

SUSTAINABILITY REPORT 2023



*We are shaping the  
future furniture.*

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# 01

## Introduction

*future furniture*

comes to life through sustainable  
and innovative solutions.

About the Report

Message from the Chairman

Message from the CEO

2023 Highlights

Sectoral Overview and Trends





# About the Report

As Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. (Doğanlar Furniture Group, DGNMO), we are proud to present our inaugural Sustainability Report 2023, demonstrating our commitment to sustainability and providing a transparent account of our progress to all stakeholders. This report, prepared in accordance with the Global Reporting Initiative (GRI) 2021 Standards, offers a comprehensive overview of the key milestones on our sustainability journey, highlighting our Environmental, Social, and Governance (ESG) performance and outlining the strategic goals we have set for the future.

The data presented in this report, both quantitative and qualitative, cover the period from January 1 to December 31, 2023. The Environmental, Social, and Governance (ESG) data in the report pertains exclusively to our operations within Türkiye, excluding international activities.

However, the financial data cover all domestic and international operations of Doğanlar Furniture Group.



To ensure consistency and enhance comparability, numerical data for a three-year period (where available) is provided, along with exemplary practices highlighting our ESG performance.

This year, we launched our **future furniture** sustainability strategy, designed to align with our long-term growth objectives by developing innovative solutions to manage our environmental and social impacts.

As part of this strategy, we have defined specific sustainability targets and accelerated our efforts toward their realization. This report details the fundamental components of this strategy and our key objectives.

Additionally, the report includes the findings of a materiality analysis conducted with input from our stakeholders, taking into account their insights and expectations. This analysis has played a critical role in shaping our sustainability targets and the structure of the report.

We highly value the feedback of our stakeholders, which is instrumental in the ongoing refinement and enhancement of our sustainability initiatives. We welcome all comments, suggestions, and inquiries regarding the report and our sustainability efforts via [surdurulebilirlik@doganlarmobilyagrubu.com](mailto:surdurulebilirlik@doganlarmobilyagrubu.com).



# Message from the Chairman

## Dear Stakeholders,

The year 2023 has presented significant challenges, as our country faced economic volatility and social adversity. During this period, Doğanlar Furniture Group has remained steadfast in upholding the spirit of solidarity, viewing support for our community as a fundamental responsibility. Our commitment to standing by society extends beyond difficult times, as we continue to engage in aid and solidarity efforts as part of our long-term vision.

Despite the obstacles we encountered, we navigated through 2023 with resilience and determination, emerging stronger. Driven by our ambitious goals and innovative strategies, we continue to set ourselves apart within the industry.

It is with great pride that we present our first Sustainability Report to our stakeholders. Through this report, we transparently present the key steps we took in 2023 as Doğanlar Furniture Group, the innovative solutions we implemented in line with our environmental and social responsibilities, and our long-term sustainability goals, welcoming insights from all our stakeholders.





In 2023, as Doğanlar Furniture Group, we deepened our commitment to sustainability, taking deliberate strategic steps. Guided by our vision of creating the *Future Furniture* we remain focused on producing products that meet not only today's demands but also anticipate future needs, while being both nature-conscious and mindful of human well-being.

Our efforts to improve energy efficiency and explore renewable energy sources have continued to deliver results this year. Our solar energy projects are a testament to our dedication to both increasing efficiency and reducing our carbon footprint. We remain committed to using resources responsibly and protecting the natural balance in all our production processes.

The well-being and growth of our employees are essential pillars of our sustainability strategy. Through initiatives that promote gender equality and diversity, we continue to support the professional and personal development of our workforce. Furthermore, through our company-wide Sustainability Awareness Training, we have fostered a deeper understanding and alignment across our group on the principles and imperatives of sustainability.

As we move forward with our *Future Furniture* vision, Doğanlar Furniture Group is on a determined path to becoming the leading furniture manufacturer in Türkiye and the broader region. I extend my heartfelt gratitude to all our stakeholders, dealers, suppliers, team members, and customers for their continued support. Together, I am confident we will build a stronger and more sustainable future.

With kind regards,  
İsmail DOĞAN  
Chairman of the Board of Directors

“

**As we move forward with our “Future Furniture” vision, Doğanlar Furniture Group is on a determined path to becoming the leading furniture manufacturer in Türkiye and the broader region.**

”



# Message from the CEO

## Dear Stakeholders,

2023 has been a pivotal year for Doğanlar Furniture Group, marked by significant steps forward in our sustainability journey. We have taken decisive steps to reduce our environmental impact and fulfill our social responsibilities through projects that serve as the foundation of our sustainability strategy. As we share our inaugural sustainability report, we are proud to highlight our efforts aligned with our environmental and social responsibilities to you, our valued stakeholders.

At the core of our vision for the **Future Furniture** is our dedication to nature and humanity, achieved through sustainable and innovative solutions. Guided by the principles that underpin our sustainability strategy, we aim to implement operations that harmonize with nature, embrace a responsible supply processes, and create sustainable living spaces. Throughout all our business operations—from production to the supply chain—we embrace a responsible approach.

We are committed to sourcing our raw materials from sustainable origins, preventing deforestation, and adhering to principles that foster biodiversity conservation. In this regard, Doğanlar Furniture Group hold FSC Chain of Custody (COC) Certificate, which promote the sustainable management of forest resources. Moreover, our renewable energy investments in 2023 further underscore our commitment to the environment. Through our solar energy projects in Biga and Düzce, we have achieved a total renewable energy production capacity of 9,524 kWp. These investments not only enhance our energy efficiency but also play a vital role in meeting our carbon footprint reduction targets. Additionally, through our initiatives in sustainable material usage, we have incorporated recyclable materials into our production processes. By utilizing fabrics made from 3,500 meters of PET bottles and 12 tons of recycled fiber, we contribute to the circular economy.

“

**With our brands Doğtaş, Kelebek, Kelebek Kitchen & Bathroom, Lova Mattress, Ruum Store, and BiGA Home, we develop environmentally friendly products while offering solutions that combine aesthetics and functionality.**

”





In alignment with our sustainability targets, we aim to achieve net-zero emissions by 2050. By 2030, we plan to utilize 100% renewable energy across all operations and transition at least 50% of our logistics fleet to zero-emission vehicles. We are resolutely committed to making significant strides in minimizing our carbon footprint in accordance with these sustainability objectives.

Our investments in research and development and innovation continue to shape the future. Through our brands—Doğtaş, Kelebek Furniture, Kelebek Kitchen & Bath, Lova Mattress, Ruum Store, and BiGA Home—we are dedicated to developing environmentally friendly products that seamlessly blend aesthetics and functionality. Particularly at our Design Centers in Maltepe and Düzce, we continue to innovate by creating products that merge technology and design, making a noteworthy impact in the industry. Throughout 2023, we invested a total of TRY 68.6 million in R&D, supported by a skilled team of 61 experts, and have set a goal of filing at least two patent applications each year as an outcome of our innovation-focused initiatives. In doing so, we are implementing production models that minimize environmental impact through innovative approaches in our design processes.

The United Nations Global Compact (UNGC) and Women's Empowerment Principles (WEPs), which we have endorsed in prior years, have been instrumental in integrating gender equality and sustainability within our organization. Reflecting our commitment to gender equality, women make up 47% of our white-collar workforce, and the percentage of women on our board of directors has reached 43%. We are committed to enhancing our efforts in this area, as promoting gender equality remains a top priority for us.

In 2023, we focused not only on achieving financial success but also on implementing projects that benefit society and initiatives that enhance the well-being of our employees. We have offered comprehensive training programs to support employee development and executed various social responsibility projects designed to help each individual realize their full potential.

We consider the creation of shared value with our stakeholders to be one of the most critical components of our sustainability strategy. In 2023, we conducted a Stakeholder Workshop to gather insights on the expectations and suggestions of our stakeholders, shaping our sustainability priorities based on this invaluable feedback.

Through collaboration and transparent communication, we are building sustainable business models and continuing to grow together with our stakeholders.

2023 was filled with determined steps toward achieving our sustainability objectives. We will continue to work alongside our stakeholders to sustain these successes and strengthen our company for a more sustainable future.

I extend my heartfelt gratitude to all our stakeholders for their unwavering support and contributions.

**With kind regards**  
**Mustafa KARAMEMİŞ**  
**CEO**





# 2023 Highlights

**61**

Number of R&D and innovation employees

**199,752.4 tons of CO<sub>2</sub>e**

Total greenhouse gas emissions for Scope 1, 2, and 3

**6,997**

Occupational Health and Safety (OHS) training hours

**43%**

Women on the Board of Directors ratio

**73.5**

Customer relations training hours

**TRY 68.6 million**

Investment spending on R&D and innovation

**4,524 kWp**

Biga Rooftop SPP annual production power

**68.5**

Accident frequency rate

**47%**

Women white-collar employee ratio

**Customer satisfaction scores**

Shopping Experience: 91.6  
Delivery Service: 75.4  
Service Support: 81.4

**3,500 meters**

Fabric made from recycled PET bottles used in upholstery products

**5,000 kWp**

Düzce Rooftop SPP annual production power

**2,737**

Total number of employees

**TRY 448,000**

Investment spending on employee development

**49**

Number of participants in the Stakeholder Workshop

**12 tons**

PET bottles saved through recycled fibers used in mattresses

**21 tons**

Plastic waste sent to licensed recycling facilities

**65.1%**

Employee satisfaction rate

**10,351 person\*hours**

Total training hours

**96 tons**

Paper waste sent to licensed recycling facilities

**35.9%**

Employee turnover rate



# Sectoral Overview and Trends

The furniture sector is undergoing a significant transformation, driven by environmental concerns, digitization, and shifting consumer preferences. Global trends in innovation and sustainability are rapidly reshaping how businesses in the sector operate. At Doğanlar Furniture Group, we actively follow these trends and continuously evolve our business processes to align with them.



## Environmental Responsibility and Circular Solutions

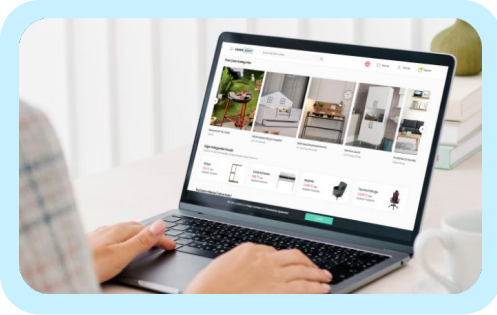
Every year, millions of tons of furniture end up in landfills, replaced by new products. The furniture sector contributes approximately 2% of global CO<sub>2</sub> emissions, matching the environmental impact of the aviation industry.<sup>1</sup> This makes it essential for the sector to undergo a major transformation, focusing on environmental responsibility and technological innovation. With growing environmental awareness, consumers are increasingly choosing furniture made from recyclable and renewable materials, accelerating the adoption of circular economy practices in the industry.

Initiatives such as reclaiming and repurposing second-hand furniture are gaining importance in the pursuit of sustainability goals. By utilizing natural materials like recycled wood and bamboo, brands not only reduce their environmental footprint but also establish an eco-friendly image with consumers.

Moreover, the industry is stepping up efforts to reduce carbon emissions in manufacturing processes.

The use of alternative energy sources, such as solar power, helps companies lower energy costs while fulfilling their environmental obligations. Leading brands are improving their energy management systems to shrink their carbon footprints, which is accelerating the transition to sustainable business models across the sector. These new dynamics not only provide a competitive edge but also open the door to sustainable growth in the industry.

<sup>1</sup> MIT, [Using Technology to Eliminate Hidden Emissions in the Furniture Industry \(2024\)](#).



### Digitization and Technological Innovations

The furniture industry is rapidly adapting to digitization, driven by significant technological advancements. The growth of e-commerce is providing consumers with a broader product selection, while virtual experience technologies are fundamentally reshaping shopping habits by making online purchases more engaging.

Augmented Reality (AR) tools, for instance, enable customers to visualize how furniture will look in their homes before making a purchase, which positively influences decision-making.

With the global furniture e-commerce market expected to grow significantly, investments in this area offer businesses a substantial competitive edge. Projections suggest that the market could reach USD 436 billion by 2029, highlighting the indispensable role that digital platforms will play in the industry.<sup>2</sup> Furthermore, smart furniture solutions, which integrate functionality with advanced technology, are enhancing the ability of companies to create products that better meet modern consumer expectations. Companies that effectively adapt to these digital trends will be well-positioned to gain a strong preference from consumers in an increasingly competitive market.

**The furniture industry is expected to focus more on solutions that allow flexibility and freedom.**

### Innovative Design and Multi-functionality

Modular and multi-functional furniture designs are becoming increasingly popular, particularly among urban consumers dealing with limited living space. These designs offer flexibility by allowing a single piece of furniture to serve multiple purposes, addressing both practical and aesthetic needs. In addition to meeting design expectations, multifunctional furniture excels by offering ease of use and maximizing space efficiency. By focusing on flexible, user-centered solutions, the furniture industry enhances customer satisfaction while also curbing unnecessary consumption by reducing the need for frequent replacements.

