in the sector in a short time.

Our company, which has carried out many national and international projects on Customer Relationship Management Systems, Business Intelligence, e-Commerce applications, and Mobile applications successfully, also foresees emerging sectoral needs with its visionary approach and thereby, adds new products and services to its portfolio.

Continuing to grow with the projects that it has completed and each of which is shown as a reference in its sector, Smartiks has adopted the principle of strategic business partnership by offering complete support to its customers not only to meet the needs but also to foresee future innovations and new needs that may arise. Smartiks that has strengthened its expertise in the advanced use of technology and consultancy for incorporate solutions with the products and solution partnerships it has developed since its establishment, ensures high-level customer satisfaction with its solutions and thereby, turns its experience into a success.

As Smartiks, we aimed to follow the economic, environmental, and social developments of our company as well as the opportunities and risks arising from these developments along with our financial indicators. To leave a sustainable world to future generations and serve as a model in this regard, we have undertaken to transparently share our environmental, social, and corporate activities with our shareholders.

I am glad to declare our company's, Smartiks Yazılım A.S., commitment and the continuity of our support to the 10 principles of the United Nations Global Compact which are globally accepted under the main titles of Human Rights, Working Conditions, Environment and Anti-Corruption. Within this scope, we aimed to explain our actions to integrate these principles into our business strategy, culture, and daily activities in our sustainability report. Furthermore, we undertake to share this information with all our stakeholders by using our primary communication channels.

Hope to share the pride and happiness of many successes in line with our goals in the upcoming period.

Sincerely,

Mr. E. Hakan Celik
CEO, Smartiks Yazılım A.S.



Our approach to the 10 Principles

On 03.11.2020, the company signed the UN Global Compact which is the biggest corporate sustainability initiative of the world and is based on ten universal principles in human rights, working standards, environment, and anti-corruption. In this sense, the company is proud to be a part of the global movement of sustainable companies and stakeholders.

You can view the company's UNGC Company Card and the Engagement Letter from the link:

<https://www.unglobalcompact.org/what-is-gc/participants/141907-Smartiks-Yaz-l-m-A->

The report serves as a statement of progress in accordance with the United Nations Global Compact (UNGC) to which we are a signatory since 2020. Smartiks COP refers to the 10 principles of UNGC concerning human rights, working standards, environment and also summarizes the support and maintenance performance for these principles. All the information shared in the report intends to increase the awareness of all the shareholders, create value and integrate the principles of sustainability to all the business processes.

The report analyses the development and targets of sustainability under three categories which are

- **PROTECT: ENVIRONMENT**
- **EMPOWER: HUMAN RIGHTS & LABOUR**
- **COMPLY & IMPROVE: ANTI-CORRUPTION & CORPORATE GOVERNANCE**

About Smartiks

Smartiks was established in 2006 to generate effective business solutions for its customers by using high technology components and to render software development and consultancy services with its expert staff. Smartiks, which has successfully carried out many national and international projects in the fields of **Customer Relationship Management Systems, Business Intelligence, e-Commerce applications, and Mobile applications** it has focused, also foresees emerging sectoral needs with its visionary approach and thereby, adds new products and services to its portfolio. With the products and solution partnerships it has developed since its establishment, Smartiks has strengthened its expertise in the advanced use of technology and consultancy for corporate solutions, and thus, it ensures a high level of customer satisfaction with its solutions and turns its experience into a success.

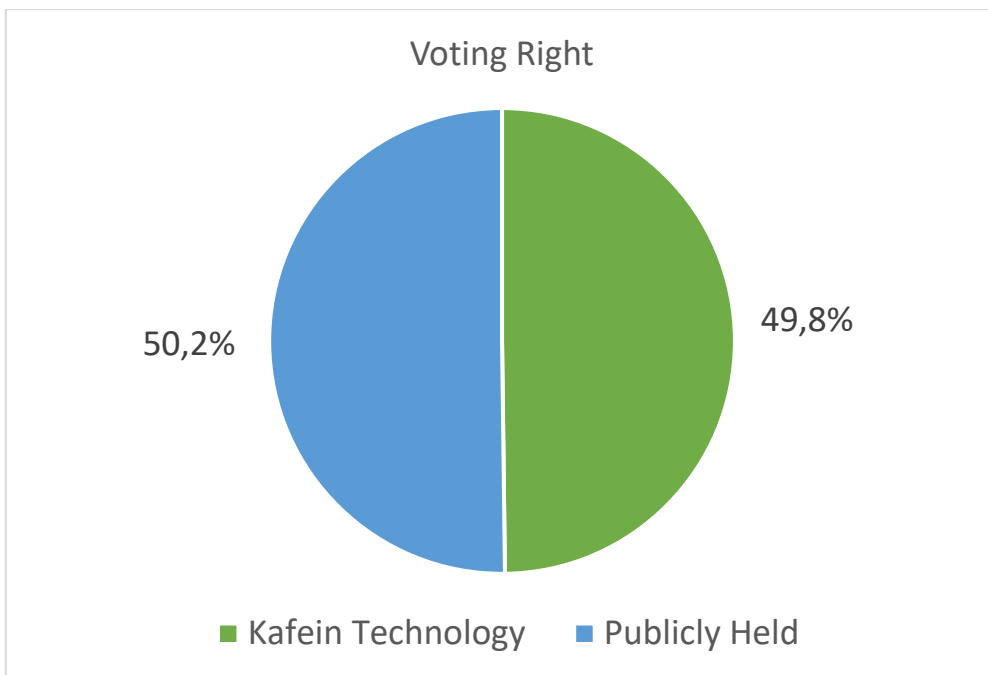
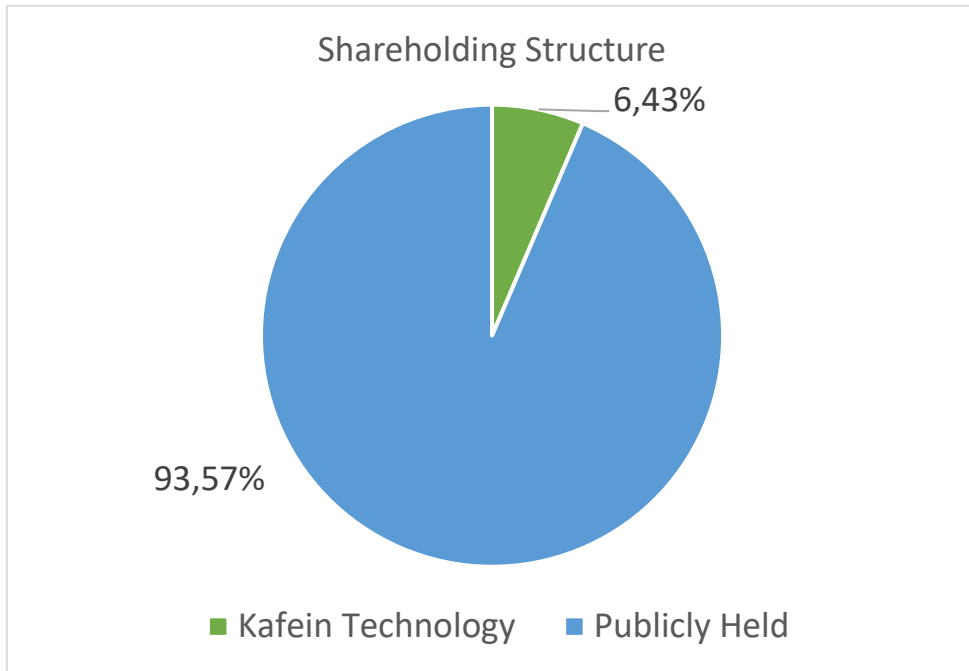
Smartiks Yazılım A.S. has been traded on the Informatics Index of Borsa Istanbul since 10.05.2019. As of the end of 2020, our company's Share Rate in Actual Circulation is 93.31%. Since 2019, the company has been following up the Capital Market Regulations and it continues its activities per the legislation, including corporate governance structures, financial reporting processes, and transparency principles.



