



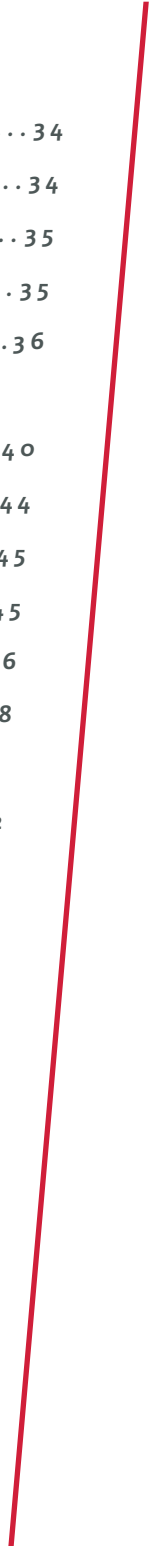
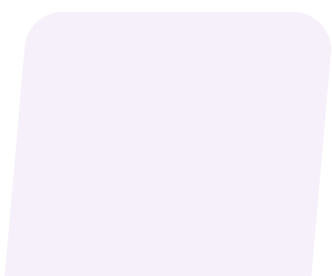
LOGO

**Sustainability
report 2018**

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Chairman's letter

Dear Logo Shareholders and Logo Family,

Until today, economic progress and development was measured with growth. The statistics indicate that the global GDP has increased 10 times since 1950. However, we know that this growth is not reflected to the welfare of billions of people and the limited resources on earth will not be enough to support this growth if it continues at this rate. Thus, we need to think about progress and development not just in terms of growth but beyond. Therefore, we need to address a progress model apart from constant growth. We should come up with a system where the needs are fulfilled without draining the resources of the planet. We should aim to be part of economies that do not consume but transform.

In this respect, United Nation's Sustainable Development Goals offer a guide. Sustainable Development Goals, as a call for action, are on the agenda of many countries and companies today to eliminate the poverty in the world, to protect our planet and to ensure that all people live in peace and prosperity. In addition, societies expect responsible activities and investments towards a sustainable future not only from governments, but also from profit-driven companies.

Regarding our sector and our Company, prominent topics related to Sustainable Development Goals - Industry, Innovation and Infrastructure, Decent Work and Economic Growth, Responsible Consumption and Production - are technology and R&D power, digital transformation, customer privacy and data security, and promoting entrepreneurship. In our pioneer work in the industry, we focus on the role of R&D and thus allocate 30% of our revenue to R&D. With our products and services, we provide support and guidance to the companies in our ecosystem throughout their digital transformation journeys for lasting, sustainable and healthy growth. We develop products and services that guarantee confidentiality of our customers and that ensure data security, which have become prominent topics with digital transformation and diversification of companies' sharing channels. We particularly support technology entrepreneurs to empower entrepreneurial culture in society and to provide opportunities for creative and innovative ideas to create value.

Last year, we created the vision of "coding the future together" that reflects the sense of responsibility towards future generations and the necessity to start considering their needs from now. Moreover, we identified our mission as creating value with passion and agility in cooperation with our customers and emphasized our desire to contribute to the sustainable growth of all of our stakeholders by working more effectively and efficiently with them.

Ultimately, the companies of the future will be the ones that generate not just profit but also multiple values and share these values with all of their stakeholders and support their ecosystem with these principles. We are committed to making sustainability principles an integral part of our strategy and operations. In this framework, we constantly improve our business processes, use resources more efficiently and further contribute to our stakeholders and society. We provide our services with almost 1200 employees and more than 800 business partners in four countries and seven different locations and impact a wide ecosystem.

We are happy to be tracking our own progress with this report which is a summary of our performance in every aspect connected to sustainability such as education, environment and efficiency. I thank everyone who have contributed to this report which we believe to be a beneficial study for our company, for all our stakeholders and for our country.

Best Regards,

M. Tuğrul Tekbulut
Chairman of the Board



Vice Chairman and Logo Group CEO's letter

Dear Logo Shareholders and Logo Family Members,

Developing a realistic and visionary strategy regarding sustainability has become essential for survival of businesses since it is getting harder for companies to maintain their existence for a long time in today's world where competition is constantly increasing. As the dominance of financial statements in the evaluation of corporate success has ended, the necessity to reveal the value created for society and environment has arisen.

Especially the companies wishing to maintain or create brand value are now required to grant their employees, shareholders and all stakeholders access to their non-financial values such as the investments made to their talent and the level arrived in customer orientation. The companies that became more transparent and accountable in this respect can enter a path that may improve their sustainability skills further with the feedbacks they receive.

For Logo Yazılım that have accompanied the sustainable growth journey of more than 200 thousand companies in the 35 years that passed since its establishment, fairness, transparency, accountability and responsibility are the main values. With this approach, in year 2000 we became the first ever IT company to be listed on the stock exchange in Turkey. We are in the BIST Corporate Governance Index and World Corporate Governance Index (WCGI) covering 150 countries, with our current corporate governance rating of 9.11. Moreover, we are proud to be part of BIST Sustainability Index for the past two years. We consider our second the sustainability report as a valuable resource showing how much we have developed ourselves and to what extent we have fulfilled our commitments.

In our first report, we identified the priorities that would form the basis of our sustainability strategy. We gathered these areas, which will be our pillars in determining the corporate management procedure and the road map for sustainability, under the titles of technology and R&D power, digital transformation, customer orientation and satisfaction, , business ethics, promoting entrepreneurship, financial profitability, contribution to society, customer privacy and data security, diversity and equal opportunity.

As you will see the details in this report, we proceed in line with our defined road map in all these areas associated to the UN Sustainable Development Goals. Through our R&D efforts ongoing in the three-tiered horizons, we invest both in constant update of our products and services in line with the short-term needs, and in technologies of the future. Thanks to our approach that does not regard R&D as a separate division and that encourages all our employees to work in this field, almost 52% of Logo family is composed of R&D employees. In the field of digital transformation that forms an important ground for the sustainability of our customers as well as the future of our business, we continue our operations in a more compressive way by embracing the role of a consultant.

Moreover, Logo Academy, one of the important investments we made for our country's youth, has been continuing to provide software training to high schools, vocational schools, universities and business partners since 2012. The number of Academy students who find the opportunity to be employed in various positions in the IT industry exceeded 2,000.

Our contributions to the ecological dimension of sustainability is also included in this report. We improved our energy consumption. Moreover, our customers' contribution to efficiency and environmental management gradually increases thanks to the effective resource use of our products.

I believe that the report including detailed information regarding our efforts in the field of sustainability will guide us by adding the sustainability perspective to our vision of "coding the future together". I thank the entire Logo family and all our stakeholders in our ecosystem for the support they give to these efforts.

Saygılarımla,

M. Buğra Koyuncu
Vice Chairman and Logo Group CEO



About the report

As Logo Yazılım Sanayi ve Ticaret A.Ş. (Logo), we are publishing our second sustainability report which includes our performance on environmental, social, economic and corporate governance. In accordance with sustainability vision integrated into our business model and with our objectives, we are sharing the performance for the period 1 January – 31 December 2018 and our future plans. Furthermore, this year, we have also included the performance of our operations in Romania in the report which includes our environmental, social, economic and corporate governance performance.

We have prepared the report, in which we have formed the focal points according to the material issues, in accordance with GRI Standards: core option. We also used the indicators of the Sustainability Accounting Standards Board (SASB) Technology and Communications Guide, the NASDAQ OMX CRD Global Sustainability Index and the Dow Jones Sustainability Index as references.

You can forward any questions, comments and suggestions related to the report to **sustainability@logo.com.tr**.



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Vision

Coding the future together.

Mission

We create value for our customers with passion and agility.

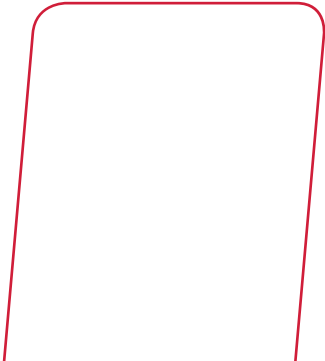
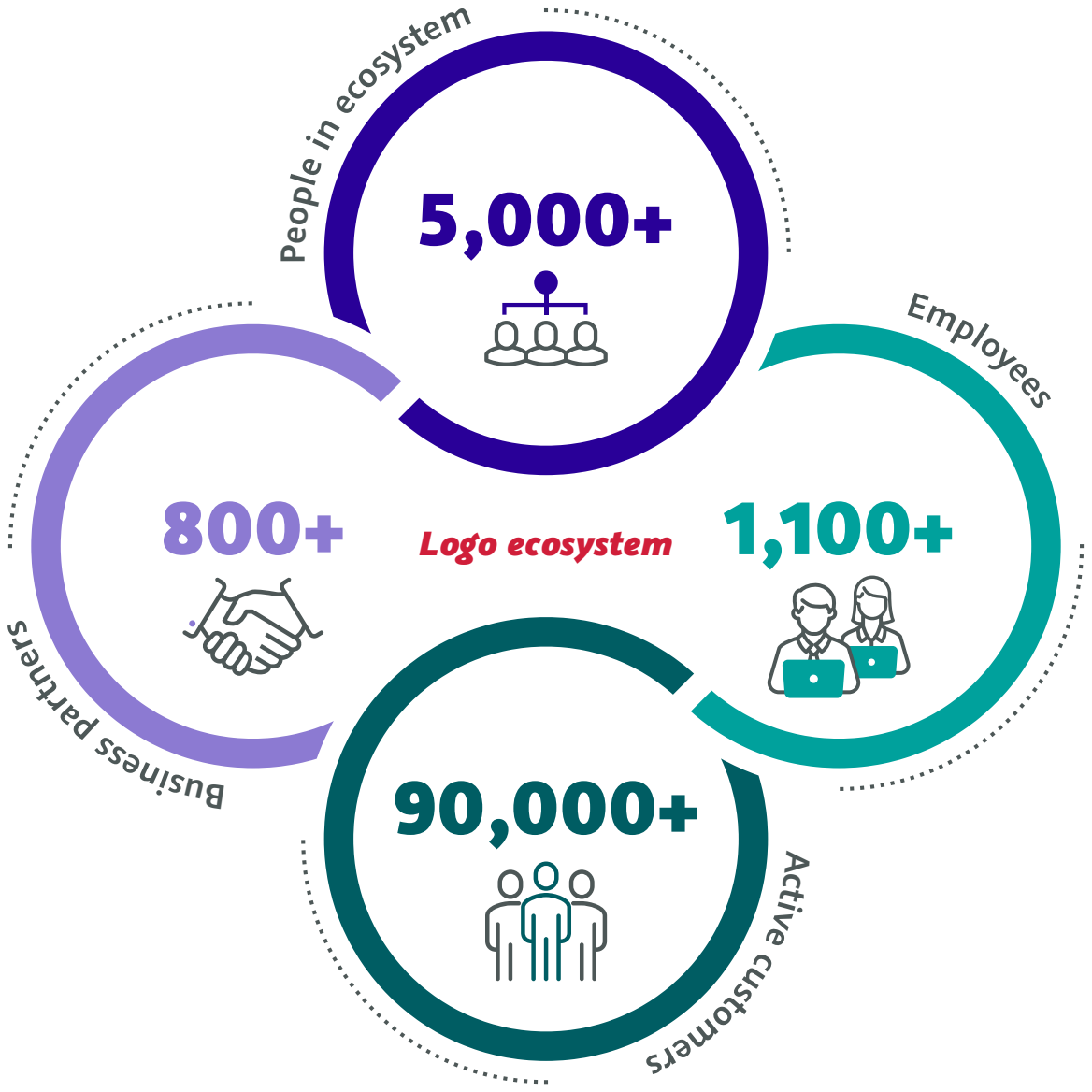
As the most valuable information technology brand* and largest publicly listed software company of Turkey, since 1984, we have developed enterprise application solutions to increase productivity and profitability of our customers, and continue our activities as one of the leading companies in the industry. With our innovative and creative approach, we have accompanied the growth journey of more than 200,000 companies so far as a company having operations in 4 different countries, at 7 different locations, with almost 1,200 employees and more than 800 business partners.