Due to the ability of modular designs to quickly adapt to users' changing needs, it is inevitable that in the coming years, brands will focus on developing products that cater to new consumer expectations with simple, functional, and innovative designs.

<sup>2</sup> Statista, Furniture E-commerce Market Size Forecast (2024).

## Regulatory and Legal Frameworks

As sustainability becomes a priority, the furniture industry is experiencing increased regulatory scrutiny. Although Türkiye's furniture sector is not yet directly subject to the European Union's Carbon Border Adjustment Mechanism (CBAM), it is anticipated that such regulations will soon extend to the sector. Additionally, new standards such as the Türkiye Sustainability Reporting Standards (TSRS) require companies to report their environmental impacts more transparently and to take concrete actions to reduce them. European Union carbon regulations are also pressuring manufacturers to take mandatory steps to reduce their carbon footprints.

Moreover, the Deforestation Regulation (EUDR)<sup>3</sup>, which will take effect in 2024, will impose stringent oversight on products containing forest-derived materials imported into the EU. Companies will need to demonstrate that their products do not contribute to deforestation, making certifications such as FSC (Forest Stewardship Council) essential for compliance.



While these regulations may result in increased costs, they also present opportunities for businesses to differentiate themselves through sustainability-driven practices, which is rapidly becoming a key competitive advantage in the sector.

<sup>3</sup> European Commission, Deforestation Regulation Implementation (2024).



## Responsible Sourcing and Sustainable Raw Material Use

In today's market, the origin and production methods of products play a crucial role in influencing consumer choices. Companies are now required to apply environmental, social, and economic standards not only within their own operations but also throughout their supply chains. Embracing sustainable raw materials and collaborating with responsible suppliers has become a pathway for businesses to unlock new growth prospects and gain a competitive edge.

The Environmental Protection Agency (EPA) reports that, in 2018, 80% of furniture produced in the U.S. ended up in landfills without being recycled.<sup>4</sup> This trend, combined with changing consumer preferences and regulatory pressures, has led to a significant shift within the industry. Many large furniture brands are turning to sustainable materials. IKEA's commitment to transitioning to 100% renewable and recycled materials across all its products by 2030 stands as one of the most significant examples of this transformation.<sup>5</sup>

**Companies must integrate not only their own operations but also their supply chains into environmental, social, and economic standards.**

The use of such sustainable raw materials not only mitigates environmental impact but also enhances consumer health and safety. Materials like FSC-certified wood and recycled materials are increasingly favored within the industry. Additionally, sourcing local materials helps to reduce carbon emissions and streamline quality control processes. Working with local suppliers not only lowers costs but also addresses the growing consumer demand for environmentally friendly products, making it a valuable strategy for furniture companies.



<sup>4</sup> EPA, *Durable Goods Product-Specific Data: Furniture and Furnishings* (2023).

<sup>5</sup> Reuters, *IKEA to Use Only Renewable and Recycled Materials by 2030* (2018).

# 02

## Corporate Profile

*future furniture*

is inspired by the strength of the past to shape the future.

About Doğanlar Furniture Group

Economic Performance

Doğanlar Furniture Group Value Chain

Corporate Governance

Risk Management

Climate Related Risks and Opportunities





## Our Vision

To be a global and pioneering brand that shapes the Future Furniture through sustainable and innovative solutions.



## Our Mission

To deliver furniture solutions that create value for our stakeholders through people-centric and nature-conscious operations.

## Our Values

### Our Brand

We recognize that our brands are our most valuable assets and approach every activity with this understanding in mind.

### Warmth

We prioritize a sense of familial closeness and friendliness in our internal and external relationships. We foster and express a family-oriented culture within our organization, viewing our employees, business partners, and dealers as integral members of our extended family.

### Social and Environmental Corporate Culture

In alignment with our mission, we pursue our journey through a socially responsible and environmentally conscious framework, emphasizing human values and a culture of sharing.

### Transparency

We are committed to maintaining transparency in our management practices and business ethics. Self-criticism is a fundamental aspect of our corporate culture.

### Reliability

We are dedicated to providing the reliable products of the highest quality and fair pricing, along with exceptional service both before and after sales. Furthermore, we embrace a corporate culture that ensures a fair working environment for our employees, promotes transparency for our shareholders, and adheres to environmental regulations for the benefit of society.

# About Doğanlar Furniture Group

Founded in 1972 by Hacı Ali Doğan in a small workshop in Biga, Çanakkale, Doğanlar Furniture Group today leads the Turkish furniture industry with its 6 brands. In 2012, Doğtaş strengthened its position in the furniture industry by acquiring 67% of the shares of Kelebek Furniture, one of the oldest industrial enterprises in the history of the Republic, which was founded in 1935 to produce plywood for aircraft wings. In 2013, with the acquisition of all Kelebek Furniture shares, our company title became Doğtaş Kelebek Mobilya San. ve Tic. A.Ş. Since 2021, we have been operating as a group serving in the furniture industry in Türkiye and abroad under the name Doğanlar Furniture Group and we have been traded on Borsa İstanbul under the code DGNMO since 1990.

With our robust presence in the Turkish market and extensive experience, we are actively enhancing our international operations. In 2021, we established Doğtaş Senegal, Doğtaş Cyprus, and Doğtaş America, followed by the launch of Kelebek UK in 2022, marking our strategic expansion into diverse geographies. In 2023, we further strengthened our portfolio by acquiring D'Afrik Senegal. As of the end of 2023, we export to 45 countries and operate a total of 730 sales points worldwide.

**6**

brands

**730**

sales points

**45**

countries exported

**3**

factories

**2,737**  
employees**4**international  
logistics centers**6**domestic  
logistics centers





## We work with the aim of producing and selling modern designed furniture at accessible prices.

Our mission is to produce and sell modern, well-designed furniture at accessible prices. We continue our journey in the furniture sector with our brands: Doğtaş, Kelebek, Lova Yatak, Kelebek Mutfak Banyo, Ruum Store, and BiGA Home, which we acquired from D'Afric Senegal. Through our diverse brands, we offer a wide range of products, including seating groups, bedroom sets, dining room furniture, youth rooms, kitchens, and bathrooms. In 2023, we established corporate sales and kitchen project divisions to facilitate project-based and corporate sales. Furthermore, we are expanding our reach beyond physical retail by leveraging our growing online and e-commerce network, which includes the websites of our brands and various marketplaces, as well as our Ruum Store brand.

As the third-largest furniture company in Türkiye by store count, we have consistently ranked among the Brand Finance Türkiye 100, which recognizes Türkiye's most valuable brands, since 2017.

In addition, we are climbing up the ranks among the companies on the ISO 500 list every year, maintaining our strong performance and growing our business. Our journey continues with a commitment to sustainable and profitable growth, focusing on new brands, product lines, and markets while preparing our collections in advanced technology production facilities and ensuring timely delivery to our customers to elevate customer satisfaction.

**We are climbing up the ranks among the companies on the ISO 500 list every year.**

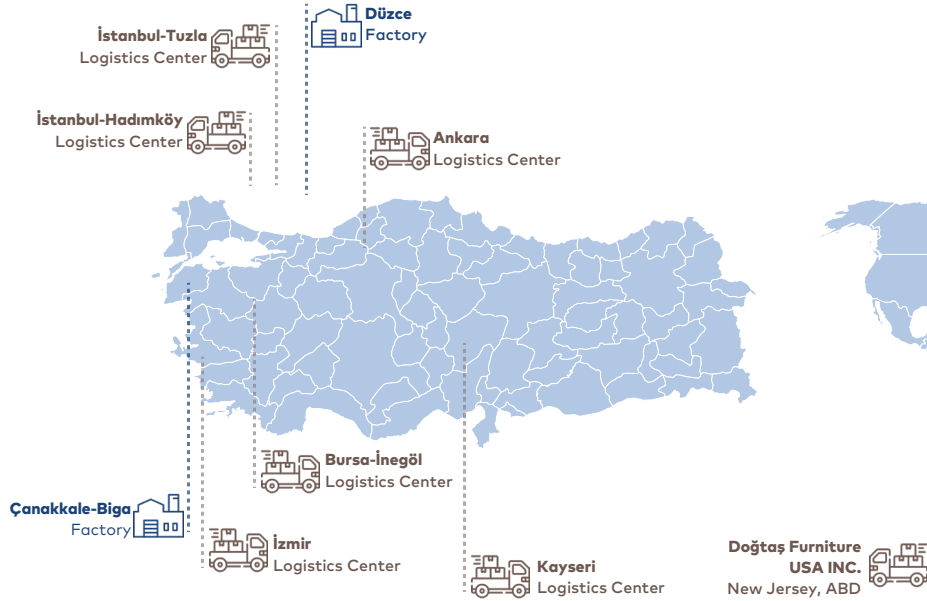
## Capital and Shareholding Structure

49.88% of Doğanlar Furniture Group's shares are held by our primary shareholder, Doğanlar Yatırım Holding A.Ş., with a free float of 50.12%.

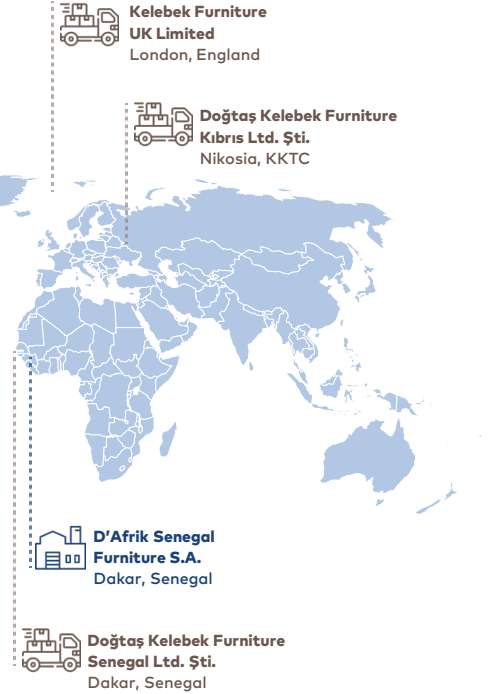




## Our Production and Service Network in Türkiye



## Our Global Production and Service Network





**Doğanlar Furniture Group serves with 730 sales points in Türkiye and abroad. Doğanlar Furniture Group has 623 sales points in Türkiye and 107 sales points abroad.**

Channel	2021	2022	2023
<b>Domestic Retail</b>	<b>101</b>	<b>110</b>	<b>93</b>
Doğtaş	31	31	31
Kelebek	46	43	38
Lova Yatak	21	33	23
Kelebek Kitchen-Bathroom	3	3	1
<b>Domestic Franchise</b>	<b>338</b>	<b>451</b>	<b>530</b>
Doğtaş	163	195	214
Kelebek	127	166	192
LovaYatak	25	51	78
Kelebek Kitchen-Bathroom	23	39	46
<b>Domestic Total</b>	<b>439</b>	<b>561</b>	<b>623</b>
<b>Foreign Retail (Subsidiary)</b>	<b>2</b>	<b>4</b>	<b>7</b>
Doğtaş	2	3	3
Kelebek	-	1	1
BİGA Home	-	-	3
<b>Foreign Franchise</b>	<b>68</b>	<b>92</b>	<b>100</b>
Doğtaş	49	55	55
Kelebek	9	20	18
Kelebek Mutfak-Banyo	-	1	-
LovaYatak	1	7	7
Ruum Store	45	49	73
BİGA Home (Corner)	-	-	13
<b>Foreign Total</b>	<b>70</b>	<b>96</b>	<b>107</b>
<b>General Total</b>	<b>509</b>	<b>657</b>	<b>730</b>

## Our Brands

Doğanlar Furniture Group remains committed to delivering dependable and high-quality service to our customers through our esteemed brands: Doğtaş, Kelebek, Kelebek Mutfak-Banyo, Lova Yatak, Ruum Store, and the recently acquired BİGA Home brand, which joined our portfolio in 2023.