Our Offices

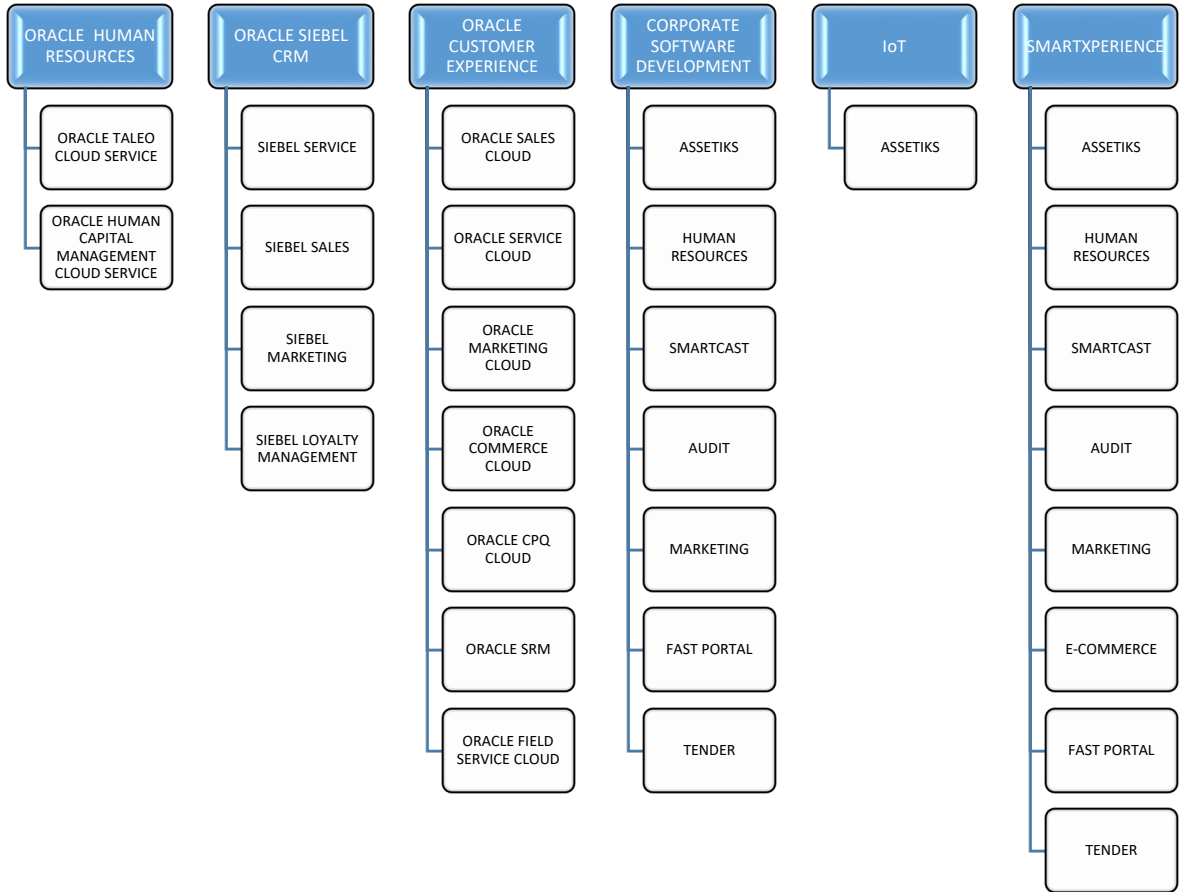
Headquarters	Kozyatağı Branch	Dubai Branch	USA Branch
Yıldız Technical University Davutpaşa Campus Technopark D2 Blok No: Z06 Esenler / Istanbul	Sahrayıcedit Mahallesi, Halk Sokak Sıddıklar İş Merkezi No:52 Kat:1 Kadıköy / Istanbul	Dubai Internet City, Building Number 12 Office 207-208 Dubai UAE	5201 Great America Pkwy Suite 320, Santa Clara, CA 95054, USA

Shareholding and Management Structure



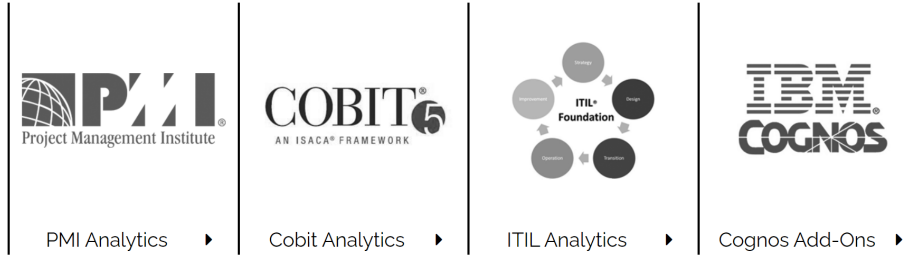
Board of Directors of Smartiks Yazılım A.S. as of 31.12.2020	
Member	Duty
Kafein Yazılım Hizm. Tic. A.S. (represented by Ali Cem Kalyoncu)	Chairman of the Board
Erdoğan Hakan Çelik	Vice-Chairman of the Board
Neval Önen	Member
Tuğrul Gökçen	Member
Yüce Erim	Independent Board Member
İbrahim Semih Arslanoğlu	Independent Board Member

OUR SOLUTIONS:



Our 100% Affillitate: Compello Bilgi Teknolojisi Hizmetleri ve Tic. A.S.