We are developing application software solutions for a wide customer range in different scales from micro companies to large corporations. In addition to enterprise resource planning (ERP) solutions, we also have many other solutions such as customer relationship management, human resources management, work flow management, warehouse management systems, business analytics solutions and retail solutions. As the first-ever software company in Turkey, which went public in 2000, currently our free-float rate is 66%.

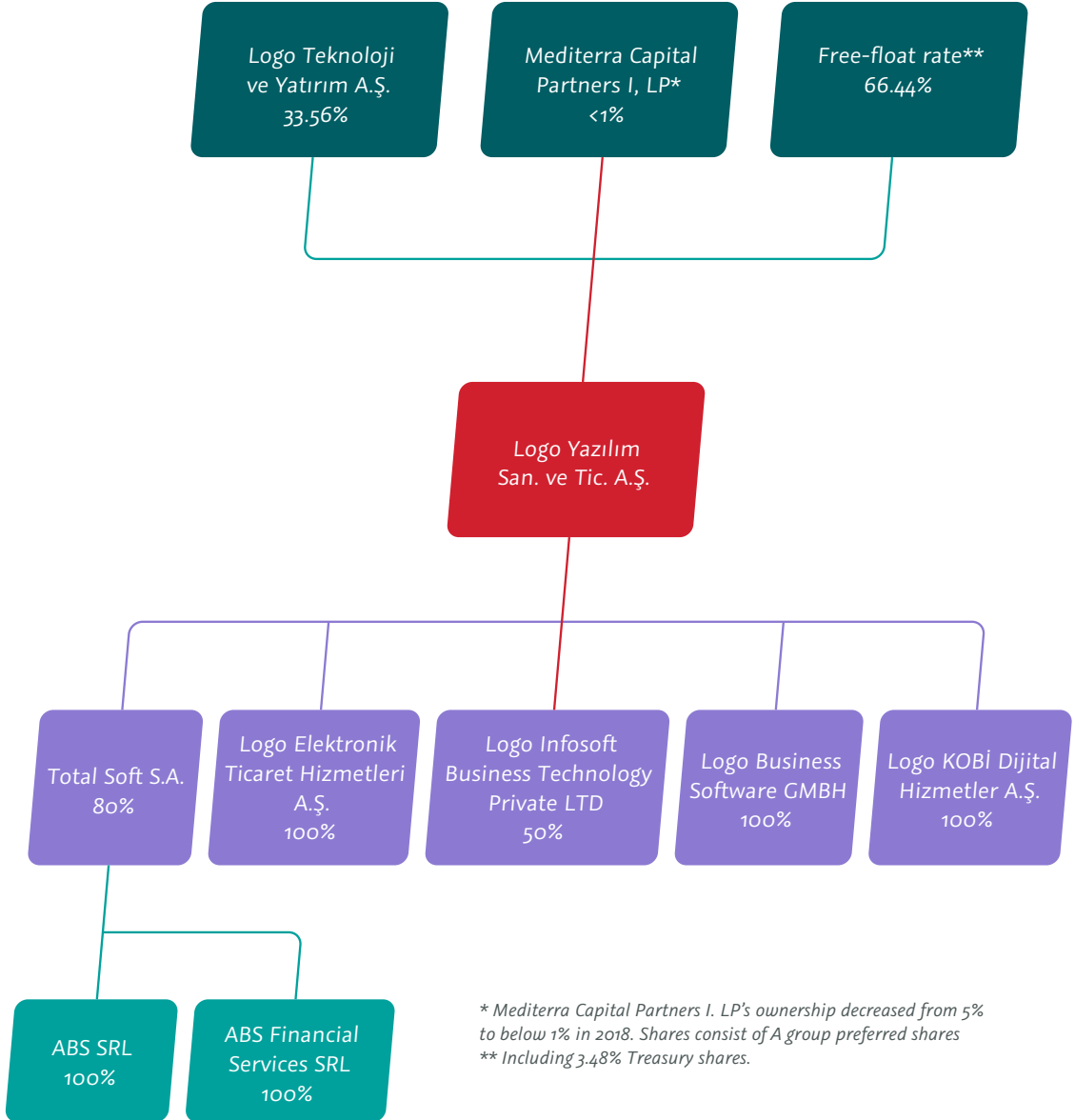
We have invested in various businesses and technologies since our foundation, and we lead the digital transformation of Turkey with our products, services and operation processes in the software industry. We have been the leader in the enterprise resource planning (ERP) sector in terms of the number of customers for several years. We have grown and developed in a great and dynamic ecosystem extending from our business partners to users, academic faculty members to students and industrial professionals and acted with the vision of creating value and coding the future together.



*Brand Finance, "The annual report on the most valuable and strongest Turkish brands, June 2019"



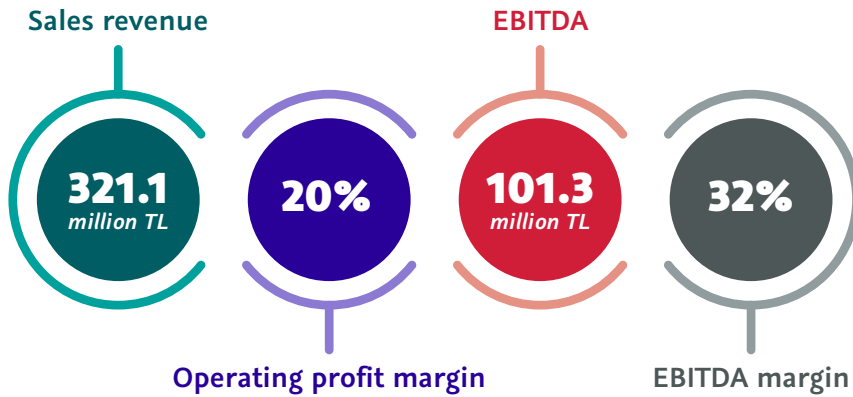
We have continued our sustainable growth with a 35% compound annual growth rate in revenues as a result of the great breakthroughs we have achieved in the last 5 years. In accordance with our objective to spread the knowledge and experience that we have accumulated in our activities in Turkey to abroad, we acquired Romania's leading enterprise application software company Total Soft in 2016. We also established Logo Infosoft to operate in India by partnering with GSF Software Labs LLC. We have progressed towards becoming a regional power with the attention we pay to the satisfaction of customers and employees as well as our vigorous research & development activities, strategic investments and partnerships.



Please see the 2018 Annual Report for the countries where Logo Yazılım operates, the product range, partnerships and detailed financial data.

Financial indicators

We increase our financial profitability by developing applications that create a difference in our industry. Financial profitability constitutes the basis for the development of our performance and the contribution we have provided for the development of the entire private sector ecosystem.



Million TL	2018	2017
Net sales	321.1	256.2
Gross profit	257.1	204.0
Operating profit	64.3	59.8
Financial income	12.6	2.8
Financial expenses	(11.2)	(8.6)
Net income before tax	68.4	52.9
Net income	67.7	50.8
Earnings per share (1,000 shares at 0.01 TL nominal value)	27.1	20.3

Million TL	2018	2017
Total assets	563.2	383.2
Current assets	227.5	162.2
Fixed assets	335.7	221.0
Current liabilities	131.9	115.0
Long-Term liabilities	112.6	58.9
Equity	318.6	209.3
Paid-in capital	25.0	25.0
Current ratio	1.72	1.41
Total liabilities / equity	0.77	0.83
Equity / total assets	0.57	0.55

Million TL	Domestic sales	International sales	Total sales
2018	206.5	114.6	321.1
2017	177.2	79.0	256.2
2016	159.8	30.6	190.4



	Geographical breakdown of sales		EBITDA (million TL)	Net Profit (million TL)
	Domestic sales	International sales		
2018	64%	36%	101.3	67.7
2017	69%	31%	82.6	50.8
2016	84%	16%	86.1	45.3

Developments and the year 2018 for Logo

- Our consolidated sales increased by 25% compared to 2017.
- Romania-based Logo Total Soft increased its revenues by 44% in TL basis compared to last year. The share of our Romania operations was 34% in our consolidated revenues.
- We were awarded as the Most Valuable IT Brand of Turkey according to the Brand Finance's research *The Most Valuable Brands of Turkey*.
- In Deloitte Technology Fast 50 Turkey Program, we were awarded in the Big Stars category where the technology companies defined as the *Major League* with a revenue over 50 million Euro are evaluated according to their growth speeds in the last four years.
- We ranked 13th among the top 250 companies with the highest R&D expenditure in Turkey.
- In the Top 500 IT companies research;
 - we became
 - » the ERP software category winner of the year,
 - » Turkey-based manufacturer - service category winner (eLogo)
 - and we won
 - » Turkey-based manufacturer service award
 - » The R&D Investment of the Year award, and
 - » Kocaeli companies championship award.
- Our corporate governance index score increased to 9.11 on a scale 10 in 2018.
- We won the large-scale enterprise category grand prize in the industrial performance evaluation organization 2018 of Kocaeli Chamber of Industry.
- We won the third prize in the software and information technology services category in TIM - 500 Service Exports Award Ceremony organized by the Turkish Exporters Assembly (TIM).

Sustainability approach and management

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Sustainability approach and management

We are triggering sustainable transformation in a very large ecosystem, and we are supporting our stakeholders in creating efficiency and competitive advantage with our value-added solutions. We care for ensuring the permanence of this value, which we created towards globalization and becoming a regional power. Therefore, we consider sustainability approach and management as an important tool in all of our business processes.

The focus of our sustainability strategy is **investing in the community, the environment and the future of our company and contributing to the sustainable transformation of our ecosystem with innovative products and services**. We are working to integrate sustainability in our all activities with a systematic approach.

We are managing sustainability issues at a top level. It is the responsibility of the Executive Committee members to determine the needs for identification, implementation, review, communication and supervision of sustainability goals. At the same time, the Executive Committee ensures the follow-up of the activities within its authority. The Working Group provides support to the Executive Committee in the implementation of decisions on sustainability issues. The Working Group comprising of Investor Relations, Corporate Communications and Human Resources directly works with the Executive Committee.