### Total Number of Domestic and International Sales Points

**DOĞTAŞ 303**

**lova sleep 108**

**Kelebek 249**

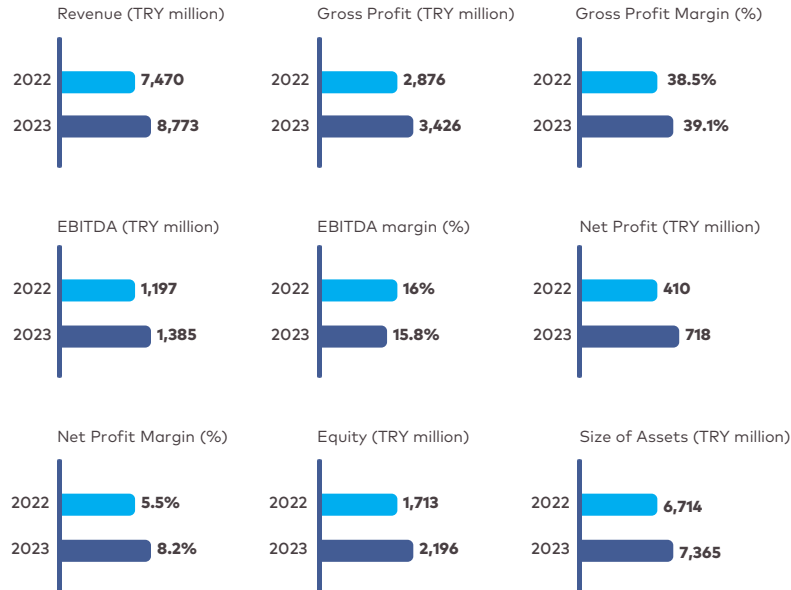
**ruum store 7**

**Kelebek KITCHEN - BATHROOM 47**

**BİGA HOME 16**

# Economic Performance

In 2023, Doğanlar Furniture Group achieved a revenue of TRY 8.7 billion, reflecting a 17.40% increase compared to the previous year.



## 2024 Goals\*

**TRY 11.2 billion ± 3%**  
Consolidated Sales Revenue

**110-115**  
Total New Sales Points

**14-15%**  
Consolidated EBITDA Margin

**20-25**  
New International Sales Points

**10% ± 2%**  
Export Share of Consolidated Sales Revenue

**80-90**  
New Domestic Sales Points

**1.00-1.25x**  
Net Financial Debt/EBITDA Ratio

**5-6%**  
Investment Expenditures as a Percentage of Consolidated Sales Revenue

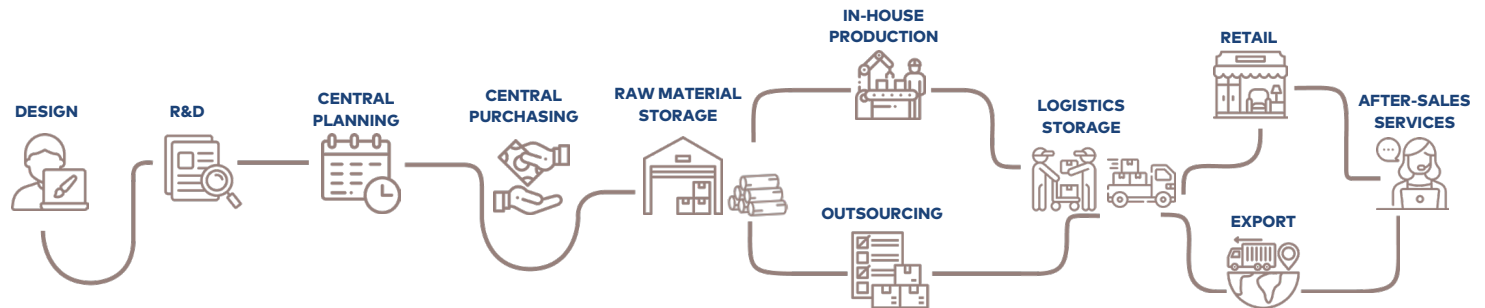
\*Expectations for 2024 are given without considering the potential effects that may arise from the implementation of TAS 29 (Financial Reporting in Hyperinflationary Economies).



# Doğanlar Furniture Group Value Chain

At the core of our vision for “Future Furniture” lies our responsibility toward nature and humanity. Throughout our value chain, we approach sustainability in four sequential phases. Every action is driven by the strength of our people and a dedication to ethical practices, as we strive to create furniture that shapes a sustainable future.

We uphold a philosophy of responsible furniture-making at every stage of the value chain, from procurement and operational processes to product design and stakeholder engagement. This approach enables us to shape the Future Furniture effectively.





### Design

Industrial designers working within our brands are responsible for designing new products in the panel and upholstery categories, aligned with design trends and customer needs.



### R&D

The process involves creating 3D models of the final design and initiating prototype development, while identifying and sourcing the specialized raw materials and semi-finished products needed for the collection. Additionally, it oversees the seamless internal coordination for all new product developments.



### Central Planning

The process known as Sales and Operations Planning integrates the plans of all organizational departments, including sales, marketing, production, planning, procurement, logistics, and finance.



### Central Purchasing

The process of fulfilling the company's needs by establishing a competitive environment that ensures the best possible price, timeline, quality, and terms in accordance with current market conditions.



### Raw Material Storage

Materials received from suppliers are stored according to the production schedule and dispatched to production sites.



### In-House Production

Products are manufactured in our facilities following the defined designs.



### Outsourcing

Products are produced by certified suppliers on a subcontracting basis, with close monitoring and quality assurance provided by our expert team.



### Logistics Storage

Products from both in-house production and suppliers are stored and shipped to customers based on demand.



### Retail

Sales are conducted through our domestic physical stores and online channels.



### Export

We facilitate sales of our products through international points of sale.



### After-Sales Services

Comprehensive after-sales support is provided, including arrangement for repairs, exchanges, and returns following product delivery.

For further details on our sustainability initiatives throughout the supply chain, please refer to the Responsible Sourcing Processes section.

# Corporate Governance

At Doğanlar Furniture Group, we firmly believe that a robust and effective corporate governance structure is essential for ensuring long-term success and sustainability. Our Board of Directors upholds the principles of transparency, accountability, and responsibility as they make decisions that are vital for achieving the Company's strategic objectives and delivering value to our stakeholders. The diversity, independence, and professional expertise of our Board members significantly enhance the dynamic environment of our organization. Additionally, the committees established within the Board play a crucial role in ensuring the highest standards of corporate governance and effectively managing the risks we may face on our journey toward sustainable growth.

The decision-making processes and overall operations of our Board are aligned with the various policies and principles adopted by the Company. You can find comprehensive information regarding our policies at Doğanlar Furniture Group in key areas such as business ethics, social responsibility, human rights, and environmental policies [here](#).





## Board of Directors and Committees

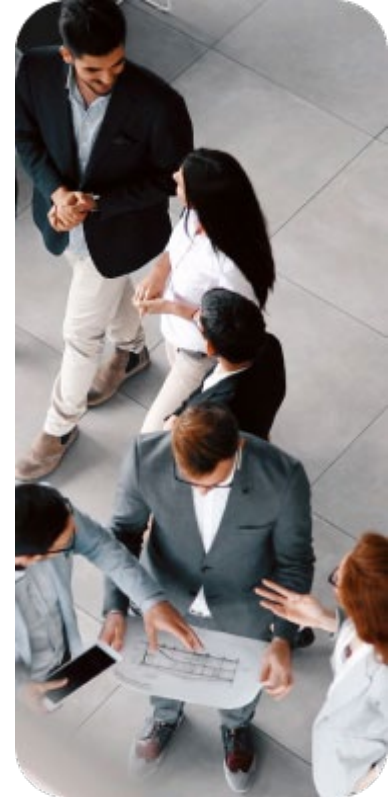
Our Board of Directors comprises a total of seven members. Currently, İsmail Doğan, Şadan Doğan, and Salih Tuncer Mutlucan serve as executive members, while Davut Doğan, Berna Akyüz Ögüt, Mutlu Erturan, and Zeynep Yalım Uzun serve as non-executive members. The roles of CEO and Chairman of the Board are separated. The CEO serves as the Chief Executive Officer and reports regularly to the Board of Directors. In accordance with the Company's Articles of Association, Board members are elected for a maximum term of three years, with re-election available for those whose terms have expired.

In selecting our Board members, we prioritize creating a structure that encourages efficient and constructive collaboration, facilitates prompt and rational decision-making, and supports the formation and effective organization of committees. We are committed to ensuring that our Board consists of qualified and experienced individuals who possess the necessary expertise and skills.

Our Board includes three independent members, representing 43% of its total composition. We secure written declarations from our independent Board members affirming their compliance with the "independence" criteria established by the Capital Markets Law and relevant regulations. As of 2023, there are no circumstances that would compromise the independence of our independent Board members.

We are proud to have three women represented on our Board of Directors. We highly value diversity within the Board, as we believe that varied perspectives and experiences significantly enhance our company's sustainable growth.

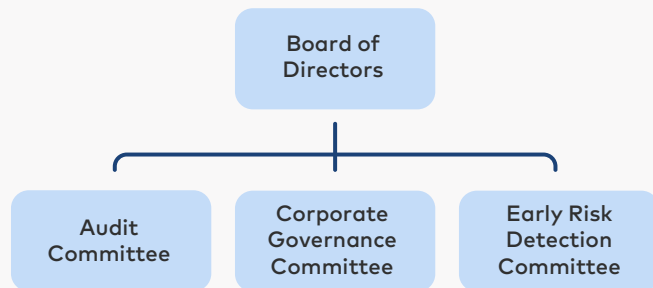
**The ratio of women  
in the Board of  
Directors is 43%.**







### Our Board of Directors oversees three committees:



These committees operate under the Board of Directors and are dedicated to enhancing our corporate governance practices and risk management processes.





### Audit Committee

The Audit Committee is chaired by Mutlu Erturan, an independent non-executive member of the Board of Directors, while Berna Akyüz Ögüt, another independent non-executive Board member, serves as a committee member. The Audit Committee is responsible for overseeing the compliance of the publicly disclosed annual and interim financial statements and notes with current regulations and international accounting standards.

It also provides a written report to the Board of Directors, incorporating its own assessments alongside the opinions of our responsible management and independent auditors regarding the appropriateness and accuracy of the accounting principles followed by the company. The committee reviews the publicly disclosed annual report to ensure that the information contained therein is accurate and consistent with the information at its disposal. Additionally, it monitors the effectiveness and efficiency of related party transactions concerning the company's accounting system, independent financial audits, public disclosures, and the functioning of the internal control system. In 2023, the Audit Committee held six meetings.



### Corporate Governance Committee

The Corporate Governance Committee is led by Zeynep Yalın Uzun, an independent non-executive member of the Board of Directors. Committee members include Salih Tuncer Mutlucan, an executive Board member, and Aysun Vardan, the Investor Relations Manager.

The committee's primary mandate is to evaluate the adherence to Corporate Governance Principles, identify any instances of non-compliance along with their justifications, and detect potential conflicts of interest that may arise from such non-adherence. The committee provides strategic recommendations to the Board of Directors to enhance corporate governance practices and oversees the functions of the Investor Relations Department. Furthermore, the committee reviews and assesses management practices aimed at improving company performance by evaluating existing and proposed systems and processes. In 2023, the Corporate Governance Committee convened for four meetings.



### Early Risk Detection Committee

The Early Risk Detection Committee is led by Zeynep Yalın Uzun, an independent non-executive member of the Board of Directors, alongside committee members Mutlu Erturan, another independent non-executive member, and Salih Tuncer Mutlucan, an executive Board member.

The committee's primary objective is to identify risks that could jeopardize the company's existence, growth, and sustainability, including environmental, social, governance (ESG) risks, and climate-related opportunities. The committee systematically identifies and defines strategic, financial, operational, ESG, and climate-related risks that may impact our operations. It evaluates the likelihood and potential impact of these risks, prioritizes them, and continuously monitors their status through regular reviews. Additionally, the committee provides recommendations and insights to the Board of Directors on the reporting of these risks and their incorporation into decision-making processes. A designated committee member holds specific responsibility for integrating ESG and climate-related risks and opportunities into the company's strategic framework, as well as overseeing reporting and the provision of relevant information. In 2023, the Early Risk Detection Committee convened for six meetings.



## Ethics and Compliance

At Doğanlar Furniture Group, we are committed to upholding high ethical standards in all our operations, ensuring that every employee embraces these principles. To achieve this, we implement our ethical policies through the Disciplinary Regulation and the Code of Ethics, taking disciplinary actions when necessary.

We invite all stakeholders to voice their concerns through our dedicated ethics communication line at

[etik@doganlarmobilyagrubu.com](mailto:etik@doganlarmobilyagrubu.com). Reports of ethical violations—submitted by employees or identified independently—are rigorously investigated by our Audit Unit or Human Resources Department. If necessary, appropriate steps are taken through guidance by the Disciplinary Board's decisions or legal counsel's advice.

After reviewing the ethical notifications, any identified violations are subject to disciplinary actions as outlined in our disciplinary regulations, including verbal warnings, written reprimands, notices, censure, and termination of employment. Regulatory and preventive measures are established to address potential issues in the future. In 2023, sanctions were implemented in accordance with disciplinary regulations for 26 confirmed ethical violations.