In line with its growth strategy and investment decisions on 27.09.2019, Smartiks Yazılım A.S. acquired all shares (100%) of the software company, “Compello Bilgi Teknolojisi Hizmetleri ve Ticaret A.S.” which was established as **big data and business intelligence-oriented** in 2012; and that has successfully presented the high-value-added products that it has developed with its strong R&D infrastructure, to its customers in the countries such as England, USA, Australia, and Switzerland as well as Turkey; has worked with companies such as Barclays Bank in London, Nestle in Switzerland and Bendigo Bank in Australia for its product named “Project & Portfolio Intelligence”; and has also made a contribution to the national economy by adding artificial intelligence products to its innovative product family thanks to its on-site R&D center certificate and various TUBITAK incentives.



The object and subject of the Company are to install all kinds of technical, electronic, mechanical, and telecommunication infrastructure and user units and surrounding devices required to produce and distribute all kinds of information, computer software, internet services, and mobile services electronically, and to have them installed and ensure their installations; it engages in the production, domestic and foreign trade, maintenance, repair and assembly, marketing, sale, lease, provision of necessary services, storage, transportation, promotion and trade of these devices and necessary programs and/or software.

History and Awards

2006:

- It was established in 2006 to render software development and consultancy services.

2014:

- Yıldız Technical University Technopark Office was opened.

2017:

- Dubai Office was opened to meet the demands for Smartiks solutions in the Middle East region more quickly and effectively.
- We were awarded the ‘Cloud Transformation Partner of the Year 2017’ by Oracle.

2018:

- Kafein Yazılım Hizm. Tic. A.S., which was traded on the stock exchange, was affiliated to Smartiks Yazılım A.S. at the rate of 51% on 16.05.2018.
- The United States Branch was opened.
- Smartiks was awarded the “FY18 Central Asia & Turkey Partner of the Year (HCM Cloud)” and “FY18 Central Asia & Turkey Partner of the Year (Customer Advocacy)” by Oracle for its successful project and business partnership in 2017-2018.

2019:

- Our company was offered to the public in Borsa Istanbul on May 09, 2019.
- In line with its growth strategy and investment decisions, on September 27, 2019, it acquired all shares of “Compello Bilgi Teknolojisi Hizmetleri ve Ticaret A.S.”, a software company that was established as big data and business intelligence-oriented in 2012.
- We were deemed worthy of the ‘Financial Transformation Business Partner of the Year’ award at the 2019 Microsoft Business Partners Summit with 3 projects that we designed for Vakıf Participation Bank.

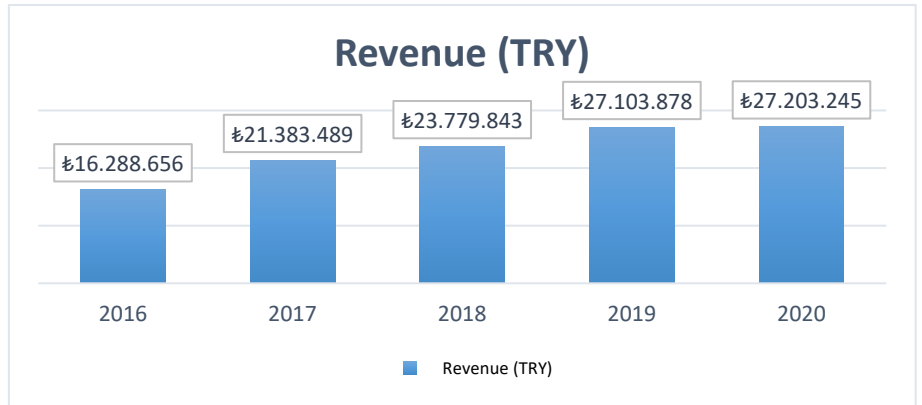
2020:

- It was accepted as a signatory company to the United Nations Global Compact.
- It concluded the Business Partnership Agreement for “Data Governance and Data Security” with SecuPi Security Solutions, Ltd which is headquartered abroad.

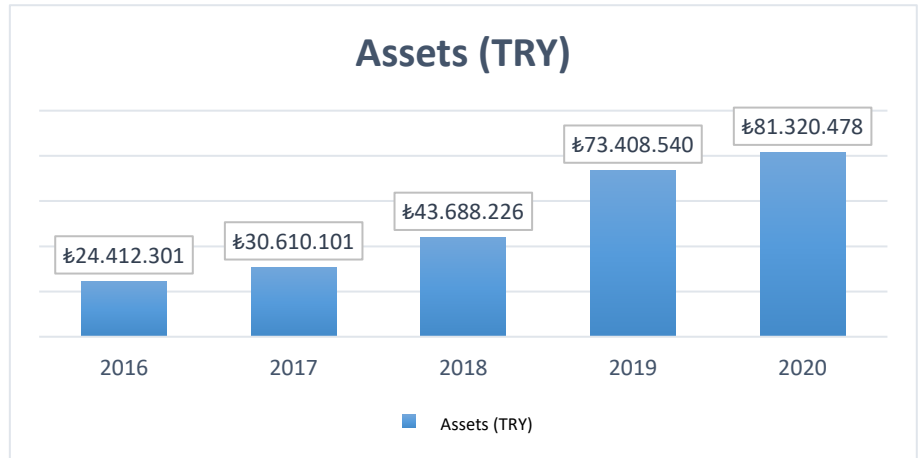
Operational and Financial Information

In 2020, Smartiks Yazılım A.S. has made service/product sales not only domestic market but also overseas countries such as the United Arab Emirates, Switzerland, and Germany, and has made new strategic business partnerships with companies headquartered abroad. Our financial indicators are published in our Activity Report every year.