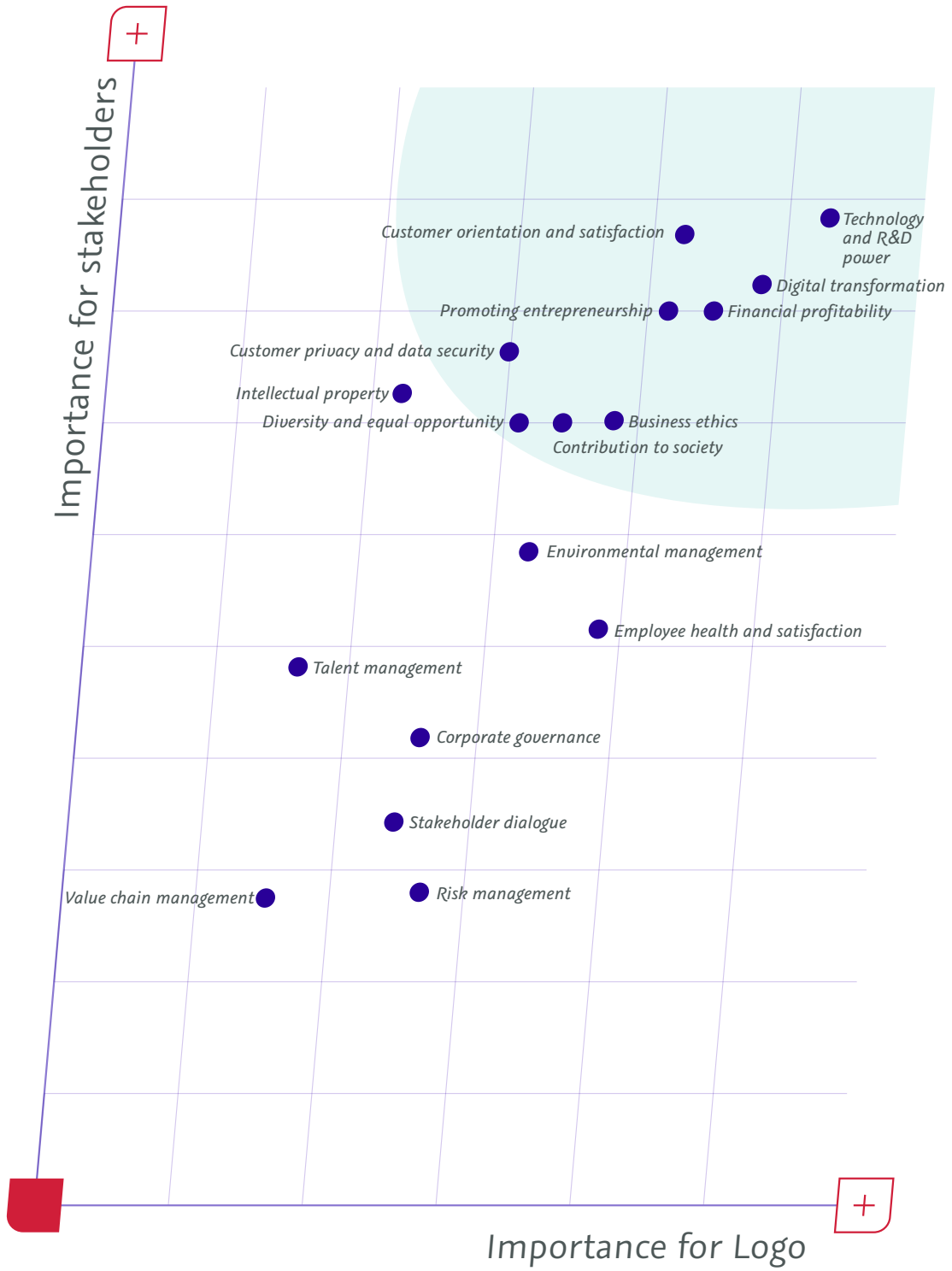
The Audit Committee, which reports on the findings and recommendations regarding the compliance of company activities with legislation and internal regulations, reports to the Board of Directors on sustainability issues. The matters that require the knowledge or approval of the Board of Directors are submitted by the Executive Committee and the items approved by the Board of Directors are completed within the specified authorities and duties. This entire workflow is carried out in compliance with the Rules of Sustainability Issues in which issues, that we established in 2017, include our approach, responsibility and duties, process management and related definitions of business ethics, occupational health and safety (OHS) and environmental sustainability.

We are listed in Borsa İstanbul Sustainability Index with our high sustainability performance.

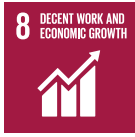
Material issues

We identified our comprehensive sustainability material issues last year. In the analysis, we evaluated the global approaches in the software industry and we determined the sustainability focus of the companies operating in our industry. We considered the issues listed herein under the scope of the evaluations put forth specifically for the industry by the organizations such as United Nations (Sustainable Development Objectives), Sustainability Accounting Standards Board (SASB), DigitalEurope and World Economic Forum (WEF). We have finalized our materiality issues by comparing the results of external trend evaluation with that of the prioritization we have made in line with our business strategy. The areas having the highest importance in both fields: Technology and R&D Power, Digital Transformation, Customer Privacy and Data Security, Business Ethics, Promoting Entrepreneurship, Financial Profitability, Contribution to Society, Talent Management, Customer Orientation and Satisfaction, Diversity and Equal Opportunity constituted our material issues.

We will reconsider our material issues through a stakeholder analysis in 2019. The contributions of our stakeholders in identifying our priorities for sustainability will make our activities more strategic.



Our contribution to sustainable development objectives



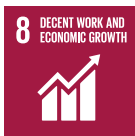
- Our R&D and innovation investments
- Employment in the field of R&D
- Contribution to economic efficiency through sustainable products
- Reduction of carbon release with digitalized processes



- R&D and innovation investments
- ISO 27001 Information Security Management and ISO 22301 Business Continuity Management Systems



- Human resources practices considering equal opportunity and diversity
- Fair, transparent, accountable and responsible corporate management



- Increasing growth in revenues and net profit with our leading products and services in their fields

Priority issue

How do we define it?

Technology and R&D power

We are positioning ourselves as a company which creates technology beyond monitoring technological developments closely in order to both differentiate in the information technologies industry and carry forward the industry. We are offering innovative products and services for our customers' needs. Source of this innovation is the importance we attach to R&D and innovation culture. We manage technology, R&D and digitalization together.

Digital transformation

Customer privacy and data security

Companies' sharing channels are diversified with the acceleration of digital transformation. In this environment where data security is one of the biggest risks on the agenda of companies, we develop products and services that guarantee confidentiality of our customers.

Business ethics

We regard ethical business mentality as an integral part of Logo Culture. The Code of Ethics that we have built on fairness, transparency, accountability and responsibility is at the center of our business.

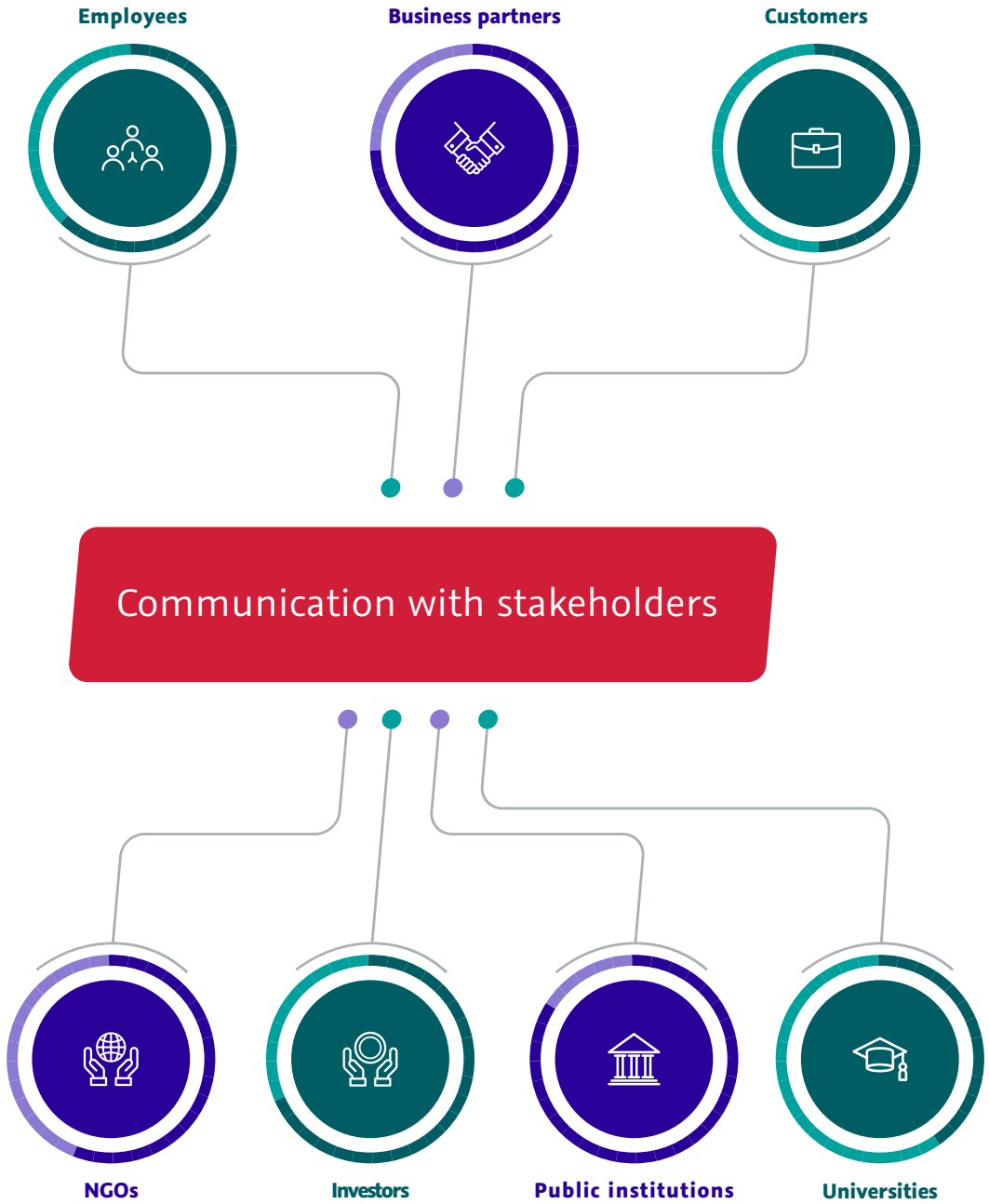
Financial profitability

Financial profitability is the foundation for us to develop our performance. We increase our financial profitability by developing applications that create a difference in our industry. We contribute to the development of both the private sector and the country's economy by ensuring sustainability of our company's existence.

Our contribution to sustainable development objectives	Priority issue	How do we define it?
 <ul style="list-style-type: none"> · Logo KOBİ Digital Services · Logo Ventures - Venture Capital Investment Fund 	<p><i>Promoting entrepreneurship</i></p>	<p>Entrepreneurship is the most important instrument of finding a solution to economic, social and environmental problems at present. We especially support technology entrepreneurs in order to empower entrepreneurial culture in society to provide opportunities for creative and innovative ideas to create value.</p>
  <ul style="list-style-type: none"> · Educational support through scholarships provided · Our training programs, mainly through Logo Academy and LogoEdu 	<p><i>Contribution to society</i></p>	<p>Our corporate tradition and culture include creating social benefit since the very first day. We proceed with this motivation in our activities and pay attention to activate our Company with dynamics in accordance with this awareness.</p>
 <ul style="list-style-type: none"> · Contribution to sustainable industrialization with sustainable products and services developed in line with customer expectations 	<p><i>Customer orientation and satisfaction</i></p>	<p>We serve with a satisfaction-oriented approach towards our customers in various industries including retail, tourism, food, apparel, maritime, furniture and telecommunication. We follow customer trends and take into consideration the feedback we receive from them. We examine every feedback of the customers impartially and fairly.</p>
  <ul style="list-style-type: none"> · Increased employment of women and the percentage of women in senior management · Human resources practices based on equal opportunity and diversity 	<p><i>Diversity and equal opportunity</i></p>	<p>We believe that our differences enrich us and we stand against all kinds of discrimination. We are offering equal opportunities to our employees without any discrimination in any of our human resources processes.</p>

Communication with stakeholders

We are paying attention to understand the experience, opinion and feedback of our stakeholders and building an effective dialogue with stakeholders. From customers to employees, business partners to universities, we have a very wide stakeholder ecosystem. We use various channels to communicate with them.