To reinforce our commitment to ethical conduct and corporate policies, we provide various awareness initiatives and training programs for our employees. Our onboarding training for new hires emphasizes the importance of adhering to our ethical policies and guidelines. In 2023, 326 employees participated in a total of 123 hours of ethics training. These training programs are provided through our e-learning platform, Akademi-D.

**In 2023, a total of 123 hours of ethics training were delivered through Akademi-D Development Platform.**





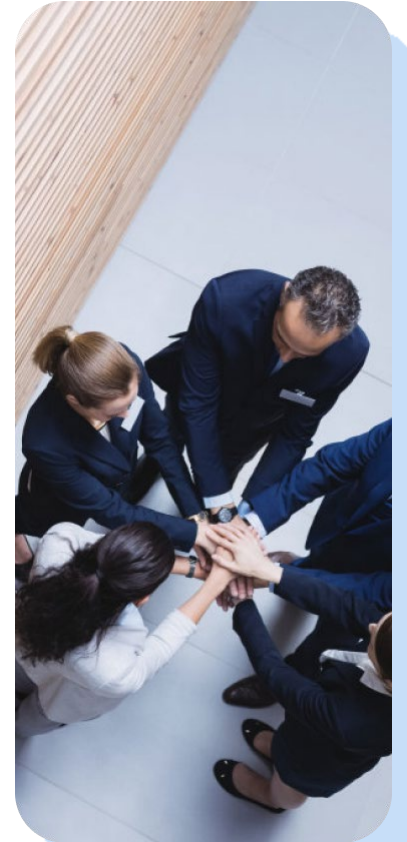
## Anti-Bribery and Anti-Corruption

At Doğanlar Furniture Group, we embrace a strict no-tolerance approach in combating bribery and corruption across all our business operations. Our organization is dedicated to upholding the highest moral standards in everything we do, and we firmly oppose any form of bribery and corruption. In this regard, we ensure that our staff and business associates act with complete accountability and openness in the battle against bribery and corruption.

Our efforts to prevent bribery and corruption are carried out through the Anti-Bribery and Anti-Corruption Procedure, which was developed and put into action following these guidelines.

This procedure rigorously forbids any form of bribery and corruption-related offers, payments, gifts, or attempts to secure benefits, and outlines the steps to be taken in response to such incidents. We require our employees, business partners, and suppliers to adhere strictly to these policies.

Please find the Anti-Bribery and Anti-Corruption Procedure [here](#).



# Risk Management

We hold the firm belief that proficient risk management is essential for securing sustainable growth and prosperity. By actively managing the risks we might face throughout our business operations, we play a crucial role in achieving our long-term goals. To achieve this, both the Audit Committee and the Risk Early Detection Committee, both accountable to the Board of Directors, conduct routine assessments of potential risks and implement the required actions

The oversight of our internal audit functions is handled by the Audit Department, with the support of all staff members. The main purpose of our internal audit activities is to protect the physical and non-physical assets of Doğanlar Furniture Group, ensure our activities adhere to both internal and external standards, improve our internal control mechanisms to boost efficiency and effectiveness, and streamline the implementation of corrective measures.

The execution of our internal audit tasks is organized based on a quarterly Audit Plan/Schedule, which is both prepared and regularly revised by our audit team. The results, insights, and recommendations from these tasks are first shared and discussed with relevant stakeholders before being documented in reports. Subsequent to the report, Corrective and Preventive Action (CPA) meetings are convened within a set deadline. During these meetings, decisions regarding actions for each discovered issue are made, including the accountable individuals and deadline dates. This approach ensures the quick application of necessary corrective and preventive measures to improve our operations and accelerate adoption of effective solutions. All these activities are continuously monitored and evaluated by the respective process owners, the management of the company, and the internal audit department. The Board of Directors and the Audit Committee receive regular reports on the internal control framework and the activities of the internal audit.

The Risk Management and Internal Audit System at Doğanlar Furniture Group is designed to ensure the consistent monitoring and management of identified financial and operational risks associated with our activities, keeping them under control and at acceptable levels.

## Financial Risks

In the course of our operations, we encounter various financial risks. These include fluctuations in debt and capital market prices, as well as changes in foreign exchange rates and interest rates. Our comprehensive risk management program is designed to address the unpredictability of financial markets while aiming to minimize the potential negative impacts on our financial performance.

Two independent audits were carried out in 2023, and no adverse conditions were reported. There were no public audits during the period.



## Our Material Financial Risks



### Credit Risk

The company faces credit risk stemming from trade receivables linked to credit sales and deposits held in banks. Apart from trade receivables, credit risk is managed at the corporate level. This risk arises from cash and cash equivalents, derivative financial instruments, and bank deposits, as well as outstanding receivables and commitments from both wholesale and retail customers. Management evaluates the credit quality of customers by taking into account their financial status, historical performance, and other pertinent factors. To reduce the risk of collection losses, the company consistently monitors the usage of credit limits associated with customers' trade receivable balances.



### Liquidity Risk

Liquidity risk encompasses the challenges associated with the inability to finance asset growth, fulfill matured obligations, and engage in transactions within illiquid markets. To effectively manage liquidity risk, the Company diversifies its funding sources and maintains an adequate level of cash and cash-equivalent instruments. Additionally, the Company ensures that the total amount of cash and cash equivalents remains above a predetermined threshold relative to short-term liabilities, thereby enabling it to address any unexpected cash needs.



### Currency Risk

The Company faces foreign exchange risk due to the need to convert liabilities and receivables denominated in foreign currencies into Turkish lira. This foreign currency risk is monitored by analyzing the company's foreign currency position. The Company is primarily exposed to foreign currency risk in USD and EUR.



### Derivative Financial Instruments

The Company implements a fair value risk hedging policy to protect its trade receivables, trade payables and financial borrowings from market exchange rate volatility.



# Climate Related Risks and Opportunities

The impacts of climate change on the business world are becoming increasingly evident. In this context, as Doğanlar Furniture Group, we carefully evaluate the effects of climate-related risks and opportunities on our business processes. While managing the climate risks we identify, we also closely monitor emerging opportunities.

## Climate Risks

Risk Type	Sub-Category	Company-Specific Risk Definition	Time Horizon	Impact	Financial Impact of the Risk	Mitigating Actions
Physical Risk (Acute)	Extreme weather events (storms, floods, heatwaves)	DGNMO has factories in both Türkiye and Senegal. These facilities are located in climate-sensitive areas and may be impacted by storms, floods, and heatwaves, threatening business continuity.	Long	High	Repair costs may increase, and production may be disrupted due to facility damage and interruptions.	DGNMO is investing in climate-resilient infrastructure. Additionally, emergency plans for earthquakes, floods, fires, and sabotage are supported by risk analyses, enhancing operational continuity. These investments aim to enhance resilience and ensure production continuity.
Technology Risk	Transition to Low-Carbon Technologies	DGNMO is undertaking R&D and innovation investments aimed at making its existing production lines more efficient and low-carbon.	Long	Medium	The costs associated with the transition to low-carbon technologies may necessitate new investments and could reduce profitability in the short term.	Plans are underway for investments in renewable energy sources and low-emission technologies. Implementation of automation systems, strengthening of technological infrastructure, and energy efficiency projects are ongoing.
Reputational Risk	Negative feedback on sustainability issues	DGNMO's insufficient adherence to its sustainability commitments may increase the risk of receiving negative feedback from customers and stakeholders.	Medium	Medium	Activities conducted without environmental sensitivity could lead to reputational damage, resulting in customer loss.	The company minimizes this risk by ensuring transparent sustainability reporting. Additionally, it offers "Sustainability 101" training to employees to enhance awareness of sustainability issues.



## Climate Risks

Risk Type	Sub-Category	Company-Specific Risk Definition	Time Horizon	Impact	Financial Impact of the Risk	Mitigating Actions
Policy Risk	Carbon Pricing Mechanisms	It is anticipated that the tightening of carbon pricing mechanisms will particularly affect international trade activities. While the sector is not currently directly included in the Carbon Border Adjustment Mechanism (CBAM), the expansion of such regulations may expose the industry to this risk sooner. Consequently, DGNMO may incur carbon costs for exported products in the upcoming period.	Medium	High	Increasing carbon pricing costs could raise operational expenses, thereby impacting the company's profitability as an additional cost item.	DGNMO has calculated its carbon footprint measurements on a three-year cycle. For 2022 and 2023, Scope 3 emissions have been calculated in detailed subcategories. Meanwhile, investment in carbon reduction projects continues, and solar energy projects and energy efficiency efforts have gained momentum.
Regulation Risk	Changes in national and international legislation	DGNMO operates in Türkiye and international markets, necessitating compliance with various sustainability regulations. The mandatory regular sustainability reporting introduced alongside the TSRS may increase the company's operational costs. Additionally, regulations such as the Deforestation Prevention Regulation (EUDR) and Packaging and Waste Management (PPWR) impose additional obligations on the supply chain. Non-compliance with these regulations may create risks of cost increases and reputational damage.	Short	High	Increasing operational costs, export restrictions, and diminished competitiveness may raise the company's expenses associated with ensuring sustainability compliance.	DGNMO collaborates with FSC-certified suppliers to achieve sustainability in its supply chain while investing in solar energy systems to reduce its carbon footprint. Furthermore, the company strives to minimize carbon costs by employing energy-efficient technologies in its production processes. Additionally, it has initiated actions to identify and assess climate-related risks and opportunities as part of its TSRS compliance efforts.



## Climate Opportunities

Type of Opportunity	Sub-Category	Company-Specific Opportunity Definition	Time Horizon	Impact	Financial Impact of the Opportunity	Management of the Opportunity
Energy Opportunity	Transition to renewable energy sources	It is expected that energy costs will significantly decrease due to investments in solar energy power plant (SEPP). Additionally, achieving net zero targets in the long term will allow for savings from costs associated with carbon taxes and carbon pricing. DGNMO aims to reduce energy costs and ensure environmental sustainability through its solar energy investments.	Long	High	Energy costs can be reduced through SEPP investments, which may play a critical role in achieving net zero targets.	Increasing annual energy production through solar energy power plant (SEPP) projects and optimizing energy consumption with efficient technologies should be prioritized. Given that renewable energy investments require substantial capital, factors such as creating partnerships and financing sources should be considered, including leveraging government incentives, European Union grants, and renewable energy funds in the private sector.
Resource Efficiency Opportunity	Increasing energy efficiency	DGNMO is exploring opportunities to reduce costs and minimize its environmental impact by enhancing energy efficiency in its production processes. Energy efficiency projects implemented in production facilities can lead to a decrease in operational costs in the short term and the development of a sustainable production model in the long term.	Short	High	Investments in energy efficiency can lead to a reduction in operational costs, resulting in savings and cost advantages.	It is essential to invest in new technologies that optimize energy consumption during production processes and to monitor energy usage regularly. One of the projects currently being implemented in the company is the SCADA Energy Monitoring and Tracking System, which allows for regular monitoring of energy consumption and detailed tracking of kWh usage in each department. This system helps enhance operational efficiency by preventing unnecessary energy consumption.



## Climate Opportunities

Type of Opportunity	Sub-Category	Company-Specific Opportunity Definition	Time Horizon	Impact	Financial Impact of the Opportunity	Management of the Opportunity
Market Opportunity	Increasing demand for sustainable products	The demand for sustainable products is growing every day. This trend presents an opportunity for DGNMO to expand its sustainability-focused product portfolio.	Short	High	With the rising demand for sustainability, DGNMO may increase its market share and gain access to new customer segments. Through a sustainable product portfolio, the company can experience growth in both sales revenue and profitability.	Factors such as increasing the variety of products made from recyclable materials, expanding the range of sustainable products, and considering criteria like the use of sustainable materials, energy efficiency, and durability during the product design phase should be taken into account.
Product and Service Opportunity	Circular economy and sustainable material usage	The use of recyclable materials in production, in line with the principles of the circular economy, can provide both cost advantages and more effective environmental impact management.	Medium	High	Increasing the integration of recyclable materials into production processes can reduce costs and allow for the expansion of the sustainable product portfolio.	In line with the goal of increasing the use of recyclable materials in production by 50% by 2025, new projects are being undertaken. Additionally, there should be a focus on developing waste management systems related to this opportunity and facilitating the recycling of recyclable materials.

# 03

## Sustainability Approach

*future furniture*

adopts sustainability across all phases of the value chain.



Materiality Analysis  
Sustainability Strategy  
Sustainability Management  
Sustainability Targets

**At Doğanlar Furniture Group, sustainability is deeply embedded in our long-term value creation strategy. By integrating environmental, social, and governance (ESG) criteria into our operations, we not only aim for financial success but also meet our responsibilities to society and the planet.**

Our "Furniture Future" vision is grounded in a commitment to both nature and people. In line with this, we apply sustainability principles across all business areas—from our supply chain and production processes to product design and stakeholder engagement. Every action is driven by the strength of our people and a dedication to ethical practices, as we strive to create furniture that shapes a sustainable future.