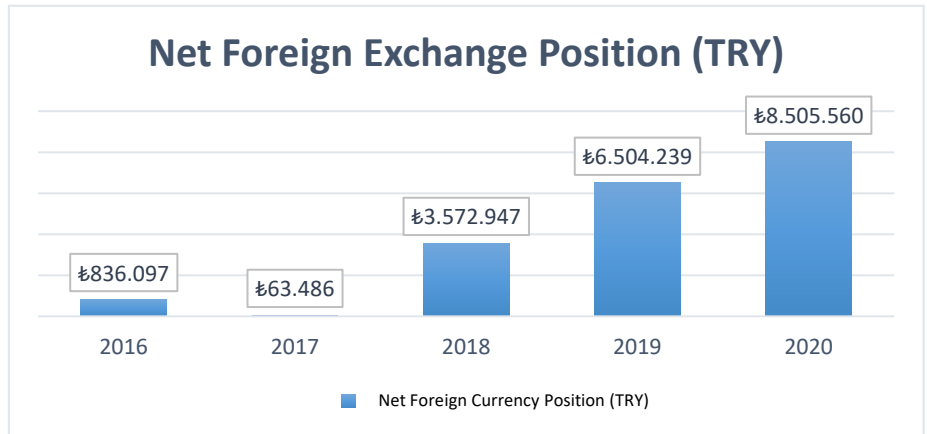
The revenue was TRY 27.203.245 as of 31.12.2020. Among the revenue items, the predominant service item was Turn-Key Solutions.



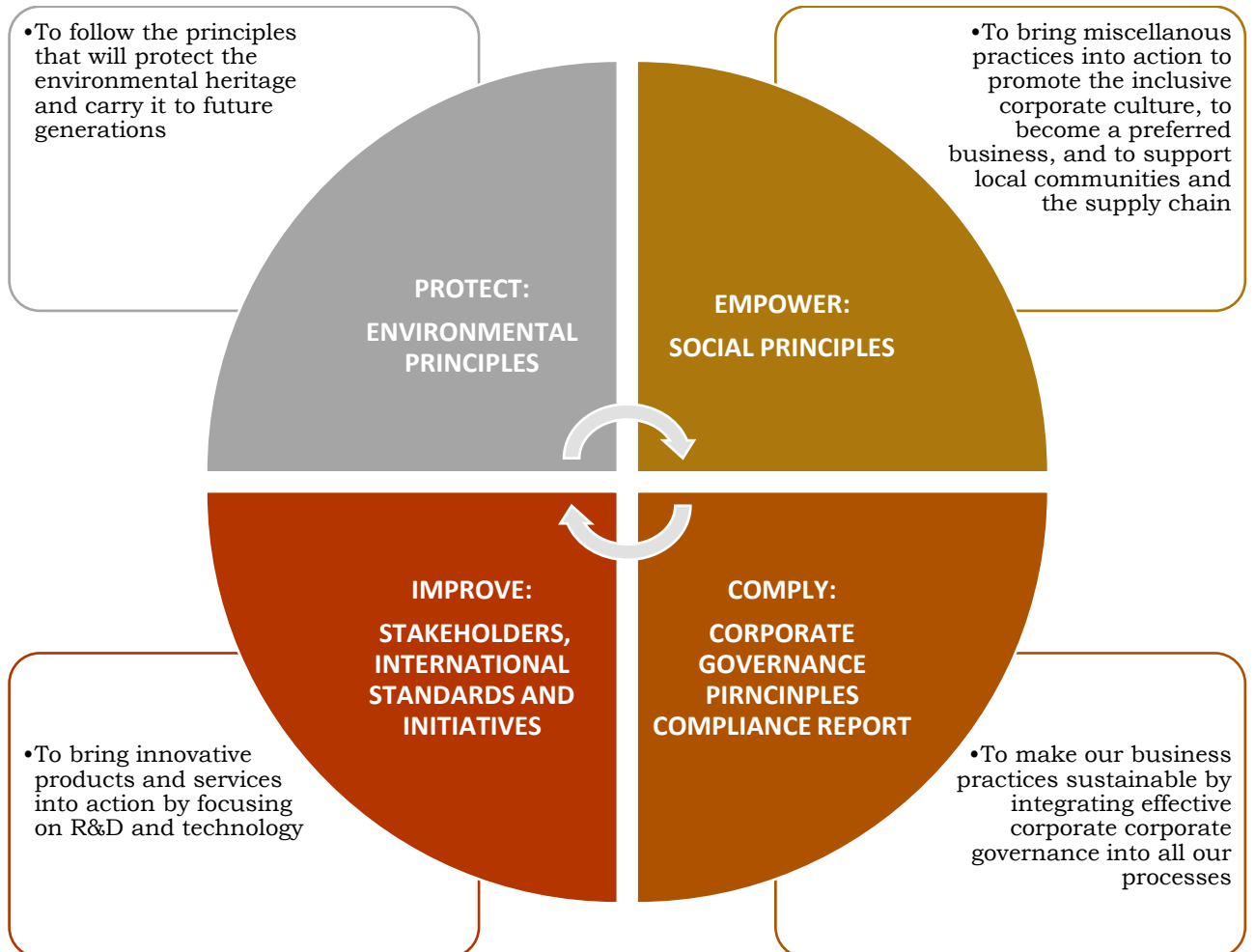
As of 31.12.2020, Net Profit was TRY 3.379.410; Gross Profit was TRY 17.923.802. As of the end of 2020, our total assets reached TRY 81.320.478 with an increase of 10.8%.



In 2020, our net foreign exchange position increased by 30.8% and reached TRY 8.505.560.



Smartiks Sustainability Strategy: PROTECT – EMPOWER – IMPROVE – COMPLY



1-) PROTECT: ENVIRONMENT

Corporate Sustainability Policy

Our Company's Corporate Sustainability Policy has entered into force with the Board of Directors Decision dated 30.12.2020 and numbered 2020/24. The purpose of this policy is to determine the procedures and principles regarding conducting "Environmental, Social, Corporate Governance (ESG) Studies" within the Corporate Governance Principles and Sustainability Principles Compliance Framework of the Capital Markets Board.

In the performance of sustainability activities, the Company pays attention to support the economic development to improve the life quality of the society, to follow environmentally-friendly policies in all its activities, to support various projects prepared for social and cultural purposes in this direction, to interiorize the transparency, fairness, accountability, and responsibility, which are the fundamental principles of corporate governance, and thereby, render valuable services in all areas such as education, health, barrier-free living, environment, culture, etc., to support social development in all business processes, and to encourage the efforts to raise employee awareness by taking part in social responsibility projects with its employees.