Stakeholder group	Communication methods
Customers	<ul style="list-style-type: none"> · Traditional media (TV, radio, cinema, outdoor, magazines) · Digital media and websites (logo.com.tr, blog.logo.com.tr, logoakademi.logo.com.tr etc.) · Social media, · Events and sponsorships (business partners meeting, Logo events, third party events) · Mailing · Call center (444 56 46 - 444 LO GO) · Direct communication (via customer visits, customer relations management) · Annual report and sustainability report
Investors	<ul style="list-style-type: none"> · General assembly meetings · Investor meetings and presentations · Teleconferences · Website and blogs, newsletters, e-mails · Notifications on Public Disclosure Platform · Annual report and sustainability report
Employees	<ul style="list-style-type: none"> · Traditional media (TV, radio, cinema, outdoor, magazines) · Digital media and websites (logo.com.tr, blog.logo.com.tr, logoakademi.logo.com.tr etc.), · Social media · Human resources events · Annual report and sustainability report
Business partners	<ul style="list-style-type: none"> · Traditional media (TV, radio, cinema, outdoor, magazines) · Digital media and websites (logo.com.tr, blog.logo.com.tr, logoakademi.logo.com.tr etc.) · Social media · Events and sponsorships (business partners meeting, third party events) · E-mail · Direct communication (customer and business partner visits, communication via customer relations management) · Communication with customer services, sales teams
Civil society organizations	<ul style="list-style-type: none"> · Meetings · E-mail, website and blogs · Sponsorships, events
Public organizations	<ul style="list-style-type: none"> · E-mail · Events and training
Universities	<ul style="list-style-type: none"> · Common projects · Events and training · E-mail

We support our communication with stakeholders via methods like collaborations, memberships and participations in a number of platforms.

- BTSO (Bursa Chamber of Commerce and Industry)
- Çorlu TSO (Çorlu Chamber of Commerce and Industry)
- GOSB (Gebze Organized Industrial Zone)
- GGOSB (Gebze Güzeller Organized Industrial Zone)
- GEPOSB (Gebze Plastics Organized Industrial Zone)
- TOBB (Union of Chambers and Commodity Exchanges of Turkey)
- İZTO (İzmir Chamber of Commerce) 39. Professional Committee Software Group Membership
- KSO (Kocaeli Chamber of Industry)
- KOTEDER (The Association of Listed Companies' Executives)
- GTO (Gebze Chamber of Commerce)
- İMMİB (İstanbul Mineral and Metals Exporters' Association)
- TÜYİD (Investor Relations Association of Turkey)
- KYD (Corporate Governance Association of Turkey)
- YASAD (Software Industry Association)
- Digit4Turkey (Digitalization and Industry 4.0 Association)

Risk management

Companies need to manage change and the risks and opportunities brought along in an effective manner to maintain their competitive advantage in changing circumstances. We effectively manage the risks we face by carrying out risk management and internal control systems proactively with the objective of continuous improvement. We foresaw that we carried the risks of inventory, debt management, technological change, competition, collection and exchange rate changes, and created the required control mechanisms to minimize the effects that might be caused by such risks.

We effectively manage the risks we face by carrying out risk management and internal control systems proactively with the objective of continuous improvement.

Within the scope of effective risk management, we detect risks very early which may endanger the existence, development and sustainability of Logo under the leadership of the committee of early detection of risk. We review implementation of measures related with the identified risks, efforts related with risk management and risk management systems at least once a year. The committee of early detection of risk, the chairman of which is an independent member, includes two members and they conduct their activities according to the working principles of the committee.

We do risk analysis at least once a year. We conduct risk analysis in two basic categories: corporate risk analysis and risk analysis for information assets. Within the scope of corporate risk analysis, we follow up major financial and operational risks such as stocking, debt management, technological change, competition, collection and exchange rate changes, and we carry out control activities accordingly. In the context of risk analysis for information assets, we evaluate all our assets from real estate to software licenses based on

threats from environment, hardware, intentional or unintentional human, malware code, messaging or information leakage, process planning, third party and software and we act depending on the outputs.

You can access detailed information related with risk management through the Annual Report 2018.

One of our key risk areas is business continuity. With our ISO 22301 Business Continuity Management System Policy, regarding any event which may occur beyond our control (disaster and emergency) or in the event of a potential interruption, we intend to:

- Primarily ensure life safety of employees and guests in all offices,
- Satisfying expectations and needs of customers and investors without interruption, take actions swiftly and properly;
- Identify the sustainability solution to minimize experienced losses,
- Identify minimum resources that may be required after the interruption by prioritizing services according to their importance,
- Create work recovery strategies and identify business continuity team; take necessary actions and prevent data losses,
- Identify communication processes after the interruption, prevent financial losses and any damages to the company reputation, and
- Understand business continuity management system requirements, develop, test and implement it continuously.

Business Ethics

Logo culture is built on working ethically. We conduct our activities in line with the code of ethics that we have built on fairness, transparency, accountability and responsibility. The code of ethics that we prepared in accordance with the corporate governance principles sets out the relations with employees, suppliers, customers, shareholders, other stakeholders and the public. The board of directors ensures implementation, auditing and revision of the code of ethics. The ethics committee, consisting of one independent member each from the audit and corporate governance committees, the member of the executive committee responsible for human resources, a legal advisor and an employee representative, is responsible for presenting to the board of directors the ethics report, which contains the results of reviews, information, findings and recommendations regarding the implementation of the code of ethics.

We apply the code of ethics within the scope of the labor code. The channel through which possible violations of the code of ethics can be communicated is carried out by the company's attorney. In the event of a violation, we consider the situation and process it according to the disciplinary regulations when necessary. There were no reports of ethical issues in 2018. In addition, no disciplinary action was taken regarding ethical issues and anti-corruption and bribery issues, and there are not any ongoing lawsuits. As per our objective determined in 2018, we have founded the ethics line at the beginning of 2019.

Digital transformation

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Digital transformation

Digital transformation is in the agenda of the private sector as a subject shaping the present and the future, which all industries should closely monitor. Technological developments and digitalization provide companies with benefits in a variety of areas ranging from increased productivity to competitive advantages. As the largest publicly listed software company of Turkey, with the trust we gained from accompanying to the growth journey of more than 200,000 companies in 35 years, we guide our stakeholders in the journey of digital transformation. On that account, we continue developing products and services according to the customers' needs.

Conducting a synthesis of different user experiences, we develop digital solutions in accordance with technological innovations and increase the efficiency and profitability of our customers. We aim to create economic, social and environmental benefits through solutions that make life easier for companies and employees. We also aim that the digital transformation brings about the transformation into sustainable business models. Within this scope, we are focusing on investing in R&D and innovation, developing products that contribute to the sustainable transformation of our customers and guaranteeing data security.

R&D and innovation

As an IT company which has adopted customer-focused R&D and innovation as the corporate culture; we are closely monitoring technological developments and we are developing products and services in line with our customers' expectations and needs. We take strength from R&D and innovation, which is our most important source in this respect.

In order to develop superior products with new generation technologies, we allocate a major part of our human resource and revenue to R&D and innovation. In 2018, the share of R&D spending in total revenues was 30% amounting to 99 million TL and 52% of the employees work in R&D.

According to R&D 250 issued by Turkishtime – Companies with the Highest R&D Expenditure in Turkey research, we have become the leader company which allocates the biggest portion of our turnover to R&D. We ranked 13th in terms of R&D expenditure compared to overall companies in Turkey.

Within the scope of the three-tiered "Horizon", we are arranging R&D activities and budget as short, medium and long term. Horizon 1 includes improvements in order to demonstrate good performance in the current year. These include the developments and improvements related to current products required by customers, business partners and in-house referrals. 60% of the R&D budget and energy is channeled towards Horizon 1 direction. The medium and long-term R&D activities of the company are treated under Horizon 2 and Horizon 3. Horizon 2 covers new products in chime with the industry requirements and developments on the new products in a time span of 1,5 - 2 years. Horizon 3 consists of innovation and R&D studies in the field of cloud, big data and machine learning, which are the focus of digital transformation. These take up approximately 30% and 10% of the R&D budget, respectively. We incorporate new companies through mergers and acquisitions and transfer these companies' know-how and experiences in the field of technology. We adapt these companies' products to our own standards to provide more efficient and high-quality results. In order to go one step further, we focused on creating

a joint user experience in all Logo products in 2018. We built a joint software architecture group named the National Team, which includes Logo employees. We primarily changed the user interface and created a unique graphics language. Benefiting from all feedback received from all stakeholders; we carried out capacity development activities in new fields of technology to create a user experience compatible with web and mobile technologies.

We continued producing many innovative solutions by identifying the need for digital transformation. We primarily completed the software ecosystem platform eco-PaaS for cloud-based ERP application project. So, we prepared the shared infrastructure which includes 28 micro services required for cloud transformation of the solutions developed by Logo and its stakeholders. We realized another project, Logo İşbaşı, by using PaaS infrastructure. With Logo İşbaşı, we are adopting micro SME's and electronic commerce, and supporting those companies that wish to grow with technology and cloud computing services. In India, we have put into service the Vyapari project with Logo J-Platform supported with PaaS services commissioned through AWS. We developed it as a commercial application for micro enterprises in order to support e-transformation processes in India and laid the foundation for SaaS transformation of Logo J-Platform. With logo.us - our shared project with TÜBİTAK - we have started activities within the scope of machine learning platform specifically for the field of enterprise business applications. We are aiming to transform the conventional software development processes of Logo into machine learning; thus, internalizing big data processing and specialization in this field.

Following the acquisition of Total Soft, one of the most preferred ERP solution providers of Romania, in 2016, we have conducted intense activities to integrate and align key business processes with the main company. At Logo Total Soft, we aimed modernizing the IT infrastructure, updating and integrating certain applications for management and follow up of business processes in 2018. In this scope, we carried out activities such as increasing the security and efficiency standards in information systems infrastructure, designing a social intranet infrastructure for internal use and consolidation of project score card data.

Within the scope of the top 500 IT companies research, one of the most comprehensive studies in Turkey in the field of information technologies, we were awarded with the first prize in the categories of e-Ledger, e-Invoice, e-Archive applications with the ERP software as one of the software subcategories, making us the most awarded company. In addition to the first prize in Kocaeli Companies category in IT 500 plus division, we also won the R&D investment award and Turkey-based manufacturer service award in contribution to Turkey special awards category. We won the third prize in the software and information technology services category in TIM - 500 Service Exports Award Ceremony organized by the Turkish Exporters Assembly (TIM). Furthermore, we won the large-scale enterprise category grand prize in the scope of their industrial performance evaluation organization 2018 of Kocaeli Chamber of Industry.

Leadership of Logo Total Soft

We continued strategic operations with Logo Total Soft spending efforts to become a digital and innovative software supplier by focusing on disruptive technologies in 2018, and increased solutions. In this scope, we are offering ERP solutions for vertical integration needs of various industries including construction, manufacturing, service, distribution and retail.