# Materiality Analysis

As a key component of our sustainability strategy, we undertook a materiality analysis to identify the most critical issues influencing our ESG performance. Utilizing a double materiality approach, we assessed both the impact of our operations on the environment and society, as well as how these external factors affect the financial performance of Doğanlar Furniture Group.

Our analysis followed a structured, multi-phase process to evaluate our sustainability priorities.

We began by identifying a comprehensive set of topics, taking into account global and industry trends, peer benchmarks, and international sustainability standards. This phase was supported by thorough desk research, which included national and international reports, industry best practices, and regulatory requirements in the markets where we operate.

To gain deeper insights, we conducted interviews with key executives and engaged with stakeholders.

These executive interviews helped us align priorities with our company's strategic objectives. We also engaged with stakeholders through workshops and surveys to understand how sustainability issues affect our operations and how they are perceived by our stakeholders.

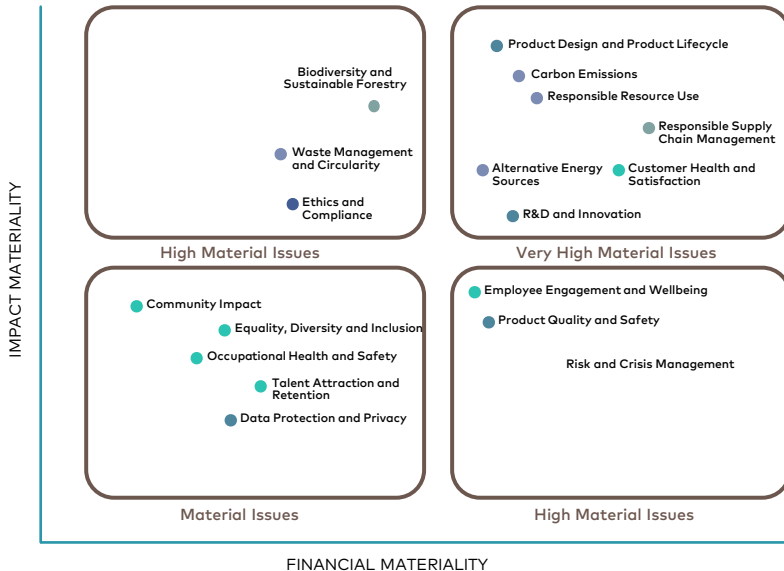
During this process, we ensured that our sustainability objectives are in line with both internal priorities and stakeholder expectations, creating a well-rounded and forward-looking approach.

## Double Materiality Analysis Methodology



The findings were consolidated into a materiality matrix that compares the financial implications of Doğanlar Furniture Group's business processes with their effects on the environment and society. This matrix enabled us to define our strategic priorities by evaluating how our activities influence sustainability issues, alongside the associated risks and opportunities they entail.

## Doğanlar Furniture Group Materiality Matrix



### Very High Material Issues

R&D and Innovation  
Alternative Energy Sources  
Carbon Emissions  
Responsible Resource Use  
Responsible Supply Chain Management  
Customer Health and Satisfaction  
Product Design and Product Lifecycle

### High Material Issues

Waste Management and Circularity  
Biodiversity and Sustainable Forestry  
Employee Engagement and Well-Being  
Ethics and Compliance  
Risk and Crisis Management  
Product Quality and Safety



## Stakeholder Engagement

We prioritize building strong and lasting relationships with our stakeholders throughout our sustainability journey. By fostering transparent and ongoing communication, we effectively incorporate their expectations and needs into our business strategies, thereby strengthening our sustainability performance. Through stakeholder analysis, we collect feedback on our sustainability efforts and key issues, ensuring this input informs our decision-making processes. As part of this commitment, we actively engage with a diverse network of stakeholders—including employees, investors, public institutions, and customers—through multiple communication channels on a regular basis.

Stakeholder Group	Communication Channel
Employees	Internal portal (intranet), internal WhatsApp groups, social media channels, social events, employee satisfaction surveys, announcements and notices, annual and sustainability reports
Investors and Shareholders	Corporate website, annual report and sustainability report, investor and analyst meetings, general assembly meetings, one-on-one meetings, special situation disclosures, social media channels
Financial Institutions	Corporate website, annual report and sustainability report, financial statements, one-on-one meetings, special situation disclosures, social media channels
Customers	Trade fairs, field visits, dealer meetings, mobile meetings, social media channels
Suppliers	On-site visits, trade fairs, supplier meetings, mobile meetings, social media channels
Public Institutions	On-site visits, financial statements, annual and sustainability report, special situation disclosures
Media	Interviews and discussions, press conferences, annual and sustainability report, social media channels
Organizations (sectoral organizations, associations and NGOs)	Social responsibility projects meetings and discussions, social media channels



## Stakeholder Workshop

Since the initiation of our sustainability journey, we have placed considerable importance on aligning our strategic decisions with the expectations of our stakeholders. While integrating our sustainability-focused activities under a comprehensive strategic framework, we regard the insights of our stakeholders as a fundamental guide throughout this process. We proactively incorporate their feedback into our business operations through mutual trust and transparent communication.



During the group work, Doğanlar Furniture Group's sustainability vision, the company's most material sustainability issues and the steps to be taken within the framework of the identified material issues were emphasized.

This workshop served not only as a source of input for our materiality analysis but also clarified our strategic focus areas, providing insights into the issues that our sustainability strategy should prioritize.

To this end, we convened a wide-ranging Stakeholder Workshop aimed at defining our company's sustainability vision and material sustainability issues. The workshop engaged a total of 49 participants from six distinct stakeholder groups, including suppliers, dealers, media representatives, union members, analysts, and employees.

Throughout the workshop, issues that play a key role in shaping our sustainability strategy were discussed.



# Sustainability Strategy

At Doğanlar Furniture Group, we have crafted our sustainability strategy as a comprehensive framework embedded within every facet of our business operations. Central to this strategy is the dual materiality concept, which evaluates both the financial impacts of sustainability issues and the environmental and social implications associated with our operational footprint. Our materiality analysis highlights four key value areas that serve as the foundation of our strategy. In this context, we address our sustainability initiatives across **four sequential phases**: [Responsible Sourcing Processes](#), [Nature-Conscious Operations](#), [Sustainable Living Spaces](#), and [Shared Value with Stakeholders](#).

We uphold a philosophy of responsible furniture-making at every stage of the value chain, from procurement and operational processes to product design and stakeholder engagement. Every action is driven by the strength of our people and a dedication to ethical practices, as we strive to create furniture that shapes a sustainable future. This guiding principle shapes our vision for the future furniture.

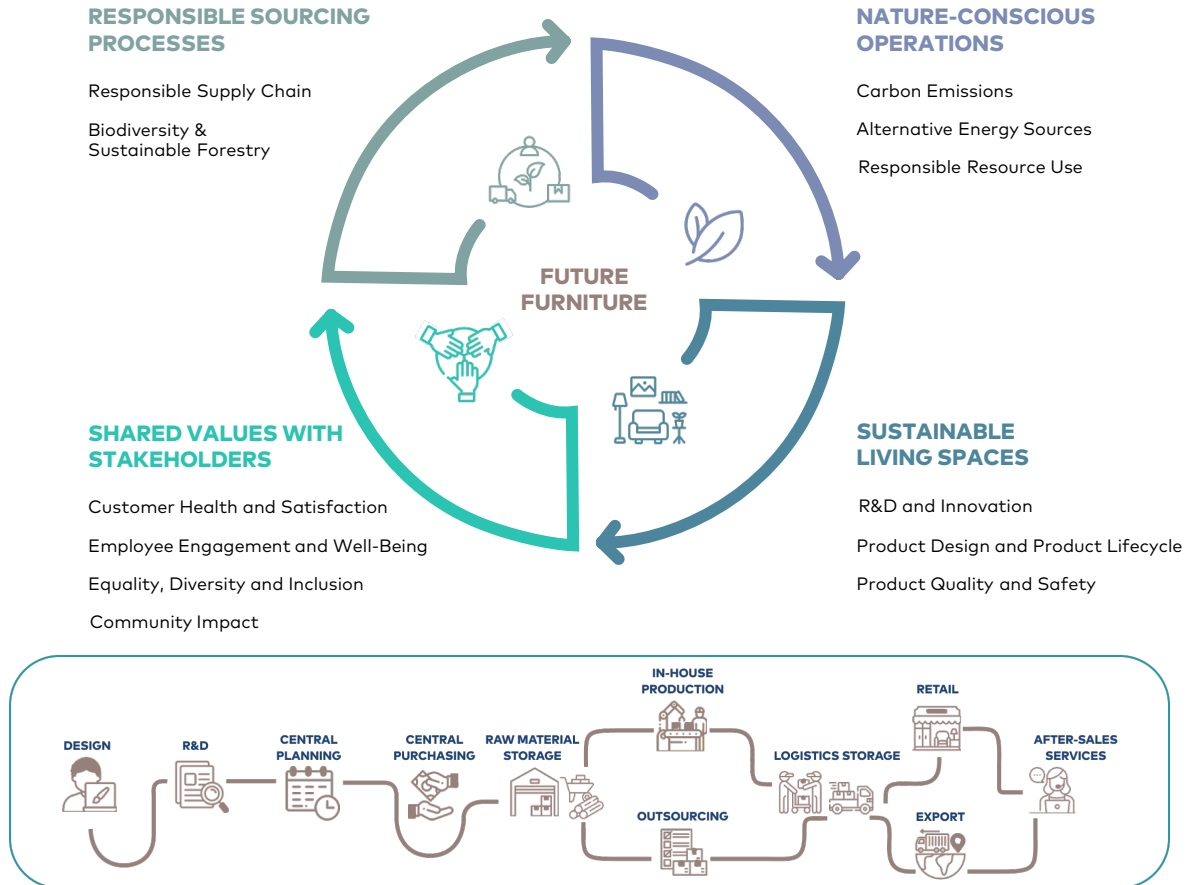
In this regard, we have developed Doğanlar Furniture Group's sustainability strategy to cover all aspects of our operations, from supply chain management to production and from marketing to customer satisfaction. Our commitment ensures that this strategy becomes not only integral to our operations but also a core part of our organizational culture.

**Our strategy, based on a materiality analysis, focuses on four core value areas.**





## Doğanlar Furniture Group Sustainability Strategy





### Embracing Responsible Sourcing Processes

*Future furniture starts with responsibility right from the beginning.*

We are committed to sourcing our raw materials from sustainable origins, preventing deforestation, and adhering to principles that foster biodiversity conservation. We prioritize transparency, traceability, and ethical values at every level of our supply chain.



### Conducting Nature-Conscious Operations

*Future furniture respects and protects nature throughout its production processes.*

Each piece is crafted with care to maintain ecological balance. We are dedicated to utilizing energy from alternative sources in our manufacturing processes. By developing innovative solutions, we strive to minimize emissions and manage resources responsibly.



### Designing Sustainable Living Spaces

*Future furniture designs considering both today and tomorrow.*

Our timeless designs lead to the design of durable and high-quality pieces, providing customers with sustainable living environments. We actively contribute to the evolution of consumption habits through circular economy practices starting from the design phase.



### Fostering Shared Value with Our Stakeholders

*Future furniture thrives on collaboration with our stakeholders.*

We are committed to initiatives that support the well-being and growth of our employees. Through our social responsibility efforts, we aim to make a meaningful contribution to the community. Our focus is on achieving the highest standards in customer experience, valuing feedback, and growing together to amplify our lasting and positive impact.

# Sustainability Management

We recognize that sustainability is a process that requires integrated management at every level. To this end, we have established a governance structure grounded in our sustainability strategy, aimed at achieving our sustainability targets and aligning sustainability with our business practices. Our management process emphasizes the active participation of all employees, led by the Executive Board, in the identification, implementation, monitoring, and tracking of sustainability strategies and objectives. Our sustainability management is executed under the auspices of the Sustainability Board, Sustainability Committee, and Sustainability Task Forces. Each component operates with clearly defined responsibilities, high coordination, and a results-oriented approach. By clarifying the responsibility areas within our infrastructure, we have facilitated the decision-making and implementation of critical actions related to sustainability targets. This structure ensures the successful integration of the governance process across the organization.

## Doğanlar Furniture Group Sustainability Governance Structure





### Sustainability Board

The Sustainability Board serves as the highest governance structure overseeing the company's sustainability strategy. This Board is directly responsible for establishing the sustainability objectives of Doğanlar Furniture Group and holds the authority to make strategic decisions. Additionally, it is accountable for the approval and execution of short-, medium-, and long-term targets aligned with our sustainability strategy. The Board meets at least four times annually to closely monitor the company's sustainability performance and implement necessary updates.