Based on environmental, social, and corporate governance, the Corporate Sustainability Policy covers the following principles;

- To continuously improve all business processes by managing the risks effectively
- To work with the zero-accident principle on occupational health and safety
- To raise company performance and production efficiency
- To ensure an open communication environment by encouraging employees to active participation
- To use energy efficiently, to protect the ecological balance and natural resources
- To raise the knowledge and social awareness of stakeholders on climate change
- To follow up a sustainable environmental management policy based on national environmental legislation, relevant environmental standards, and the best technologies in this field
- To ensure information security and business continuity in all activities
- To comply with national and international legal requirements
- To manage relations with its stakeholders in a transparent manner and common sense
- To ensure continuity in customer satisfaction
- To develop its suppliers in terms of sustainability practices
- To share its sustainable environmental policy practices with the public in a transparent manner
- To submit Corporate Social Responsibility activities to its stakeholders in line with Company strategies, goals, and priorities
- To adopt the Corporate Governance Principles as the corporate culture, particularly ethical values and anti-corruption.

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

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

Energy Management

The Power Consumption (kwh) of Smartiks Technopark Branch is as follows:

TOTAL ENERGY CONSUMPTION (KWH)		
	2019	2020
JANUARY	7.298	11.991
FEBRUARY	8.554	10.163
MARCH	7.643	7.176
APRIL	6.261	4.493
MAY	5.885	4.181
JUNE	7.057	5.337
JULY	8.152	7.785
AUGUST	7.363	7.739
SEPTEMBER	6.610	6.458
OCTOBER	5.662	5.491
NOVEMBER	5.681	6.736
DECEMBER	8.415	8.437
TOTAL	84.582	85.988

The Power Consumption (kwh) of Smartiks Kozyatağı Branch is as follows:

Total Energy Consumption (KWH)		
Period	Total	Daily Average
2019	37.415	103
2020	17.377	72



Compared to the previous year, 50% saving was achieved in the amount of energy spent in the Kozyatağı Office; Only a 2% increase was observed in the energy expenditure of the Technopark Office.

Measures Taken During the Pandemic Process

Due to Covid-19 that started to be seen in our country as of March, we aspired to take all kinds of measures to protect the health of our employees and to lend assistance to them in this process. Within this process,

- All our employees were provided the opportunity to work from home.
- Disinfectants were supplied to various parts in the office, and our offices were disinfected periodically.
- To ensure the safety of the employees, we made a call to our personnel who are diagnosed with Covid-19 themselves, or who someone around them diagnosed with Covid-19, or show symptoms or are in the risk group, to inform our company.
- Our Human Resources Department made various disclosures and suggestions through communication channels for stress management during the pandemic process.

2-) EMPOWER: HUMAN RIGHTS & LABOUR

Smartiks acts faithfully to human rights and ethical values in the organization and implementation of all recruitment and working processes. It provides its employees the opportunity to improve themselves equally, in line with their qualifications and demands. Acting within the framework of universal human rights in all its business processes, Smartiks does not discriminate on language, religion, race, ethnic origin, political opinion, or gender in its relations with any of its stakeholders, including its employees, suppliers, and customers.

Our company respects the Universal Declaration of Human Rights and the International Labor Organization (ILO) Conventions and Recommendations. It conducts its activities with the awareness of its duty and responsibility to enhance these values and improve the quality of life within the framework of common human values.

Continuous Labor Procurement

This year, our Company which has been continuously procuring labor since its establishment in 2006, has continued its activities and recruitment with its more than 100 employees in this ordinary flow during the Covid-19 process which has affected our country and the world. As of the end of 2020, our company solely has a total of 104 staff with professional knowledge and experience above the industry average. Within the years, our company's sole labor performance and employee portfolio are as follows:

YEAR	TECHNICAL STAFF	ADMINISTRATIVE STAFF	TECNOPARK/R&D STAFF	TOTAL
2020	3	9	92	104
2019	3	10	88	101
2018	3	12	99	114

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

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

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

Principle 4: Forced labour should be removed.

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

Increase in Our Female Employees

As of the end of 2020, 35% of our employees are female employees.

YEAR	Number of Male Employees	Number of Female Employees	Total	Ratio of Female Employees %
2020	69	35	104	34%
2019	80	21	101	21%
2018	86	28	114	25%

Our Company aims to achieve the target rate of min. 25% determined in the board of directors for female member ratio as stipulated by the Capital Markets Board Corporate Governance Principles Article 4.3.9. As of 31.12.2020, 1 (16%) of our 6 Board Members is female.

Our company's Human Resources Policy aims to make Smartiks Yazılım A.S. a preferred company by creating a competent organization composed of employees with high loyalty. In line with this purpose, it takes the continuous improvement principles as a basis in the following main strategic priorities:

- ✓ To provide **equal opportunities to persons under equal conditions** in the recruitment, training and development, remuneration, and career planning
- ✓ **Equal treatment of employees in terms of development and promotion;** To create development policies and plans for employees to increase their knowledge, skills, and experience
- ✓ To corporately develop key organizational competencies that will increase competitiveness
- ✓ To promote high commitment and performance
- ✓ **To construct a common corporate culture that can hold differences together and benefit from this richness**

In this regard, Smartiks has aspired to develop an inclusive workplace strategy that is sensitive to equality of women and men and to take all actions to develop and implement internal policies that will prevent all kinds of inequality both during and after the recruitment process.

Strict Fight Against Child Labor

Smartiks is strictly against child and forced labor. No cases have been reported across the company and its subsidiaries until today. Furthermore, Smartiks does not tolerate any type of child labor and forced labor in its suppliers and business associates. Smartiks enters into an obligation to respect and observe human rights as fundamental values under the European and UN Human Rights Conventions. This is particularly valid for the prohibition of child and forced labor, equal treatment of employees, the right to representation, and collective bargaining negotiations.

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

YEAR	0-18 Years	19-35 Years	35+ Years	Total Number of Personnel
2020	-	73	31	104
2019	-	69	32	101
2018	-	75	39	114

Employee Loyalty

Employee loyalty is at the forefront of the most fundamental elements that we aim to provide to transfer value to our customers. Smartiks aims to create a culture where the employee plays an active role in his/her development and career planning and the managers monitor employees' performance closely and provide feedback, and development is adopted as a role.

As of the end of 2020, 20% of our employees have been working in our company for more than 5 years.

Term of Office	
<5 years	>5 years
83	21

The ratio of the cease of employment was 6% in 2020.

Educational Background of Employees and University Collaborations

By the end of 2020, 95% of our employees have bachelor's and higher degrees. Smartiks designs processes where employees can reveal their potential and provides opportunities and environments for their continuous development.