As Logo Total Soft, we develop enterprise application solutions under the brand Charisma, and we position the main product Logo Charisma ERP, as a universal solution with specialized sector specific modules. In this respect, we offer ERP solutions for companies' vertical integration needs in various sectors such as construction, manufacturing, services, distribution and retail. In addition, Logo Total Soft became the leader in Romania with human resources and payroll software solutions. In 2018, with the aim of strengthening the positioning of being the digital and innovative software provider we carried out 7 strategic workshops focusing on disruptive technologies and new business models. As a result of the workshops, we analyzed the expansion potential for financial solutions and Charisma medical solutions, new business models and disruptive technologies, and created the 2022 roadmap. The business strategy processes related with retail and distribution, as well as agriculture vertical solutions were determined as the priority areas for 2018 and 2019.

- Logo Charisma ERP product was sold to local and global brands in retail and pharmaceuticals industries.
- Charisma human capital management solution was preferred by European and Romania-based companies in service and transportation industries.
- The national financing programs "first house" and "first car" projects which provide an automation solution in organizational and interbank processes was realized.
- The company adapted the European Falsified Medicines Directive into Charisma. As a result of this work, the biggest pharmaceuticals companies based in Romania became compatible with the new directive.

Agile process development system: LAPIS

Considering the global trends such as technological developments and changing consumer habits, the companies need swift adaptation and agility. Merging the 35 years of experience we have in the IT industry with the lean production philosophy, we created a solution which provides the agility needed by customers in their business processes. We began to work on LAPIS (Logo Agile Process Improvement System) in 2008 and enabled it to enter the literature by publishing its first declaration in 2014. With LAPIS, we created a process that encompasses every aspect of our software development process including capacity planning, project management, quality and efficiency measurements.

LAPIS as an agile software development methodology develops itself continuously, rapidly aligns with innovations, enables teamwork with its dynamic and offers flexible structure, and focuses on customer needs. It produces outputs in short cycles with feedback from customers and minimizes the risks in project development through continuous feedback. The LAPIS process turns a software project into a product or service and enables working as in a production line. Logo as a software factory always reviews and improves its products and services with the aim of zero-error. All products and services in this software factory are considered as a worksite. Cost and revenues are planned, and future investments are made for more efficiency.

We are launching a new version for each product in seven-week periods which are the basis of LAPIS and the "pulse" of Logo. With this pace, we released 271 versions in 2018. 4,058 new features have been developed in these versions by the product development team.

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Sustainable products and services

We develop sustainable products and services to enable our customers to create added value and efficiency in their business processes through effective use of resources. We develop a variety of application software and solutions including enterprise resource planning (ERP), customer relationship management (CRM), human resources management, workflow management, warehouse management system (WMS), business intelligence solutions (BI) and retail. Our solutions improve the productivity of our customers and ensure traceability; we support our customers in reducing their resource consumption and environmental impacts, improve risk management, and improve customer and employee satisfaction.

Companies that use our enterprise resource planning solutions increase their profitability by reducing costs and increasing their revenue, use their human resources more effectively, improve order management and provide better service to their customers through faster information flow. We relaunched Logo Tiger Wings and Logo Netsis Wings solutions, which are among our ERP solutions. Furthermore, we introduced Logo Tiger Wings Enterprise and Logo Netsis Wings Enterprise solutions to the market. Our solutions enable accessing the system anytime and anywhere thanks to the web-based structure. With its structure which can also be used on mobile devices, this solution offers the opportunity to uninterruptedly manage and control complex systems. As a result of instant access to information, business processes become more efficient with time and cost savings. As a result, we are offering a more sustainable work environment to companies.

Digital transformation solution partner: eLogo

Our affiliate eLogo has become the most preferred digital transformation solution partner of Turkey. The company serves as an e-service company by offering sector specific solutions according to the needs of the market and customers. With eLogo, we are making it possible for companies to reduce their paper, print, archive, labor and distribution costs, reducing the operational load and accelerating the financial processes. Furthermore, we ensure data security in digital transformation processes.

We also contribute companies to reduce their paper consumption and manage their processes more effectively by migrating their billing operations to the online system. We offer Revenue Administration (GIB) approved e-Invoice, e-Archive, e-Ledger, e-Dispatch Note and storage services, thus provide service to our customers using Logo's enterprise solutions or other solutions. We also support those services with other services such as e-Collection, e-Statement and e-Reconciliation.

Furthermore, in 2018, we also established an e-commerce portal which provides micro SME's that do not use an enterprise software solution with the opportunity to easily connect to their marketplaces, open their product cards, follow up their orders and issue their invoices digitally.

eLogo was the first software company to create e-Dispatch application which was introduced with the legal regulation in 2017. We digitalize the dispatch note created on hard copy and we can follow the dispatch note process digitally. eLogo customers constitute almost half of the customers using e-Dispatch in the market at present.

We developed the occupational health and safety solution approved by the Ministry of Labour and Social Security, and we enable the related processes to be managed in a quick and secure manner. The e-Producer Receipt solution that we launched in February 2018 digitalized the producer receipts issued for farmers who are not taxpayers, thus providing time and cost saving.

We create value as a solution partner

Whirlpool / Hotpoint: Whirlpool, needed a specific channel management solution for the retail industry to follow its own sales to resellers and also the inventory and sales data by the resellers of Hotpoint brand to consumers on product quantity basis. After using Logo Diva Channel, which is commonly used in the industry, the company had the opportunity to instantly access data from sales and inventory to the impact of campaigns on sales. Logo Diva Channel, which has rapidly been adopted by dealers thanks to its user-friendly structure, enables Whirlpool to manage its sales and marketing activities more effectively.

Türkiye İş Bankası Kültür Yayınları: Türkiye İş Bankası Kültür Yayınları wanted to turn the high amount of data gathered on the systems into meaningful insight and analysis, therefore the organization started using the Logo Mind Insight business intelligence solution. As a result, the marketing team can analyze millions of lines of data in only seconds, the executives' decision-making processes accelerate and the company reaches 98% accuracy in financial analyses.

English Home: English Home uses Logo's retail solution Diva POS to support rapid expansion policy and manage all department store operations from one center uninterruptedly. With Logo Diva POS, which they preferred due to quick store opening flexibility, they currently realize an average of 30,000 cash register transactions at 610 department stores in Turkey and 200 department stores abroad.

Muratbey Cheese Company: Muratbey has been operating in the cheese industry since 1965, and it benefits from the solution Logo Netsis 3 Enterprise to carry out all business processes from planning to shipment, and production to reporting on an integrated infrastructure. As a result, productivity increases by 15% and the employees' workload drops dramatically. Logo Netsis 3 Enterprise also allows means of adapting quickly into changes with its effective cost control and dynamic coding features.

Mopaş: MOPAŞ services for consumers with 105 branches and approximately 3,000 employees in İstanbul, Kocaeli and Yalova. The company manages all the shipments through a 15,000 sqm logistics center. The company uses Logo Ocean warehouse management system to find solutions for the problems experienced at the logistics center such as date, addressing, count and inventory control. Thanks to Logo Ocean, the company effectively manages warehouse processes, gathers and ships products to markets faster. Furthermore, the company obtains significant benefits on the issues such as inventory, e-commerce shipments, and inventory records.

Çuhadaroğlu: Acting in the field of metal industry, Çuhadaroğlu can transfer bids to ERP through Logo CRM and follow inventory and customer details. Thanks to web-based use of the solution, the sales representatives can easily and quickly access the system from any point with web access. Managing Logo CRM with correct data, through the correct channel and with correct communication increased teams' awareness on customer relations management.

Ömer Çavuşoğlu Lastik: Being the biggest tire sales and service point of the Aegean Region, Ömer Çavuşoğlu Lastik serves the market in İzmir and Manisa with Lassa and Bridgestone brands. The company intends to mobilize the site operations to increase efficiency of the sales team, and it uses Logo Mobile Sales site sales automation solution. As a result, the site sales team can spend more time on sales processes. Furthermore, the acceleration of sales processes enables cost savings.

Gerçek Oto: Gerçek Oto has been operating in the automotive industry and serving a portfolio of 40,000 customers with 170 employees. The company uses Logo Tiger 3 as the ERP solution together with the other companies in the group. The company earns productivity increase in business processes with Logo Tiger 3, achieves up to 50% cost saving and obtains serious gain in customer and employee satisfaction.

Data security

With technological developments and acceleration of digitalization, companies' business processes are also digitalized, and the sharing channels are diversified by means of cloud and mobile technologies. Cyber-attacks constitute one of the greatest risks in the global agenda together with digitalization. This issue, which threatens data security is at high ranks in companies' agendas. As Logo, we are developing products and services that assure customers' confidentiality with our R&D and Innovation strength.

We constantly improve our quality management systems and apply international standards to ensure the confidentiality of our company, employees, business partners and customers and to provide reliable products. In this scope, we are managing our activities according to ISO 27001 Information Security System Policy and ISO 22301 Business Continuity Management System Policy. The objective of ISO 27001 Information Security Management System Policy is to ensure business continuity at all locations during our operations, minimize any damages and risks arising from security violations, ensure internal integrity, and review the information created, processed and stored on the technological infrastructure and the systems where the information is created, processed and stored against the defined risks. And also, providing the required resources and continuously improving all physical and electronic information assets by taking measures to protect them. The objective of ISO 22301 Business Continuity Management System Policy is to ensure safety of primarily employees and guests in all offices; covering the expectations and needs of customers and investors uninterruptedly, taking action quickly and correctly in the event of a potential interruption, and identification of a continuity solution to minimize the experienced losses when any events (disaster and emergency) beyond our company's control happen.

We also protect all kinds of data belonging to our company and our customers along with the applications and systems where these data are created, processed and stored in accordance with the standards. We organize trainings to increase the awareness of employees about information security and information assets protection. We train our employees about data security via our online education platform, LogoEdu. In addition, our new hires receive data security training during their orientation.

O u r c o n t r i b u t i o n t o e c o s y s t e m

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Our contribution to ecosystem

We provide services in line with the mission of creating value for our customers with passion and agility and in accordance with our vision of coding the future together. We are the sector leader in terms of ERP in Turkey with respect to the number of customers. We have a wide ecosystem from business partners to customers, academicians to students and the professionals of the industry. We aim for contributing to sustainable achievement of our customers as the largest part of our ecosystem and create a permanent added value under the light of our objective of growing with our all stakeholders.

Organizations make a difference when they carry out win-win collaborations with many actors in the volatile market ecosystem and build a two-way systematic communication with stakeholders. The rapid change caused by digital transformation and SMEs wanting to stay competitive, emphasize their need to focus on digitalization, and as the leading and pioneering company of the industry, we are acting as a guide for SME's in their digital transformation processes. Enterprise application solutions that we offer for a wide segment from micro corporations to large enterprises contribute Turkey's digital ecosystem. We develop business applications which creates a platform for a more flexible and productive work, we support them on the field, we contribute to their knowledge with our training activities and we focus on providing customized solutions for their problems.

Thanks to our dynamic structure which is quickly adapting to the current trends of the industry, we are among the 50 fastest growing technology companies of Turkey. In 2018, we added more than 4,000 new customers to the continuously growing Logo ecosystem. The number of customers that we supported as a solution partner has reached 15,000 with our subsidiary eLogo.

Approximately 1,000 people participated in the Logo Business Partners meeting we organized this year. During the event, which was held with the theme of Make a Difference, we had the opportunity to evaluate the rapid change in technology, future designs and digital campaigns with our business partners, and we also shared Logo's medium and long-term strategies.

Growing channel structure

In parallel to the growth of the software industry in recent years, we have a growing channel structure with qualified business partners in a growing region. Our R&D investments, our marketing experience in the industry, our knowledgeable and experienced distribution network are the competitive strengths that we have.