The CEO, who chairs the Sustainability Board, actively engages in sustainability initiatives and undergoes an annual performance evaluation that incorporates sustainability targets. Furthermore, the CEO is required to provide regular briefings to the Executive Board regarding the sustainability processes.



### Sustainability Committee

The Sustainability Committee, composed of senior executives, is tasked with the operational management and implementation of sustainability strategies. The Committee is responsible for defining the company's sustainability strategy, objectives, and action plans, as well as reviewing the strategic roadmap and monitoring sustainability performance. It also tracks international developments, legal regulations, and industry trends to update strategies accordingly.

The Committee is chaired by the Strategic Planning Director, a member of the Sustainability Board, and convenes at least four times a year. Committee members include directors from Investor Relations, Procurement, Logistics, R&D, Production, and Human Resources as well as Brand Management and Design. Each member oversees sustainability objectives within their respective areas of responsibility and provides recommendations to task forces as needed.























### Sustainability Task Forces

The Sustainability Task Forces are accountable for the execution and implementation of sustainability objectives tailored to various business units within the organization. Coordinated by the Strategic Planning Manager, these task forces convene regularly, holding a total of 24 meetings per year to evaluate sustainability performance and initiate improvement efforts. They also provide quarterly updates to the Sustainability Committee.

The task forces are structured into specialized groups, including the Supply Chain Task Force, Logistics Task Force, Employee Task Force, and Product Task Force, each focusing on specific sustainability areas. Each task force is responsible for managing sustainability projects relevant to their designated areas while ensuring alignment with the company's overarching strategies. These groups are also encouraged to foster innovative ideas and initiatives through voluntary participation.























# Sustainability Targets

With our forward-looking sustainability objectives, we aim to enhance our ESG performance each year. As part of our commitment to continuous improvement, we promote environmental and social targets that focus on various stages of the value chain throughout the organization. In our inaugural sustainability report, we will publicly announce our short, medium, and long-term targets, which are defined within the framework of our sustainability strategy's four key value areas and material issues.

Value Area	Material Issue	Sustainability Target	Term	Relevant SDG
Responsible Sourcing Processes	Responsible Supply Chain	Conducting ESG (environmental, social, and governance) audits on 50% of the entire supplier portfolio and 30% of critical suppliers by 2027	Medium	 
		Providing training focused on enhancing sustainability competencies to suppliers by 2026	Short	 
		Establishing Supplier Academy by 2028	Medium	 
	Biodiversity and Sustainable Forestry	Implementing at least one biodiversity project annually	Short	 
Nature-Conscious Operations	Carbon Emissions	Achieving net zero emissions by 2050	Long	 
		Replacing at least 50% of logistics vehicles with zero-emission vehicles by 2030	Long	 
	Alternative Energy Sources	Using 100% renewable energy in operations by 2030	Long	 
		Investing \$4 million in renewable energy projects by 2030	Long	 
	Responsible Resource Use	Reducing waste sent to landfills by 50% by 2027	Medium	 
		Recycling or recovering 60% of operational waste by 2027	Medium	 





Value Area	Material Issue	Sustainability Target	Term	Relevant SDG
Sustainable Living Spaces	R&D, Innovation and Design	Ensuring 30% sustainable raw material usage across all mattress product lines by 2027	Medium	 
		Developing a Circular Design Guide by 2025 and incorporating it into design processes	Short	 
		Launching a new collection each year within the framework of the Circular Design Guide starting in 2026	Short	 
		Designing 5% of new products annually using recycled and upcycled materials starting in 2026	Short	 
		Securing at least two patents each year	Short	 
Shared Value with Stakeholders	Employee Engagement and Well-Being	Maintaining employee turnover rate below 30%	Medium	 
		Keeping employee satisfaction levels above 75%	Medium	 
		Ensuring an average of over 7 hours of classroom training per employee annually	Medium	 
	Diversity, Equality and Inclusion	Increasing the percentage of women in management from 19% to 25% by 2027	Medium	 
	Customer Experience and Satisfaction	Raising customer satisfaction to 75% by 2028	Medium	 
		Ensuring that 25% of marketing campaigns focus on sustainability	Short	 

# 04

## Responsible Sourcing Processes

*future furniture*  
starts with responsibility  
right from the beginning.

Responsible Supply Chain  
Biodiversity and Sustainable Forestry



*Future furniture starts with responsibility right from the beginning.*

We are committed to sourcing our raw materials from sustainable origins, preventing deforestation, and adhering to principles that foster biodiversity conservation. We prioritize transparency, traceability, and ethical values at every level of our supply chain.

#### SDGs We Contribute to:



### Our Sustainability Targets

- ✓ Conducting ESG (environmental, social, and governance) audits on 50% of the entire supplier portfolio and 30% of critical suppliers by 2027
- ✓ Providing training focused on enhancing sustainability competencies to suppliers by 2026
- ✓ Establishing Supplier Academy by 2028
- ✓ Implementing at least one biodiversity project annually

# Responsible Supply Chain

At Doğanlar Furniture Group, we are committed to upholding transparency, traceability, and ethical standards at every stage of our supply chain. Our supply chain processes are shaped by environmental, ethical, and social responsibility principles, designed to support our sustainability targets. We view supply chain management not only from the perspective of product and service continuity but also as a strategic opportunity to assess and manage our environmental and social impacts. When selecting suppliers, we emphasize transparency, traceability, and ethical standards, fostering strong, sustainable business partnerships.

In line with our Code of Ethics, we expect our suppliers to treat their employees fairly, take responsibility for environmental protection, and conduct transparent business operations. Regular audits are conducted to ensure adherence to these standards, and we take appropriate action in the event of non-compliance.

We also prioritize local suppliers in our procurement processes, contributing to the local economy while reducing our carbon footprint. By promoting the use of local resources, we not only lower our carbon footprint, but also optimize costs in logistics processes. As of 2023, our supplier network includes 665 suppliers, with 664 of them being local.

**664 of our total 665 suppliers are local suppliers as of 2023.**





## Supplier Evaluation and Monitoring

To track and improve our supply chain performance, we categorize suppliers based on a performance scoring system. This approach helps us pinpoint areas needing improvement while offering growth opportunities to lower-performing suppliers. In addition, we reinforce our partnerships with top-performing suppliers.

The Performance Scoring System evaluates suppliers on multiple criteria, including quality, cost-efficiency, delivery timeliness, and adherence to environmental and social responsibility standards. Each supplier is rated on a scale of 1000, and their overall performance places them into A, B, C, or D categories. In 2023, we assessed 70 suppliers through this system, providing support to address identified improvement areas.

The evaluation covers key performance areas such as:

- o R&D Capabilities
- o Logistics Efficiency
- o Service and Spare Parts Availability
- o Production Capacity
- o Financial Position
- o Procurement and Supply Chain Management
- o Quality Assurance
- o Occupational Health and Safety
- o Social Services and Working Conditions

Score Range	Evaluation Class	Evaluation Categories	Explanation
$\geq 800$	A	Excellent	Class A suppliers are those that demonstrate high performance and comply with our quality and sustainability standards at the highest level.
$600 < x \leq 800$	B	Good	Class B suppliers generally meet the established standards but have areas for improvement. We support these suppliers by maintaining close communication to enhance their potential for rising to Class A.
$400 < x \leq 600$	C	Inadequate	Class C suppliers have critical deficiencies in performance and possess areas that require improvement within a specific timeframe. We provide them with a development plan and expect them to enhance their performance within 3 months.
$\leq 400$	D	Unworkable	Class D suppliers are at an unacceptable level of performance and carry risks. Since such suppliers could negatively impact our sustainability or business processes, we do not continue our collaboration with Class D suppliers and initiate the transition process to alternative suppliers within 3 months.

A transparent evaluation and monitoring system allows us to uphold high standards within our supply chain while offering our suppliers opportunities for growth and development. Moving forward, we are dedicated to enhancing our existing evaluation methodology by integrating Environmental, Social, and Governance (ESG) factors as part of our sustainability targets. By 2027, we aim to subject 50% of our entire supplier portfolio and 30% of our critical suppliers to ESG audits. Alongside this initiative, we plan to improve the environmental and social assessment areas we currently evaluate, enabling us to closely monitor our suppliers' sustainability performance and conduct necessary ESG evaluations effectively.



## Supplier Development and Training

We consistently hold training programs to bolster the capabilities of our suppliers. In 2023, we implemented training sessions on Lean Thinking and 5S organizational methods. These efforts are designed to enhance supplier efficiency and encourage sustainable business practices. By 2025, we plan to expand our current training initiatives to incorporate programs dedicated to developing suppliers' sustainability skills.

In this context;

We aim to offer training focused on improving sustainability capabilities for our suppliers by 2026. These sessions will be available through Doğanlar Furniture Group's online education platform, D Akademi, allowing suppliers to access the training conveniently from any location.

We aim to create a Supplier Academy, a comprehensive learning platform that will facilitate the ongoing growth of our suppliers by 2028. This academy will offer opportunities for suppliers to deepen their knowledge in critical areas such as carbon emissions measurement and human rights, with an emphasis on environmental and social sustainability.

## Supplier Meetings

Each year, we host traditional Supplier Meetings to strengthen our partnerships with suppliers. In 2023, we convened with our material and product suppliers to address process challenges, discuss potential solutions, and share the company's vision for the future. We believe that the success of our supply chain is built on collaboration, and these meetings serve to continuously enhance our business relationships.





## Logistics Management

At Doğanlar Furniture Group, we are committed to managing our logistics processes with maximum efficiency and sustainability while leveraging our extensive network of dealers and suppliers throughout Türkiye. To achieve these targets, we have established logistics centers in six key locations across the country. This strategic initiative is designed to reduce logistics and operational costs, enhance process efficiency, and optimize customer satisfaction. We strategically manage our distribution and logistics processes through key hubs in Ankara, Bursa İnegöl, İstanbul Hadımköy, İstanbul Tuzla, and Kayseri. Our İzmir warehouse is set to open in October 2024, and we also have finished goods warehouses at our Düzce and Biga factories.



### Logistics Centers

Ankara Logistics Center

İstanbul Tuzla  
Logistics Center

Bursa İnegöl  
Logistics Center

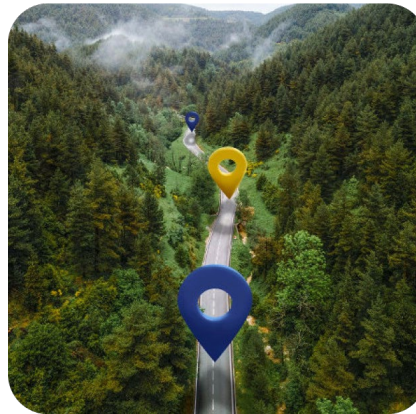
İstanbul Hadımköy  
Logistics Center

İzmir Logistics Center

Kayseri Logistics Center

### Weekly Route Plan

Initiated in 2022, the Weekly Route Plan project focuses on optimizing delivery routes through an analysis of departure data from 2022 to 2023. By consolidating deliveries in low-volume provinces, we have developed more efficient routes, resulting in a reduction in delivery frequency. This strategy minimizes the necessity for each vehicle to make multiple deliveries across various locations, leading to transportation cost savings of 10-15%. Furthermore, the scheduling of unloading and assembly teams at our dealerships has been managed more efficiently.



**Aligned with our sustainability targets, we plan to convert at least 50% of our logistics fleet to zero-emission vehicles by 2030.** Presently, logistics-related emissions constitute 2.6% of our total greenhouse gas emissions for 2023. In Scope 3 emissions, those from product transportation represent the second-largest environmental impact category after emissions from purchased raw materials.

Our logistics operations are driven by a process-oriented approach rather than a location-based one. This framework is anchored in key workflows such as retail, wholesale, export, invoicing, and system process development. Furthermore, to improve our logistics efficiency and reduce our environmental footprint, we are implementing various innovative solutions—from weekly route optimization to warehouse management—and initiating projects that emphasize digital transformation.



### Optiyol (Opti-Path) Project

To improve our logistics operations, we have deployed the Optiyol route optimization system. This system facilitates vehicles in navigating the shortest routes along existing roadways while ensuring complete visibility throughout the entire process, from warehouse departure to dealer delivery. With Optiyol, there is enhanced transparency for logistics providers and dealerships, allowing for real-time tracking of shipments. **Consequently, this project has resulted in an additional 5-10% reduction in transportation costs.**



### AXION Warehouse Management System

Launched in 2023, the AXION Warehouse Management System project enables the efficient and traceable execution of all operations within the warehouse. By utilizing barcode scanning and License Plate (LP) labels, we have digitized the processes of shipping, receiving, inventory management, and returns, with all transactions recorded in real-time. This facilitates backward traceability and allows for product picking over the shortest distances within the warehouse, effectively eliminating unnecessary time losses.