YEAR	Primary school	Highschool	University	+Master's/Doctorate
2020	3	3	91	8
2019	3	6	80	11
2018	3	9	90	12

The main certifications that our employees hold and in which they are specialized are as follows:

Name of Certificate	Number of Personnel Holding Certificate
DP 102	5
DP 101	5
MS SQL	6
.net	4

The collaborations of Smartiks Yazılım A.S. with Çukurova University cover the practices such as recruitment of interns, participation in computer engineering department activities and projects, and sponsorship support. It also cooperates with Yıldız Technical University in the recruitment of interns. Within the scope of our R&D programs, we recruit new graduates and conduct internship programs. Furthermore, our HR department sets training and certification processes as performance targets and thereby, supports our current employees in achieving these goals. The incentives are granted for master and doctoral programs, and employees can take special leave to attend these programs.

Occupational Health and Safety

Occupational Health and Safety is one of the fundamental and indispensable elements of its management understanding. In 2020, our 65 employees in total have undergone the Occupational Health and Safety Training. The training certificates are provided by our company upon demands of the employees. All our company employees benefit from private health insurance.

The relevant training mainly includes but not limited to the following topics:

- Labor Legislation
- Legal Results Arising from Occupational Accidents and Occupational Diseases
- Occupational Diseases
- First aid
- Harms of Tobacco Products and Passive Exposure
- Causes of Occupational Accidents, Protection Principles, and Technical Practices
- Evacuation and Rescue
- Fire and Electricity Protection

Personal Data Protection Law

Within the scope of the Personal Data Protection Law, Smartiks obtains written consent from all personnel for the processing of their data.

The Disclosure on the Law (“KVKK”) has been presented to all of our employees on our company's website: <https://www.smartiks.com.tr/Content/static/KVKK%20Smartiks.pdf>

3-) COMPLY & IMPROVE: ANTI-CORRUPTION & CORPORATE GOVERNANCE

Anti-Corruption and Anti-Bribery Policy

The policy aims to set the principles and rules of Smartiks Yazılım A.S. for the detection and prevention of possible actions that can be considered within the scope of corruption and bribery, to raise awareness of the employees through in-house regulations, to guide them, and to ensure maximum compliance with national and international regulations. Smartiks Yazılım is against all kinds of bribery and corruption. Accepting or giving bribes for whatever purpose is unacceptable. The business relationships with third parties that want to do business with Smartiks Software through bribery or corruption should be terminated.

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

Bribery and corruption can be made in many ways, including cash payments, political or other donations, commissions, social benefits, gifts, hosting, other benefits.

Anti-Bribery and Corruption Procedures:

- a) Companies and Business Associates from/to which Goods and Services are Purchased and Sold:***

It is obligatory for the companies and business associates from/to which goods and services are purchased and sold, to comply with the principles of the Policy and other relevant legal regulations and thereby, the businesses with individuals and organizations that do not comply with these are terminated.

At the selection of companies and business associates from/to which goods and services are purchased and sold, the technical competency and criteria such as experience, financial performance, technical competence, and other performance criteria determined by the Purchasing Department as well as their ethical level and having a positive background in this field are also taken into consideration by the senior management. It does not collaborate with the companies and business associates, who are known to have an undesired experience as regards bribery and corruption even though they meet the other criteria. Within this scope, the responsibility for conducting the necessary research and evaluations before entering into any business relationship is assumed primarily with the senior management. The Quality Department evaluates in its audits whether the aforesaid issues are complied with.

In agreements and contracts to be concluded with companies and business associates that have a positive background and meet other criteria, the following requirements are included:

- To fully comply with the principles specified in the policy and other relevant regulations,
- To ensure that employees internalize these principles and act accordingly,
- To ensure that employees receive policy-related training periodically,
- To remind its employees about notification obligations and ethical practices on regular basis and to encourage them to notify in case they encounter such situations.

The provisions stipulating that the employment and the contracts in force will be terminated for justified reason in case of non-compliance with these or a situation contrary to the Policy.

b) Gift:

A gift is a product that does not require any monetary payment and is generally given by people or customers with whom we have business relationships as a means of appreciation or business courtesy. All kinds of gifts offered or given to third parties by Smartiks Yazılım must be offered publicly, in good faith, and unconditionally. Accepting a gift is subject to the same principles, and no gift should be accepted except for the symbolic gifts with a low material value which are included in these principles. Furthermore, gift acceptance should not be frequent even if it is within this scope, and the ones accepting a gift should notify the HR and senior management of the company through his/her immediate supervisor.

c) Facilitation Payments:

The persons and organizations under this Policy cannot offer facilitation payments to facilitate or expedite a routine transaction or process (obtaining permits and licenses, obtaining documents, etc.) with government agencies.

d) Donations:

Smartiks Donation and Aid Policy has entered into force with the Resolution of the Board of Directors dated 27.12.2019 and numbered 2019/28.

Our Board of Directors can make donations on behalf of our company within the upper limit determined by our shareholders at the General Assembly meeting. In this regard, our Board of

Directors acts per the principles set out in the Donation and Aid Policy and the regulations to be made by the Capital Markets Board in this regard.

Principles Concerning Donations and Aids:

- Smartiks can donate and aid the persons, non-governmental organizations, public institutions and organizations, associations and foundations, who/that carries on a business in the fields of education, arts, and culture or related to the field of activity.
- The upper limit to be valid for the sum of donations and aids that can be made by Smartiks in each fiscal year is submitted to the approval of the shareholders at the ordinary General Assembly meeting to be held by the Board of Directors for the previous fiscal year.
- Donations and aids to be made by Smartiks are made with the resolution of the Board of Directors. The Board of Directors may decide to make donations and aids within the upper limit determined at the ordinary General Assembly meeting.
- Amendments to the Donation and Aid Policy suggested by our Board of Directors are also submitted to the information of our shareholders at the General Assembly meeting.
- Activities and Sponsorships carried out by Smartiks within the scope of the Corporate Social Responsibility Policy are conducted within the framework of the general authorization granted by our Board of Directors, independent of the Donation and Aid Policy.

e) *Fault-free Record Keeping:*

The issues that Smartiks Yazılım has to comply with concerning its accounting and recording system are stipulated by legal regulations. Accordingly,

- All kinds of accounts, invoices, and documents related to relations with third parties (customers, suppliers, etc.) shall be recorded and stored reliably in a complete, accurate, and correct manner,
- Falsification should not be made on the accounting or similar commercial records for any transaction, and the facts should not be distorted.

f) *Training and Communication*

Anti-Bribery and Anti-Corruption Policy has been announced to Smartiks Yazılım employees and it can be continuously and easily accessible through its website. Training is an important instrument to raise the awareness of employees. Within this scope, the Human Resources Department designs training programs together with the Quality Department and Financial Affairs, Legal Accounting, and Investor Relations Department, and all employees are obliged to attend this training.

g) *Policy Breaches and Notification*

In cases that are or may be contrary to the policy, the case is investigated by the Senior Management, and necessary sanctions are applied when any improper behavior is detected. In the contracts made with companies from/to which goods and services are purchased and sold, or with the persons and organizations working on behalf of Smartiks Yazılım, the provisions concerning the unilateral termination of the works/contracts in force by Smartiks Yazılım for a justified reason

if any behavior, attitude or activity contrary to the Policy is determined, and in the event of a policy breach, these provisions are applied without exception.