The firms that are evaluated as business partner candidates within the scope of the "Channel Development" are subject to a detailed evaluation in terms of market potential in the relevant city and district, number of partners, sales capacity, certificates, customer satisfaction, project resources and customer portfolio. After the evaluation is completed, the eligible companies are provided with the required training, and we accept them as candidate business partners in accordance with their turnover targets. In the end of this process, which takes approximately one year, we involve those who are found successful in terms of new customer acquisitions, realization of the turnover targets, customer satisfaction and compliance with Logo business principles into Logo ecosystem.

This year, the Channel Development Department passed through a restructuring process. As we have continued our activities by including Vertical Solutions and Solution Partnerships, we took important steps in various digital transformation processes and use of technology throughout the year. We supported our customers in preparing them for the future for their end-to-end needs.

Logo Academy

With the responsibility of being among the pioneers of the information technology industry in Turkey, we established Logo Academy in 2012 due to the lack of qualified human resources in the industry. We aim to train specialists at Logo Academy with Logo Solutions, to increase employee capabilities of companies that use Logo, and to help them reflect these capabilities into their business processes. In this context, with the training we provide by experienced and specialized team members, we offer them a opportunity to receive detailed training on Logo solutions and personal development.

We have reached approximately 4,000 people so far with the trainings provided by an experienced and specialized team under two headlines as corporate and individual. The trainings take place mainly in our Logo Academy classes at our Gebze campus and at training centers in Adana, Ankara, Antalya, Gaziantep, İzmir and Samsun. In 2018, a total of 1,884 people including 550 students from a total of 102 universities and vocational high schools, including universities from other countries such as Kazakhstan and Azerbaijan, 90 people from Logo's customers and 1,244 from business partners benefited from the trainings. We also provided support to 280 people who participated in the training provided under the Training Program supported by the Turkish Employment Agency to find jobs. Total number of Logo Academy students who have found jobs in the information technology industry has exceeded 2,000. The number of certificated specialists of Logo products reached 6,730 people by the end of 2018.

Every year we are expanding and developing the training modules of Logo Academy which enables transferring our knowledge to the future.

Customer satisfaction

Our two-way and solution-oriented communication with the customers is an inseparable part of our success. This year, we have reached 90,217 active customers including 4,332 new customers.

We put customer satisfaction at the center of our business processes, and we manage it under ISO 10002 Customer Satisfaction Management System. We identify the customer's needs and requests with product experience and satisfaction measurement interviews that we conduct to measure customer satisfaction of our customers regarding our products. We analyze all feedback impartially; protect customers personal information in accordance with the Information Security Policy and offer transparent and quick solution proposals. The feedback we obtain contributes to the development of enterprise application solutions that we provide and we improve products where required not to repeat the dissatisfaction. We had a telephone survey with 1,075 customers for ERP products in 2018. In addition, 1,324 people participated in the customer satisfaction survey.

We put customer satisfaction activities at the center of our business processes, and we manage it under ISO 10002 Customer Satisfaction Management System

We launched Logo World of Opportunities (Logo Fırsatlar Dünyası) platform to offer special discounts and campaigns to our Logo and eLogo customers through our agreements with different brands. Under the scope of Logo World of Opportunities, which we have designed as a loyalty program, we provide special offers under the scope of collaboration with different brands via logofirsatlardunyasi.com website. Logo Enterprise Membership (LEM), as another service that we offer, is a subscription system which enables current Logo users to benefit from updates and new features which are not sold as separate modules. We provide LEM to our customers free of charge during first year of product sales.

Our customers can contact us via our corporate web page at <https://www.logo.com.tr/bizi-taniyin/iletisim> and call center 444 56 46 to report any opinions, suggestions and complaints.

We provide regular training to our employees to ensure maximum level of customer satisfaction. The trainings delivered this year includes Customer-Focused Service Skills, Satisfaction and Effective Communication in Customer Relations and Identification of Customer Requirements, Convincing and Effective Communication Program training.

Entrepreneurship

In order to keep pace with the changing world and to develop new business models and innovative approach, companies need to adopt and integrate entrepreneurship and innovation into their business processes. While entrepreneurs contribute to keeping pace with the global competitive environment, they also take place as the actors of change in the organizations which have to follow technological advancements.

Our entrepreneurship and innovation approach is the foundation of our company. Logo Ventures Venture Capital Investment Fund, established in 2017 to provide support for entrepreneurial companies acting in the field of technology in their incubation period, made its second investment this year. Logo Ventures provided 500,000 USD support for V-Count - a cloud-based business intelligence platform and exports its high technology to more than 90 countries. V-Count has hardware for headcount, queue analysis and density analysis and data gathering hardware, and it analyses these data instantly.

Please find further information on Logo Ventures in 2018 Annual Report.

Logo KOBİ Dijital Hizmetler A.Ş., (Logo SME Digital Services), established in 2017 to develop cloud-based software and service-based micro services for small scale companies such as individual consultants, continued its operations this year. The company developed Logo İşbaşı pre-accounting software with the aim of offering mobile solutions that supports small businesses by increasing their productivity. Logo İşbaşı also introduced the first and the only voice commended invoice application in Turkey. It enables issuing sales invoice in seconds by means of the invoice templates readily available on the system. Furthermore, pre-accounting operations such as an e-invoice, payables/receivables, collections, bank deposits have also been included in Logo İşbaşı platform in 2018.

We publish the stories which customers share their product experience on our corporate web site as videos and written texts. You can access the Success Stories here.

Logo culture and employee experience

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<i>Employee satisfaction and communication</i>	<i>4 5</i>
<i>Occupational health and safety</i>	<i>4 6</i>
<i>Social impact</i>	<i>4 8</i>

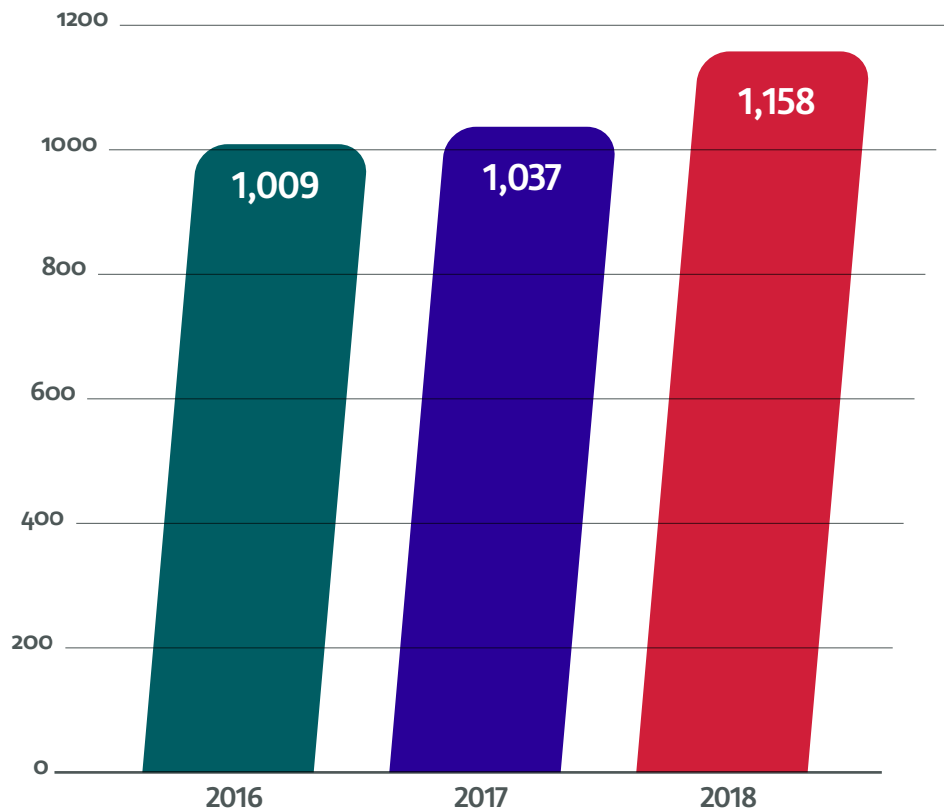


Logo culture and employee experience

We have an extensive impact area with our solutions that we present in various sectors as the largest publicly listed software company in Turkey. Our employees are the key players behind the success stories we create. Therefore, our priority is to offer the best work and development conditions for our employees. We create a people-oriented work environment where each employee feels respected and valuable, achievements are awarded, the development is supported, and which is nourished by diversity.

At present, we are a family of 1,158 people.

Number of employees*



**This is the year-end number of employees and the operations in India are not included.*

Our attitude based on ethical approach towards our employees stems from the Universal Declaration of Human Rights (UDHR) and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We believe that growing together with our employees is the key to sustainability. We shape the working conditions at Logo with this approach and focus on improving the employee experience. In 2018, we created the People and Organizational Transformation framework and provided key developments to empower our human resource and define a new work culture in the company.

We manage this strategic transformation process with the objectives of:

- Hiring the most talented young and experienced professionals to move Logo forward
- Investing in continuous development of the employees
- Providing equal opportunities for all employees
- Implementing competitive wage policies
- Targeting high performance and awarding success
- Acting in a fair and impartial manner in all human resources processes.

People-oriented organizational transformation approach:

In order to develop a people-oriented culture in our company, we aim to create a work environment which is transparent and observant of requirements, by which the employees feel trusted and invested in, celebrates success, enables people to enjoy while doing their work. In order to achieve this objective, we have identified several sub-objectives which comprise building one team; creating a digital work environment; exchange and rotation programs across countries and functions, reinforcement of a culture of diversity and inclusion focused on women and young people, and further increasing the occupational health and safety awareness level.

Under the scope of organizational transformation, another development in 2018 was transition to the center of expertise, which is responsible for all Logo Group companies. We set up the following functions under this organization:

- Organizational development
- Compensation, rewarding and employee relations
- Learning and development
- Administrative affairs, building management and OHSAS.

the duties of the employer brand and internal communication unit have been revised and its influence has been reinforced.

We identified different focus areas under people and organizational transformation and took actions for these areas.



Leadership capacity

We created a Leadership Program which consists of Team Leadership*, Strategic Agility** and Energizing Leadership*** modules for our all senior and mid-level executives. Energizing Leadership, the last module of the training, will be completed in 2019. Furthermore, for leadership roles, we introduced the Assessment Center practice for promotion and recruitment and began to design personal development of leaders together with them.



Effective talent management

We designed an exchange program for Logo J-platform specialization between Turkey and India. We will launch the program in 2019.

"Women and Youth" focused collaborations have been created with TurkishWIN.



Process improvement

We conduct internal communication activities which focuses on the employees' needs. The policies we have published are among these activities.

We have been involved in the Business against Domestic Violence Project organized by Sabancı University. We train employees to play a role in the prevention of domestic crime.



Creating a training and development catalogue

We prepared banners for OHSAS to be used in our organization.



Digitalization of HR processes

We are targeting to increase the use of technology and integrate digitalization into HR processes by reviewing recruitment, performance, career and compensation systems.