As a result, the system helps prevent incorrect or incomplete loading. Moreover, the AXION system provides insights into operator performance, allowing for enhanced management of warehouse processes.

Through our initiatives focused on digitization and improving efficiency in logistics, we are not only reducing operational costs but also making significant progress toward our sustainability objectives.

We remain committed to expanding our projects and optimizing our logistics network to achieve further improvements in our logistics operations by 2024.

# Biodiversity and Sustainable Forestry



The furniture industry, in which we operate, is intrinsically linked to natural resources, and thus carries the responsibility of preserving biodiversity and ensuring sustainable resource use. Forests serve as the source of raw materials for furniture production while also fulfilling crucial roles in maintaining the global ecosystem, sequestering carbon, regulating the water cycle, and providing habitats for countless species. According to a report from the World Economic Forum, approximately 50% of global GDP is directly or indirectly dependent on nature.<sup>6</sup>

Therefore, transitioning to sustainable practices is not only an environmental imperative for natural resource-driven sectors like furniture but also a fundamental requirement for economic sustainability.

At Doğanlar Furniture, we acknowledge our dependence on natural ecosystems and our duty to protect them. We are committed to sourcing our raw materials from sustainable origins, preventing deforestation, and adhering to principles that foster biodiversity conservation. Accordingly, Doğanlar Furniture Group is certified under the **FSC® Chain of Custody Certification** (License Code: FSC-C159280), promoting the sustainable management of forest resources. This certification guarantees that our products are derived from responsibly managed forests, distinctly separating them from those associated with uncontrolled logging. It signifies our unwavering commitment to sustainable forest management practices and responsible resource utilization.

The FSC® certification not only reflects our dedication to environmentally conscious production but also ensures the preservation of forest ecosystems and the sustainable transfer of forest resources to future generations. The presence of the FSC® certification on our wooden products demonstrates that the forests from which our materials are sourced are managed responsibly and verified by independent auditors.

Moreover, as part of our sustainability targets established for 2023, we pledge to implement a biodiversity project annually. We aim for these projects to encompass comprehensive activities focused on the protection of plant and animal species within forest ecosystems, the enhancement of natural habitats, and support for endangered species. Through our annual initiatives, we will reinforce our sustainable forestry practices, contributing to a more responsible management of our relationship with nature while continuing to take impactful actions against the biodiversity crisis.

<sup>6</sup> European Commission, Deforestation Regulation Implementation (2024).



# 05

## Nature-Conscious Operations

*future furniture*

respects and protects nature through  
its production processes.

Carbon Emissions  
Energy Management  
Responsible Resource Use



*Future furniture respects and protects nature throughout its production processes.*

Each piece is crafted with care to maintain ecological balance. We are dedicated to utilizing energy from alternative sources in our manufacturing processes. By developing innovative solutions, we strive to minimize emissions and manage resources responsibly.

#### SDGs We Contribute to:



### Our Sustainability Targets

- ✓ Achieving net zero emissions by 2050
- ✓ Replacing at least 50% of logistics vehicles with zero-emission vehicles by 2030
- ✓ Using 100% renewable energy in operations by 2030
- ✓ Investing \$4 million in renewable energy projects by 2030
- ✓ Reducing waste sent to landfills by 50% by 2027
- ✓ Recycling or recovering 60% of operational waste by 2027

## Environmental Management

As Doğanlar Furniture Group, we prioritize the principles of environmental sustainability in our core business areas of modular furniture and mattress manufacturing. In our factories, we produce various product groups in compliance with the standards of ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.

In alignment with our sustainable development approach, we actively implement our environmental policy by conducting periodic analyses of the environmental impacts of our operations, while committing to continuous improvement. We strive to comply with both national and international regulations, fostering environmental awareness among all stakeholders and supporting the sustainability of the life cycle.

Our environmental management practices focus on the efficient use of energy and water resources, waste reduction, and the implementation of recycling initiatives which allows us to continually enhance our environmental performance.

You can access Doğanlar Furniture Group's Environmental Policy [here](#).

As part of our environmental management approach, we invest in and incur expenses related to wastewater management, noise control, environmental permits, environmental and waste consulting, and emissions calculations. Additionally, at our Biga and Düzce factories, we support both employees and subcontractors with environmental training to achieve a certain level of awareness throughout our value chain.

**In 2023, environmental trainings provided to factory employees increased by 59% to 1,178 person\*hours.**



Environmental Trainings – Factories (person*hour)	2021	2022	2023
Employees and Sub-Contractors	440	737	1,178





# Carbon Emissions

As a committed entity in the furniture industry, we acknowledge our responsibility to effectively manage and mitigate our carbon emissions, given that our raw materials are sourced directly from natural resources. To this end, we are implementing comprehensive sustainability strategies that span our entire value chain, carefully considering the environmental impacts of the materials we utilize—such as wood, plastic, metal, and textiles—in our production processes.

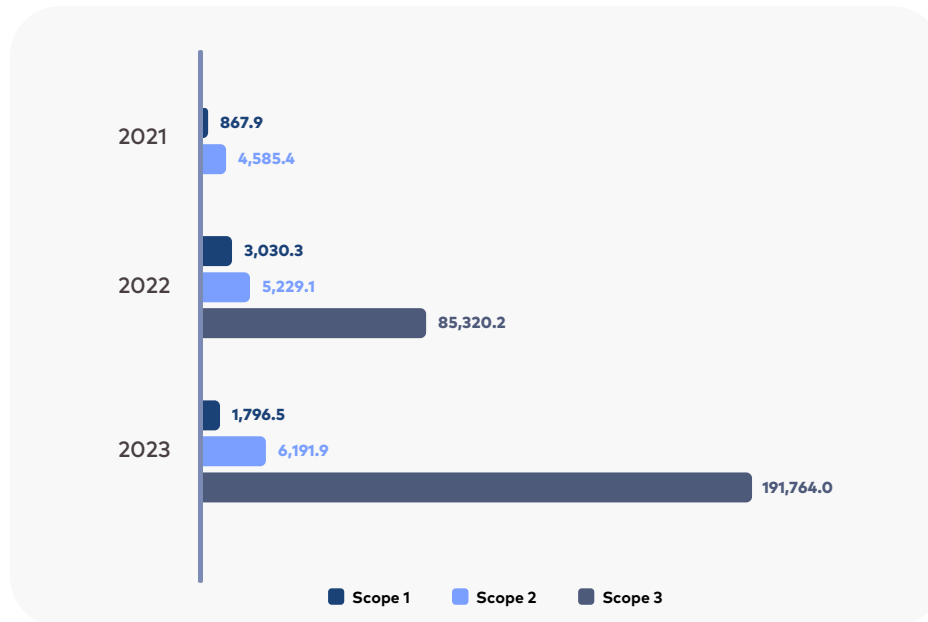
Since 2021, we have conducted thorough assessments of our Scope 1 and 2 emissions, and for the years 2022 and 2023, we have expanded our calculations to include Scope 1, 2, and 3 emissions. Our analysis of Scope 3 emissions encompasses Categories 1, 2, 4, 5, 6, 7, and 9. The calculation includes our Biga Factory, Düzce Factory, and Headquarter.

Greenhouse Gas Emission (tonCO <sub>2</sub> e)*	2021	2022	2023
<b>Scope 1</b>	<b>868</b>	<b>3,030</b>	<b>1,796**</b>
<b>Scope 2</b>	<b>4,585</b>	<b>5,229</b>	<b>6,192</b>
<b>Scope 3</b>		<b>85,320</b>	<b>191,764</b>
Category 1 - Purchased Goods and Services		76,479	181,693
Purchased Raw Materials		76,393	181,637
Purchased Services		86	55
Category 2 - Capital Goods		4,839	3,369
Category 4 - Upstream Transportation and Distribution		357	348
Category 5 - Waste Generated in Operations		58	72
Category 6 - Business Travel		185	695
Category 7 - Employee Commuting		208	310
Category 9 - Downstream Transportation and Distribution		3,194	5,278
<b>Total Emissions (tonCO<sub>2</sub>e)</b>	<b>5,453</b>	<b>93,579</b>	<b>199,752</b>

\*The calculations include the Biga Factory, Düzce Factory, and Headquarter. Stores are excluded from the scope of the calculations.

\*\*Natural gas usage at the Düzce Factory has been discontinued as of 2023.

## Annual Greenhouse Gas Emissions by Scope (ton CO<sub>2</sub>e)



Compared to the previous year, enhanced data collection and expanded inventory contributed to a more accurate calculation of Scope 3 emissions. These advancements played a crucial role in the calculation of Scope 3 emissions, ensuring that the data for the current year encompassed a broader range. As a result, the increase in Scope 3 emissions for 2023 can be largely attributed to enhanced data quality and the inclusion of a greater number of product categories in our emissions inventory.

The carbon emissions per product were recorded at 0.05 tonCO<sub>2</sub>e based on the 1,759,422 tons of products sold last year, which resulted in 93,579.6 CO<sub>2</sub>e of greenhouse gas emissions. In 2023, with an increase in production capacity and sales, the carbon emissions per product were observed at 0.09 tonCO<sub>2</sub>e for 2,027,917 units and 199,752.4 CO<sub>2</sub>e of greenhouse gas emissions.

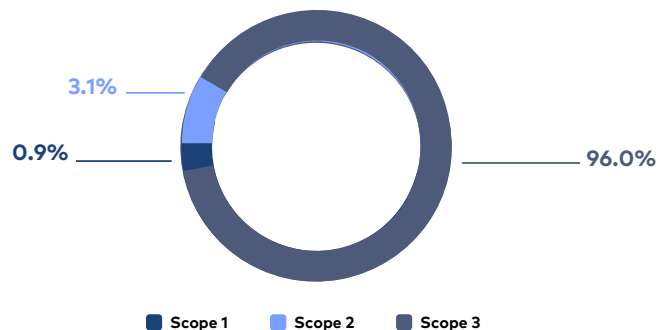
Through our corporate carbon footprint assessment, we have thoroughly identified the environmental impacts of our operations and pinpointed key areas in our production processes. As of 2023, our total greenhouse gas emissions were calculated to be 199,752.4 tons of CO<sub>2</sub>e, with Scope 1 and Scope 2 emissions amounting to 7,988.4 tons of CO<sub>2</sub>e.

Notably, the Scope 3 emissions we calculated across seven subcategories accounted for 96% of our total emissions. The majority of these emissions were linked to the procurement of raw materials used in our production processes. Wood and foam emerged as significant materials both in terms of weight and emissions.

**Scope 3 emissions  
accounted for 96% of all  
our emissions.**



## Distribution of Total Greenhouse Gas Emissions by Scope

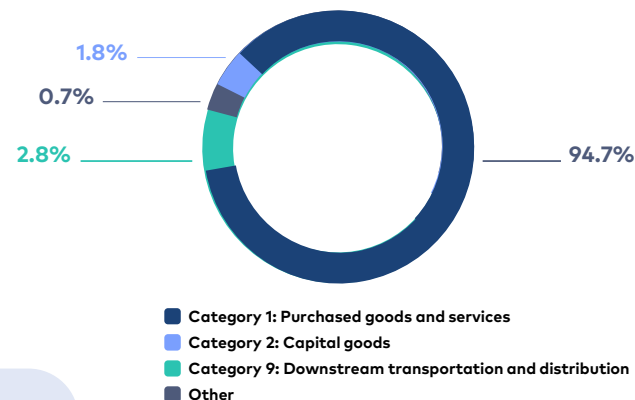


In the 2023 emission calculations, Scope 2 emissions—stemming from Purchased Energy—were identified as the second hotspot, representing 3.1% of our total emissions. Additionally, emissions related to both downstream and upstream transportation and distribution, specifically in logistics, accounted for 2.8% of all emissions, making it the third hotspot. In response to these findings, we have established a target to transition at least 50% of our logistics vehicles to zero-emission alternatives by 2030.

We understand the critical importance of accurately mapping our carbon emissions and enhancing awareness of the environmental impacts associated with furniture production as we work to manage our ecological footprint. Recognizing that every action we take to reduce carbon emissions reflects our commitment to environmental stewardship, we are resolutely dedicated to achieving net-zero emissions by 2050.

To accomplish this ambitious target, we have identified several strategic priorities, including improving energy efficiency, investing in renewable energy, and reengineering our production processes. We are committed to collaborating closely with all stakeholders across our supply chain to implement sustainable solutions at every stage—from sourcing raw materials to managing logistics.

## Category Distribution for Scope 3 Emissions



In particular, we will prioritize initiatives aimed at increasing the sustainable sourcing of materials such as wood and foam, which contribute significantly to our Scope 3 emissions. Additionally, we will enhance our efforts to reduce Scope 2 emissions through ongoing energy efficiency initiatives and investments in renewable energy projects.