Technopark Campus and Technopark Projects

Yıldız Technical University Davutpaşa Technopark Branch of Smartiks was opened in 2014, and this branch was registered at the trade registry on 10.07.2014, and thereby, the registration process was announced in Turkish Trade Registry Gazette dated 16.07.2014 and numbered 8613. Within this scope, our Company is subject to Law No. 4691 on Technology Development Zones effective until 31.12.2023 and Law No. 5746 on Supporting Research and Development Activities, to which it provides support, discounts, and incentives. A rental agreement was concluded between Yıldız Technology Development Zone and our Company covering the dates 15.07.2019 - 15.07.2021. As of 31.12.2020, Smartiks has a total of 12 R&D projects in Technopark. The list of these projects is as follows:

Project Type	Project Name	Product	Status	Project Ending Date
Technopark	SmartApp Framework	SmartExperienceSmartExperience.Dev	Completed	29.02.2020
Technopark	Database Search Engine	SmartExperienceSmartExperience.Dev	Completed	29.02.2020
Technopark	Power Demand Estimation	SmartExperienceSmartExperience.Energy	Completed	31.07.2020
R&D	Smart Yellow Pages	SmartExperience.QuickPortal	Completed	31.12.2020
Technopark	Campaign Creation Wizard	SmartExperince.Marketing	Completed	31.10.2020
R&D	Target Mass Wizard	SmartExperince.Marketing	Completed	31.12.2020
R&D	Power Generation Estimation	SmartExperienceSmartExperience.Energy	Ongoing	31.01.2021
Technopark	Relational Survey Engine Phase 2	SmartExperience.Auditor	Ongoing	28.02.2021
Technopark	Performance Report Card Phase 2	SmartExperienceSmartExperience.BI	Ongoing	9.06.2021
Technopark	Online and Physical Auction	SmartExperince.Marketing	Ongoing	13.07.2021
TUBITAK-Technopark	Artificial Intelligence Based Customer Segmentation and Campaign Management System	SmartExperince.Marketing	Ongoing	31.07.2021
Technopark	Artificial Intelligence Based Electricity Market Clearing Price Estimation	SmartExperienceSmartExperience.Energy	Ongoing	12.31.2021

R&D Investments

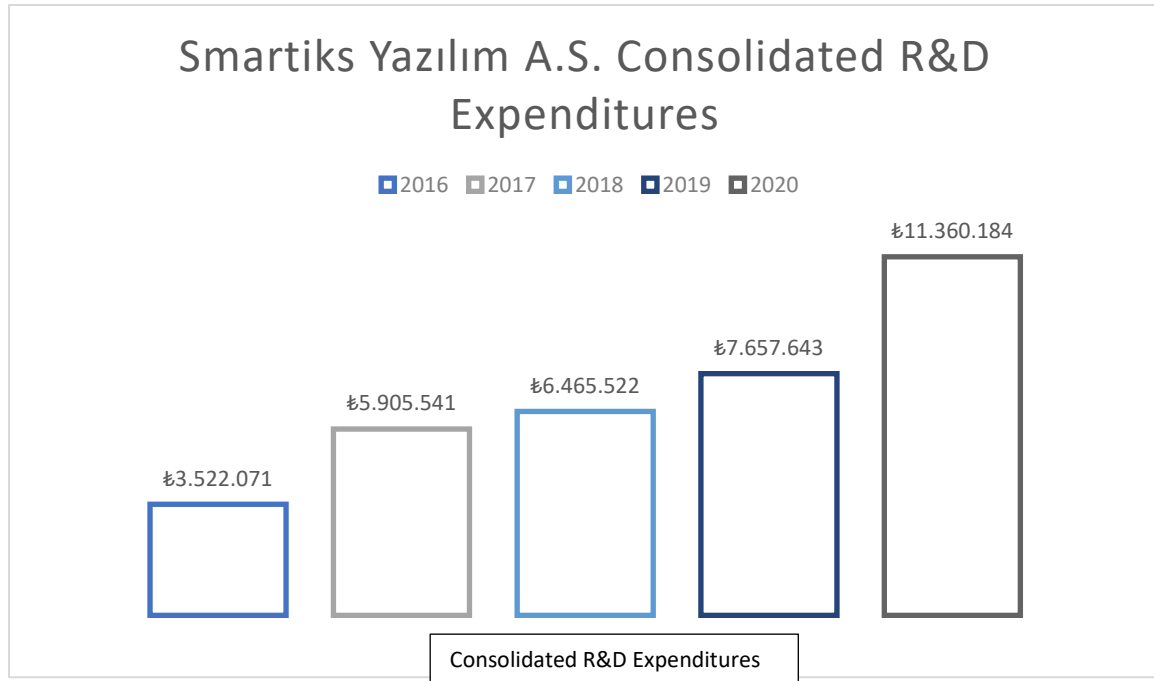
As of 31.12.2020, we have 24 personnel working in the R&D team.

NUMBER OF R&D EMPLOYEES	
YEAR	NUMBER
2020	24
2019	22
2018	21

The consolidated budget allocated for Research and Development Activities increased steadily over the years:

YEAR	R&D EXPENDITURES (TRY)	INCREASE RATIO
31.12.2020	11.360.184	48,4%
31.12.2019	7.657.643	18,4%
31.12.2018	6.465.522	9,5%
31.12.2017	5.905.541	67,7%
31.12.2016	3.522.071	-

On 11.05.2020, the "Artificial Intelligence Based Customer Segmentation and Campaign Management System" project included in our 12 R&D studies has received TUBITAK support to be valid between 01.05.2020-31.07.2021. In the last 5 years, there has been an increase of 222.5% in consolidated R&D investments.