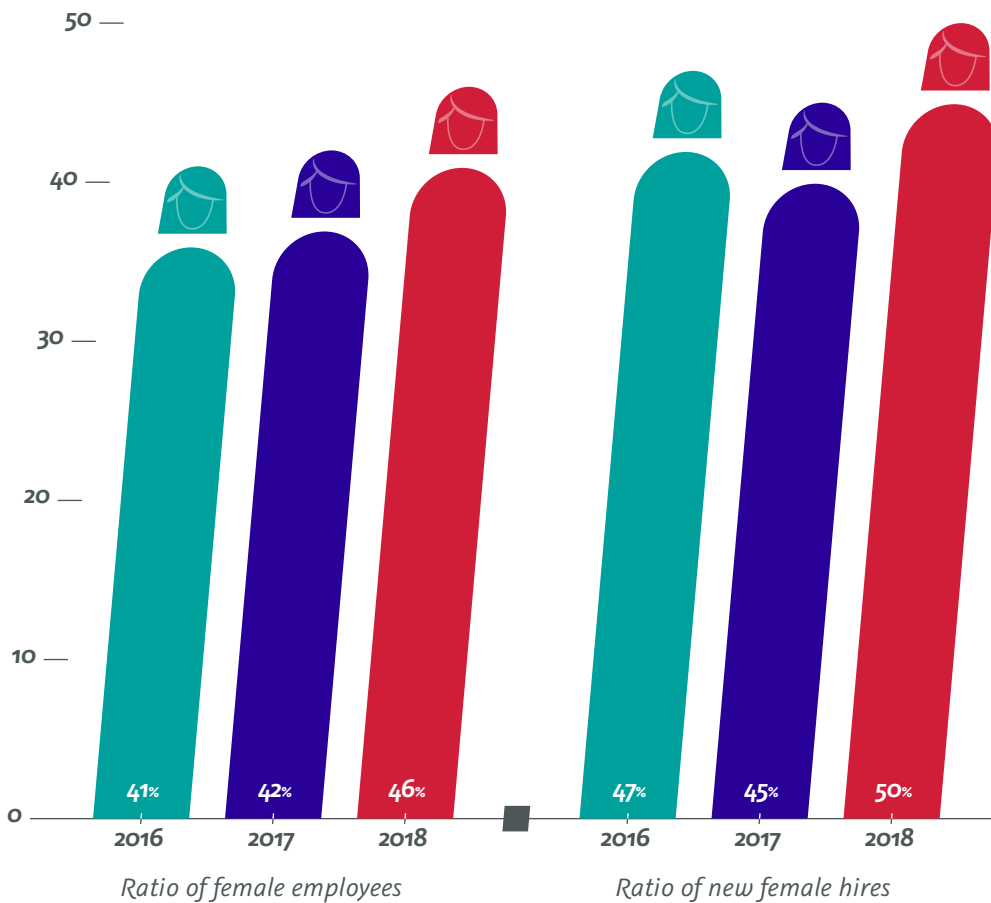
Leadership phase 1- Team leadership- Creating awareness related with team leadership through practice by communicating brain-based learning and leadership fundamental tools to leaders. **Leadership phase 2 – Strategic agility – Conducting studies related with the fields such as Logo's transformation, our customers, our culture, delegation and engagement by using different and innovative leadership methods with leaders and discussing our 2019 action plans and objectives based on these studies. *Leadership phase 3 – Energizing leadership - Using the individual and corporate balance model of middle/ senior level executives who work under high pressure to ensure that both themselves and their teams reach content and sustainable success.*

Diversity and equal opportunities

We consider differences as richness and this plays a key role in the innovative and creative dynamic that we created in the industry. As a company with international operations, we believe that diversity brings success. Specific talents and skills of our human resource move us forward. Therefore, we offer equal opportunity to our employees on the issues such as gender, language, religion, race, and sexual orientation without making room for discrimination.

As in every aspect of life, ensuring gender equality in business, empowering women, and their representation in the economic area at least as much as men is needed. We own gender equality and take action in this regard. As the number of employees increased in the last three years, **the ratio of female employees to total number of employees reached 46% in 2018**. The ratio of female employees within the new hires was 50%. We attach importance to developing the competency of our female employees and also to bringing them to decision-making positions and developing their leadership skills. As a result, we will pave the way for the women leaders of tomorrow.

The ratio of female employees increased to 46% in 2018. 50% of new hires consist of female employees.



Investing in competencies

We are investing in the development of our work force in accordance with our philosophy to grow with our employees. We take our strength from our competent and successful employees. We also support the development of the software industry by introducing these talents to the industry. We design professional training and development programs for our human resource to gain competencies and develop their existing talent. In addition, we follow up the performance of our employees and always recognize success with a reward system.

Training and development

Our priority is to contribute to the professional and personal developments of employees. We provide trainings for topics such as Customer Focus, Strategic Thinking and Planning, Re-Employment Claims, Interview Techniques, Project Management, Gender Equality in Society, Effective Communication.

In 2018, we increased the average training hour per employee by 42% compared to the previous year. In addition to training, we created the **Leadership Development Program** for the leaders regarding the tools needed for planning the development of their teams and for them to coach their teams. Under the scope of the leadership training, all senior and mid-level executives in the organization completed the Team Leadership and Strategic Agility modules. They will complete the **Energizing Leadership** as the last module of the training in 2019. Furthermore, for leadership roles, we introduced the Assessment Center practice for promotion and recruitment and began to design personal developments of leaders together with them. The employee development program **United Teams** enables collaboration and sharing among teams and increase commitment of teams to their work. This year the Leadership Development Program and United Teams participation rates have been 13% and 37% respectively.

The average training hour per employee increased by 42% compared to the previous year.

We identified the objectives to continuously support our employees' development and to perform better:

- Developing leadership competencies of executives
- Starting internal trainer process
- Ensuring the access of digital training resources
- Delivering training to improve competencies

Performance and career management

Career and performance management in Logo is based on the measurement by the executive who assesses performance related with the employee and the related objective. We assess our employees every year and regularly monitor their progress. In 2018, we conducted regular performance and career development assessment for 58% of our employees and evaluated all these employees with the criteria of achieving measurable objectives.

We made scenario studies for the systems we plan to launch in 2019 under talent management and career planning. We are continuing our activities which we started in order to identify position-based career paths.

Business Assessment System constitutes the foundation of our compensation principle which we consider under performance management. We are offering fair and equal conditions thanks to the system we created on the basis of talent, job size and wage benchmarks in the industry. In the system, we designed four different business families. As a result, we are providing equal pay for equal work by grouping together the roles with shared features. We also implement competitive compensation policies which are eligible for these work families. In the system, we are also evaluating the remuneration system by taking into consideration the annual performance levels of employees and the work family groups created with job levels. We implement annual compensation increases on the basis of these evaluations and on position basis in a fair and balanced manner with market benchmarks, and by taking into account internationally accepted systems and internal balance. We introduce them as of January.

Employee satisfaction and communication

Measuring satisfaction of our employees and understanding their expectations is important for us to move our company forward. Therefore, we conduct Employee Engagement Survey in order to obtain the opinions of our employees. According to the results of the Survey with 92% participation this year, 88% of our employees are proud of working at Logo, 85% recommend Logo as an employer and 94% think that employee diversity is given importance.

Occupational health and safety

As a company offering OHS solutions for many industries, it is our responsibility to minimize or eliminate any items which endanger the health and safety of our employees. Therefore, we carry out OHS management according to legal regulations, and create a company culture which adopts OHS in the overall company, mainly including senior management.

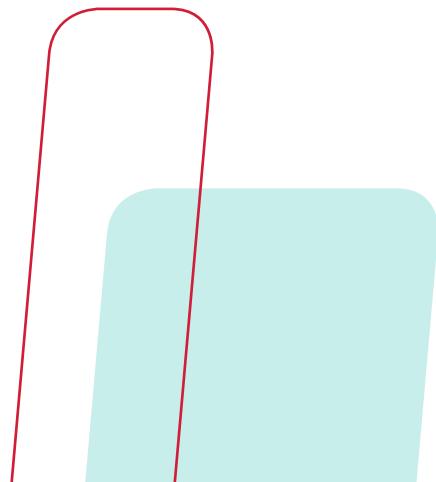
In our Gebze and Ankara offices, we fulfilled the requirements for the international standard ISO 45001, which replaced OHSAS 18001, and covers executive commitment, employee participation and risk control; we will complete the certification process after the independent audit in 2019.

In Logo, OHS is owned and managed by senior management with voluntary participation of all employees. The senior manager responsible for OHS directly reports to Executive Committee Member Responsible for Human Resources and Administrative Affairs. The Occupational Health and Safety Coordination Board, which has been created with the participation of employees, conducts efforts to create a safe work environment.

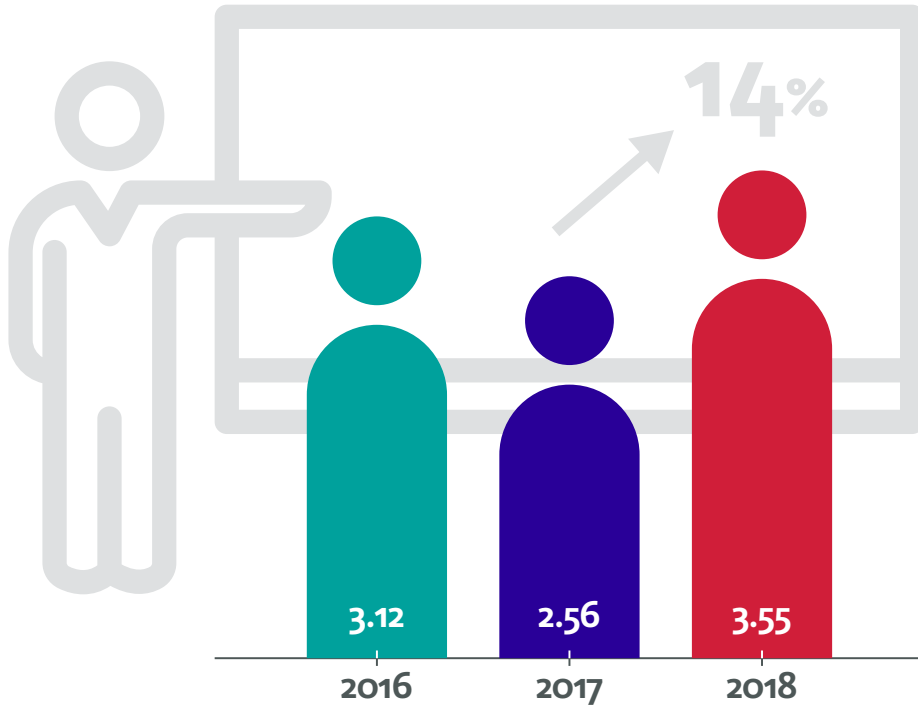
We map OHS risks as risks caused by office ergonomics such as neck and waist disorders, risks caused by buildings such as sliding and fall, and risks caused by traffic due to vehicle and service use. As a result, we both take measures against risks and group and manage them effectively.

Increasing OHS awareness of employees is important in creating a safe and healthy work environment. Therefore, we deliver OHS trainings to our employees and enable increasing their awareness in this respect. In the last three years, OHS training per employee increased by 14%. 41% of the training delivered per total of employees are only OHS-related training. Furthermore, the OHS billboards we prepared under our Organizational Transformation objectives contributes to employee awareness.

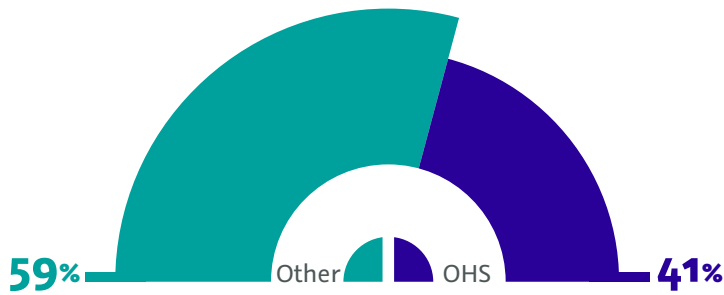
Any mortal cases have not been experienced in our company and three accidents have occurred.



OHS training per employee



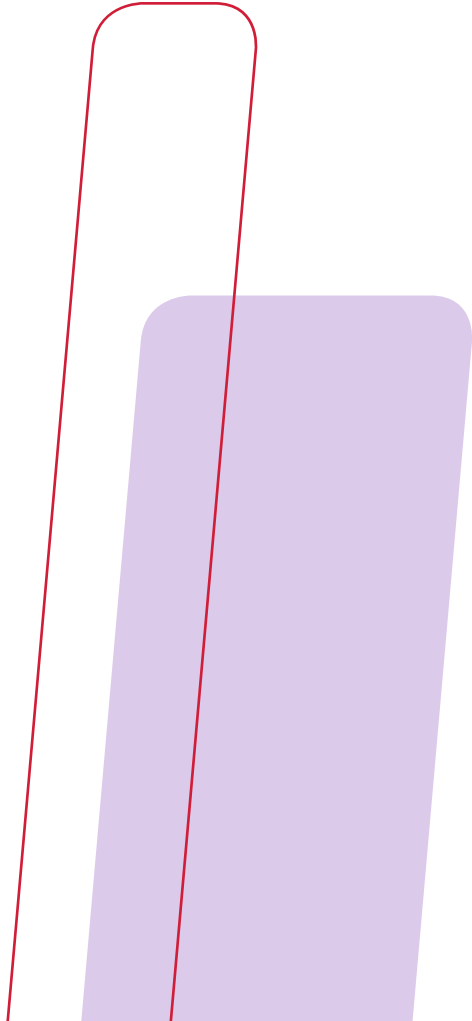
Training and OHS



Social impact

Logo's corporate culture is built on the idea of acting with social awareness. Creating positive social impact through social investment programs is one of the focal points of our sustainability strategy. Software industry has important opportunities in increasing the social impact. With our leadership and competencies in the industry, and the contribution of our employees and managers we support the development of society and provide social benefit.

While achieving new success stories in the industry every day, we improve technology by focusing on people and considering environmental responsibility. We develop all our social contribution projects by ensuring that they create social benefit and impact.



Projects and activities

On April 23, we have been organizing *Logo Children Festival* for the past 5 years as a tradition. The children of our employees attend numerous creative activities such as the design workshops and dance events.

We have been involved in the *Business against Domestic Violence* Project organized by *Sabancı University*. We are training trainers internally to play a role in the prevention of domestic violence.

Logo Sail Team established in 2006 and sponsored initially by us is now a sports club of 16 people that we regularly invest in.

We introduced the students of Kırımlı Aslanbey Primary School in Fatih, Istanbul to cinema for the first time and made the dreams of 500 students come true by cooperating with *All Kids are Ours Association* and *begoodtome.com*.

We also attended *World Cleanup Day*, one of the greatest civil movements of the world. We collected the garbage in Istanbul Belgrad Forest by cooperating with Let's Do It! Turkey Platform.

We supported the *Tree Brotherhood Project* that has been carried out by TEMA Foundation for the last three years. In the project which the children grow their own saplings, we helped the children of Edirne to create their own Memory Forest in 2018.

Corporate Running Team composed of our people supported the Tree Brotherhood Project by racing at the 40th Vodafone Istanbul Marathon with TEMA Foundation.

M. Tuğrul Tekbulut, our founder and the Chairman of the Board of Directors, founded *Mehmet Tuğrul Tekbulut Vocational and Technical Anatolian High School* by cooperating with Turkish Ministry of Education.

We provide *Logo Scholarship* for two girls studying at Koç University in scope of the *Anatolia Scholarship* project.

Social benefit

Contributing to the development of children's creativity, we play a role in creating a productive society.

We help creating corporate awareness regarding gender equality and contribute to raising awareness.

We contribute to the growth of healthy individuals by supporting sports. Logo Sail Team was in top 3 in 18 of the 21 races in 2018. The team has many national and international achievements.

Introducing children to cinema contributes to their cultural development.

As a corporation, we contribute to raising environmental awareness in the society, industry and business domain.

Enabling children to plant their own saplings, we help creating a future society with high environmental awareness.

Taking role in raising young individuals skilled and informed in sector contributes to creating a developed society with high level of occupational improvement.

We support disseminating qualified education and contribute to the social development through educating competent individuals

Environmental sustainability

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Environmental sustainability

Digitalization offers important opportunities for environmental sustainability in addition to transforming the business world and facilitating life. The products we offer enable moving processes to digital platforms and contribute to increasing efficiency in different fields. Our products such as enterprise resource planning, business analytics solutions which provide efficiency, enable managing different environmental issues from greenhouse gas reduction to waste generation.

We are reducing the impact on environment via our products and accordingly, we attach importance to developing products which benefits the environment. In addition to our products, we are also measuring the footprint of our operations and try to reduce them. We manage air emissions within the limits of regulations.

We are managing the environmental impacts in our operations according to Logo Environmental Policy. The policy includes energy efficiency, reduction of greenhouse gases, efficient use of resources and reduction of waste generation. Our Environmental Policy is regulated, implemented and supervised under the leadership of the Board of Directors. Furthermore, Logo Total Soft has ISO 14001 certificate and in it conducts environmental management in this scope.

We are managing the environmental impacts in our operations in Turkey according to Logo Environmental Policy. Logo Total Soft has ISO 14001 Environmental Management System.

Energy and greenhouse gas emissions

Climate change is one of the most important challenges of our age, and accordingly, reducing energy consumption and greenhouse gas emissions are among the material environmental areas.

Renewable energy plays a key role in combatting climate change and transitioning to a low-carbon economy. In accordance with the importance we attach to renewable energy, we generate electricity with 20 kW capacity solar panels installed on the roof of our Gebze campus. With the energy we generated on photovoltaic solar panels, we can prevent 30 tones of carbon dioxide emissions, which is equivalent to the plantation of 780 trees a year.

Servers are one of the most important energy consumers. In order to increase efficiency in server consumptions we are operating 50 servers only via 4 servers as a result of virtualization in our server infrastructure. While optimizing efficiency in the use of energy, we are also reducing the need for cooling. We achieved 21 MWh energy savings and TL 5,800 financial savings with the activities such as electric generation from solar power and server optimization.

Water and waste management

Water consumption and wastes constitute our other major environmental footprint. Therefore, we are working on reducing water consumption and waste. We aim to reduce the paper use at offices and recycle all paper. We are reducing paper consumption by integrating our digital products such as Virtual Shipment and Logosphere Order System to our processes.

We recycle more than 1,000 kg of electronics per year by recycling our old computers with expired lifetime, electrical and electronic waste. Awareness of employees is very important to reduce water consumption and waste. Therefore, we organize events and communication activities to raise employee awareness.

Annexes

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Environmental performance indicators

Energy consumption (MWh)	2016	2017	2018
Electricity purchased	933	936	954
Natural gas	998	1.514	651
Generator (diesel)	9	10	0
Vehicle fuel oil	1.941	2.454	3.286
Solar power	21	21	21
Total	3.903	4.934	4.911

Greenhouse gas emissions* (tonnes CO₂)	2016	2017	2018
Scope 1	1.034	1.126	1.264
Scope 2	459	478	483
Total	1.493	1.604	1.748

Water consumption (m³)	2016	2017	2018
Municipal water	15.381	12.541	11.982

Waste (tonnes)	2016	2017	2018
Hazardous waste	3,03	0,73	1,32
Recycled waste	201	961	446
Landfill waste	32,8	32,1	37

*A calculation method based on "greenhouse gas activity data multiplied by greenhouse gas emission or removal factors" has been implemented as the greenhouse calculation methodology. Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol. The Global Warming Potential (GWP) coefficients, were taken from the Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report.

-No environmental fine has been received in the last 4 years.

Social performance indicators

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Total number of employees	409	600	433	604	530	628
Number of employees under collective labor agreement	0	0	0	0	0	0

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of employees who benefit from birth/parenthood leave	9	21	6	18	5	22
Number of employees resuming work after birth/parenthood leave	8	21	4	18	3	22

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of employees subject to regular performance assessment	214	360	229	358	272	403

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Employees in executive bodies						
Under 30 years	2	5	2	4	2	4
30-50 years	38	91	34	79	39	78
Over 50 years	12	8	9	8	4	7

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Board of directors	1	5	1	5	1	5

	2016		2017		2018	
	Female	Erkek	Female	Erkek	Female	Erkek
OHS data						
Number of accidents	0	0	0	0	3	3
Number of fatalities	0	0	0	0	0	0
Injury rate (IR)	0,00		0,00		0,57	
Occupational disease rate (ODR)	9,43		9,44		6,62	
Lost days rate (LDR)	0,00		0,10		0,47	
Absence rate (AR)	0,00		0,00		0,00	

GRI content index

GRI standards

Disclosures

References

GRI 101: Foundation 2016

General disclosures 2016

Organizational profile

102-1	4
102-2	http://en.logo.com.tr/en/solutions
102-3	http://en.logo.com.tr/en/get-to-know-us/contact-us
102-4	8-10
102-5	10
102-6	8, 2018 Annual Report (http://en.logo.com.tr/content/LogoFaaliyetRaporu_ING.pdf)
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102-49	There is no significant changes.
102-50	4
102-51	2017 Sustainability Report, 1 January 2017 - 31 December 2017
102-52	Annual
102-53	4
102-54	4
102-55	58, 59
102-56	No external assurance.

GRI 102:
General Disclosures 2016

<i>GRI standards</i>	<i>Disclosures</i>	<i>References</i>	<i>Omission</i>
Material topics			
Financial profitability			
<i>GRI 103: Management Approach 2016</i>	103-1	11-12, 18	-
	103-2	11-12, 18	-
	103-3	11-12	-
Contribution to society			
<i>GRI 103: Management Approach 2016</i>	103-1	19, 59	-
	103-2	19, 59	-
	103-3	59	-
<i>GRI 203: Indirect Economic Impacts 2016</i>	203-1	59	-
Business ethics			
<i>GRI 103: Management Approach 2016</i>	103-1	18	-
	103-2	18	-
	103-3	18, 23	-
<i>GRI 205: Anti-corruption 2016</i>	205-3	23	-
Diversity and equal opportunity			
<i>GRI 103: Management Approach 2016</i>	103-1	19, 43	-
	103-2	19, 43	-
	103-3	43	-
<i>GRI 405: Diversity and Equal Opportunity 2016</i>	405-1	43, 57	-
Technology and R&D Power			
<i>GRI 103: Management Approach 2016</i>	103-1	18, 26-27	-
	103-2	26-27	-
	103-3	26-27	-
Digital transformation			
<i>GRI 103: Management Approach 2016</i>	103-1	18, 26	-
	103-2	26	-
	103-3	26	-
Customer orientation and satisfaction			
<i>GRI 103: Management Approach 2016</i>	103-1	18, 35-36	-
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	103-3	35-36	-
Customer privacy and data security			
<i>GRI 103: Management Approach 2016</i>	103-1	18, 31	-
	103-2	31	-
	103-3	31	-
Promoting entrepreneurship			
<i>GRI 103: Management Approach 2016</i>	103-1	19, 34-37	-
	103-2	34-37	-
	103-3	34-37	-



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