Our projects supported by TUBITAK

Until now, many project proposals of Smartiks Yazılım were found worth supporting as a result of the evaluations made by the Scientific and Technological Research Council of Turkey, and a project support decision letter was received.

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

Our Smartiks Software Projects supported by TUBITAK are as follows in chronicle order:

- **Artificial Intelligence Based Customer Segmentation and Campaign Management System (01.05.2020-31.07.2021)**

Most marketers and salespersons have difficulty in identifying the right customers for successful campaigns or in recommending suitable campaigns to customers. With this project, it is planned to offer an innovative approach to the marketing needs of companies by both offering appropriate campaigns to customers and identifying (segmenting) customers who are suitable for the campaigns. In the literature, there are studies such as machine learning and deep learning, which are sub-sets of artificial intelligence related to campaign suggestions. However, these studies were not adequately reflected the sector in real-time analyses, and they were not reinforced by customer segmentation. With this project, it is planned to offer machine learning and deep learning-based models in the field of suggestion systems and thereby, create a cutting-edge domestic product.

- **Development of Machine Learning-Based Software for Basal Metabolic Rate Estimation (01.03.2018-31.08.2019)**

The basal metabolic rate is the lowest amount of energy needed to be able to fulfill basic vital functions at resting state completely. This energy that the body spends at a resting state is necessary for the fulfillment of vital functions. Being fed below the basal metabolic rate gives rise to water and muscle loss in the body instead of fat loss. This situation both causes unhealthy weight loss, and it is inevitable for people who have lost weight in this way, to put on weight again. It is particularly important to determine the basal metabolic rate before starting a diet for those reasons.

The best course of determining the basal metabolic rate is to measure resting oxygen consumption with a metabolic measuring device. Due to the high cost of the device and the extra cost of measurement, the use of the device is not common in practice. To determine the basal metabolic rate, the Harris-Benedict equation and bioelectrical impedance analysis methods are preferred as an alternative. However, the use of these methods is not healthy too, due to the high error rates of both methods.

This project aims to develop web-based software that can estimate basal metabolism rate with a lower error rate than available approaches using various machine learning methods. The development and verification of the estimation models will be done on the data set containing the body analysis and metabolic measurement information provided by the dietitian center.

- **Development of Open-Source Business Intelligence Solution for Operational Planning of Clinics and Operating Rooms in Hospitals (01.12.2017-01.03.2019)**

Within the scope of this project, it is aimed to meet the needs of health institutions for the operational planning of clinics and operating rooms with an open-source business intelligence solution.

It is known that hospitals have difficulty in creating efficient surgery clinical schedules; and mostly, they try to solve this problem with manual methods. The fact that the operation times include a natural uncertainty brings along deviations in the planning. This causes the hospital resources not to be used efficiently, the operating rooms remain empty, the hospital staff to work overtime, or the patients stuck in a difficult situation by waiting for the operations to be performed during the day.

Within the scope of the project, the plans to increase the operational efficiency of operating rooms and clinics will be examined. It will be possible to plan the surgeries or examination appointments that have been scheduled in advance, one day before automatically and most efficiently. Therefore, it will be possible to plan the operating rooms and clinics under several criteria and to make the necessary scheduling. At the same time, the output will be enhanced with real-time reporting and simulation models.

- **Learner Estimation Application (01.05.2015- 31.10.2016)**

Technological developments in recent years have facilitated data collection and storage in almost every sector. Historical data collected can be used to estimate the future of companies and to take correct decisions. There are software applications of foreign origin used by companies for estimation purposes. However, users must be experienced in statistics to be able to analyze with this software and to interpret the results. Furthermore, the companies are not able to use it as the software costs are high, and the analyzes are generally carried out with Excel.

Within the scope of the project, an easy-to-use decision support system that will process the incoming data in the most accurate way and with its different aspects, and thereby, present different decision trees for the future to the user and provide the most appropriate scenarios for the desired result, will be developed. The Learner Estimation Application to be developed will be a system that will periodically process the previously created scenarios by considering new incoming inputs, and constantly renews the models and variables it uses, by comparing the previous decisions according to possible situations and the actual situations.

- **Development of a Campaign Management System with the Capabilities of Processing Complex Events, Real-Time Campaign Creation and Suggestion (01.01.2016-30.03.2017)**

Within the scope of the project, our company aims to provide an innovative tool to the marketing needs of the sales and marketing industry for "submitting the right product to the right customer at the right time by combining with right and current campaigns". It will be possible to allow the output to be developed by making R&D activities on 4 main fields (Real-time processing of complex events, High-performance clustering analyses on event data, Data completion methods for incomplete data distributions, Product suggestion system for users); to make suggestions such as instant campaign, discount, bonus, etc. to before, during and after sales to customers, to estimate the products that customers may show interest and thereby, to conduct marketing activities devoted to these through different channels of communication such as SMS, e-mail, etc.

International Standards, Initiatives, and Certifications

ISO/IEC 27001: INFORMATION SECURITY MANAGEMENT SYSTEM (International Organization for Standardization, Quality Management System)

ISO 27001 Information Security Management System is an international framework that helps companies to protect their financial data, intellectual property, and sensitive customer information. Thanks to ISO 27001, companies can identify their risks and manage or reduce the risks in terms of confidential information.

On 14.05.2020, Smartiks Yazılım A.S. was audited by Türcert Teknik Kontrol ve Belgelendirme A.S. based on the report numbered 2020051401QMS to remain in force until 14.05.2021 and thereby, it was certified by ISO/IEC 27001.

Reporting Standards

Our company's financial reporting is subject to IFRS (International Financial Reporting Standards) and VUK (Turkey Accounting Standards).

PERFORMANCE EVALUATION AND GOALS FOR THE NEXT PERIOD:

Our Company's Corporate Governance Committee regularly informs the Board of Directors and Senior Management about the sustainability efforts which also covers the COP items and prepare a report on yearly basis. Smartiks also provide the certifications and audit reviews showing the performance regarding Information Security Management System, anti-corruption, social security, employee's well-being and energy consumption. HR Department, constantly work to improve working conditions, take all necessary actions by implementing related policies, monitor the "yearly performance and development review" and conduct surveys to analyse employee satisfactions on regular basis.

Our goals for following periods:

- To measure our firm's carbon footprint
- Improve our collaboration with universities
- Membership of the Communication Technologies Clustering, Turkey (HTK)
- Increase the size of R&D Investments
- Have a higher rate of employee satisfaction