By taking a holistic approach to our entire value chain, we remain focused on developing increasingly eco-friendly, efficient, and innovative solutions as we progress toward our net-zero carbon emissions target.

# Energy Management

At Doğanlar Furniture Group, we align our energy management strategies with our commitment to sustainability and undertake a variety of projects aimed at enhancing energy efficiency within our operations. While we aim to optimize the use of energy resources in our production processes and facilities, we are also committed to implementing sustainable energy solutions for the future through our investments in renewable energy.

In line with our energy management strategy, we have expanded our electric vehicle infrastructure by installing charging stations at our production facilities in Düzce and Biga, as well as at our headquarters. Our initiative to transition from fossil-fueled rental vehicles to electric vehicles is ongoing, and we currently have 10 fully electric vehicles actively in use. Additionally, we have made strides in reducing carbon emissions by replacing our diesel forklifts with electric alternatives.

## Energy Monitoring and Tracking System - SCADA Project

To enhance our energy efficiency, we have launched the Energy Monitoring System, which provides detailed insights into energy usage across different departments in our factories. This system allows us to measure the energy consumption of each production unit, tracking the kWh usage per section. By sharing these insights with relevant teams, we aim to continually improve energy efficiency. While the system is fully operational in Düzce, we are in the process of implementing it in Biga. Moving forward, each department will establish its own energy-saving targets based on the collected data. Additionally, the SCADA system enables us to monitor real-time metrics such as power, pressure, temperature, and machine operating times. This helps us identify unnecessary downtimes, excessive energy consumption, and potential risks early, ensuring a more efficient and safer production environment.

An alert system is triggered when limits are exceeded, allowing for immediate intervention. This project not only boosts our energy efficiency but also significantly contributes to reducing operational costs.

To further our commitment, we have launched two significant renewable energy projects: the Biga Rooftop Solar Energy Power Plant( SPP) Project and the Düzce Rooftop Solar Energy Power Plant (SPP) Project.





### Düzce Rooftop SPP Project

Another major renewable energy investment by Doğanlar Furniture Group, the Düzce Rooftop SPP Project, involves the establishment of a solar power plant with a capacity of 5,000 kWp. This project has been implemented to meet the energy requirements of our Düzce facility, with an anticipated annual energy production of 5,750,000 kWh. As part of this initiative, we have reinforced the facility's energy infrastructure by adding a 3,150 kVA transformer and installing a total of 5,000 solar panels. This project will not only reduce our energy dependency but also significantly decrease our carbon footprint.

We are committed to taking decisive steps to enhance energy efficiency and promote sustainability within the furniture industry. Based on our dedication to renewable energy investments, we have set ambitious targets:

**Attaining 100% renewable energy utilization across all operations by 2030, Investing \$4 million in renewable energy initiatives by 2030.**

This comprehensive strategy allows us to optimize our current energy consumption while actively working towards establishing a more sustainable and environmentally friendly business model for the future.

### Biga Rooftop SPP Project

Launched in 2023, this project has been a crucial step forward to increase our production of renewable energy. The project involves the installation of a solar power plant with a capacity of 4,542 kWp, aimed at meeting the energy needs of our facility. Key technical enhancements include the addition of a 1,600 kVA transformer to strengthen the energy infrastructure and the refurbishment of 27,000 m<sup>2</sup> of roof panels. These upgrades not only enhance fire safety but also contribute to a more efficient energy system. Upon completion, we expect to generate approximately 5,223,300 kWh of energy annually, leading to substantial reductions in energy costs and carbon emissions.

**Our target is generating 10,973,300 kWh of energy annually with the Biga Roof SPP Project and Düzce Roof SPP Project.**



# Responsible Resource Use

Driven by our dedication to high quality, we are crafting innovative solutions to promote sustainability across the entire value chain, prioritizing responsible resource utilization in all our operations. We are implementing measures to reduce consumption by utilizing resources such as energy and water as efficiently as possible while also undertaking efforts to minimize waste generation. In this context, we continually enhance our environmental management system to ensure compliance with international standards, such as ISO 14001.



Biga Factory Waste Data (Tons)	2021	2022	2023
Amount of hazardous waste disposed	0.3	2.3	6.9
Amount of non-hazardous waste disposed	594.4	465.8	2,170.7

Düzce Factory Waste Data (Tons)	2021	2022	2023
Amount of hazardous waste disposed	3.7	79.6	100.4
Amount of non-hazardous waste disposed	86.3	104.9	69.8

## Waste Management

Our waste management approach prioritizes the reduction of waste generation and the efficient use of resources. We engage in continuous improvement initiatives to promote recycling of the waste produced in our operations and to minimize overall waste output. As a testament to these efforts, we have been awarded the Zero Waste Certificate from the Ministry of Environment, Urbanization, and Climate Change.

We diligently manage the sorting, proper handling, and recycling of waste generated in our factories according to its type. The most common waste from our operations is related to the raw materials used in our production processes, which typically includes non-hazardous waste such as wood, plastic, paper, cardboard, fabric, and sponge. Additionally, hazardous waste is generated, including contaminated packaging and filter materials.

We ensure that these hazardous wastes, like contaminated packaging and filter materials, are sorted with appropriate codes and sent to licensed recycling companies.

Hazardous waste is processed and directed toward recovery in compliance with environmental regulations. We are committed to taking measures to reduce the on-site use of paper, cardboard, and plastic materials in our packaging processes while actively working to ensure their recycling.

**In this regard;**

**Recycling or recovering 60% of operational waste by 2027.**

We ensure the proper segregation of waste through Zero Waste Sorting Bins located in our production areas. Waste is collected at regular intervals by licensed companies. To prevent careless disposal of waste, we conduct photographic inspections in the production sites to analyze the causes of waste generation and implement preventive measures.

Recycled Waste (Biga Factory)	2021	2022	2023
The amount of plastic waste sent to a licensed recycling company (tons)	28.9	34.1	17.5
The amount of cardboard waste sent to a licensed recycling company (tons)	192.5	102.0	85.2
Recycled Waste (Düzce Factory)	2021	2022	2023
The amount of plastic waste sent to a licensed recycling company (tons)	72	1.7	3.5
The amount of cardboard waste sent to a licensed recycling company (tons)	0	5.8	11

**By utilizing high calorific value particle board waste for heating, we enhance energy efficiency while minimizing waste generation.**





We partnered with the global **SEAQUAL Initiative** to help clean plastic waste from oceans and seas, using the recycled material as raw input for our mattress production. We use 100% recycled yarns produced by recycling collected plastic waste as raw material in our mattress production processes. These yarns are used in the eco-friendly fabrics of our Wellness Rest mattresses, helping to reduce environmental impact and promote our commitment to a circular economy. Remarkably, 60% of the collected plastic waste is transformed into recycled fabrics for our products, turning our environmental responsibility into measurable action.



Through our collaboration with the **SEAQUAL Initiative**, we've integrated 100% recycled yarn made from ocean plastic waste into our mattress production.

In line with our waste management strategy, we emphasize proper waste handling and recycling by regularly training our employees. To enhance employee awareness, we conduct annual Environmental and Zero Waste Training programs, focusing on waste segregation, reducing energy consumption, and preventing waste generation.



## Water Management

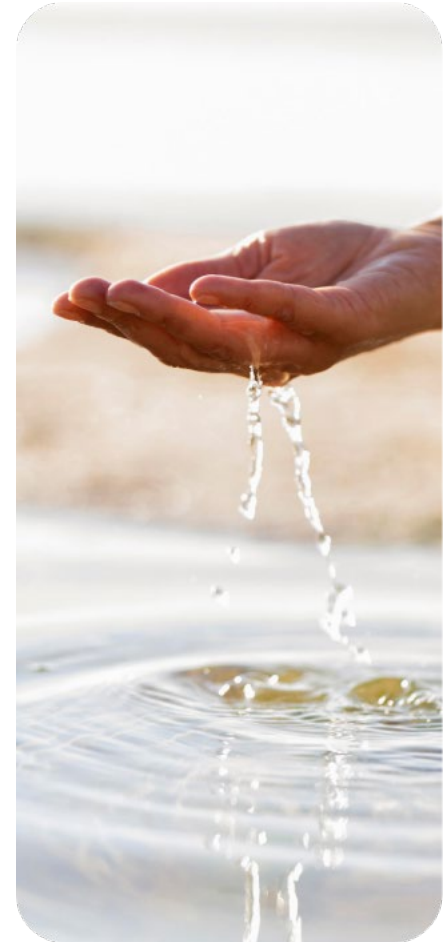
Efficient use of water resources is a vital aspect of our commitment to environmental sustainability. Although water is not required in our production processes, we have implemented effective measures for managing the domestic wastewater generated by our daily operations.

At our factories, domestic wastewater is treated through our in-house wastewater treatment plant and safely discharged. The performance of our treatment plant is closely monitored, with samples collected bi-monthly by accredited laboratories for analysis. These analyses are conducted in line with the Water Pollution Control Regulation, ensuring that our water treatment processes are continuously monitored. We also regularly assess the quality of the water being discharged and enhance the maintenance of our treatment system through specialized external services.

To foster greater awareness of water-saving among our employees, we conduct regular Environmental Training programs.

These sessions cover important topics such as water pollution, water-saving strategies, and the protection of water resources, as well as practical guidance on mindful water usage. Additionally, the installation of sensor-activated faucets in our restrooms minimizes unnecessary water consumption, contributing to our overall water-saving efforts.

With the approach we have adopted in water management, we will continue to minimize our environmental impact by ensuring the efficient use of water and the safe treatment of wastewater.



# 06

## Sustainable Living Spaces

*future furniture*  
designs considering both  
today and tomorrow.

R&D, Innovation and Design  
Product Quality and Safety



### *Future furniture designs considering both today and tomorrow.*

Our timeless designs lead to the creation of durable and high-quality pieces, providing customers with sustainable living environments. We actively contribute to the evolution of consumption habits through circular economy practices starting from the design phase.

#### SDGs We Contribute to:



## Our Sustainability Targets

- ✓ Ensuring 30% sustainable raw material usage across all mattress product lines by 2027
- ✓ Developing a Circular Design Guide by 2025 and incorporating it into design processes
- ✓ Launching a new collection each year within the framework of the Circular Design Guide starting in 2026
- ✓ Designing 5% of new products annually using recycled and upcycled materials starting in 2026
- ✓ Securing at least two patents each year

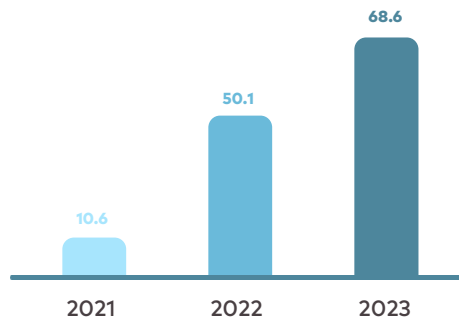
# R&D, Innovation and Design

At Doğanlar Furniture Group, we are shaping the Future Furniture with a focus on sustainability, innovation, and quality. From the initial design stage, we bring an innovative mindset into every stage of the R&D process. Through our renowned brands—Doğtaş, Kelebek, Kelebek Kitchen-Bathroom, Lova Mattress, and Ruum Store— we use the latest technologies to create furniture that's comfortable, functional, and built to last. We approach design thoughtfully, making sure every step is carefully handled—from generating new, fresh ideas and choosing the right, distinctive materials to creating prototypes, ensuring products are manufacturable and viable, and establishing their commercial identity.

Our Maltepe Design Center has been certified by the Ministry of Industry and Technology since 2017, and our Düzce Design Center since 2020, lay the groundwork for pioneering research and industry-first projects.

We have a team of 61 employees dedicated to R&D and innovation in our design centers. In 2023, we invested TRY 68.6 million in R&D and innovation. Our target is to secure at least two patents every year as part of our ongoing efforts.

R&D and Innovation Investments  
by Years (TRY million)



## Doğtaş

New design and innovation area of 1,175 m<sup>2</sup>



## Kelebek

New design and innovation area of 1,335 m<sup>2</sup>





In 2023, we were proud to rank 1st on *Turkishtime* magazine's list of the "Top 50 Companies Based on Design Registrations in R&D Centers" and 166th on the list of the "Top 250 Companies with the Highest R&D Expenditures."

With a global design vision, Kelebek Furniture collaborates with both local and international designers to offer its customers products in diverse concepts. We showcased the Flytopia collection, created in partnership with renowned industrial designer Karim Rashid, at the Istanbul Furniture Fair. Additionally, training sessions have been organized for the in-house interior designers at Kelebek Furniture to enhance their skills and expertise.

In an ever-changing industry where customer expectations and trends shape design, keeping innovation at the heart of what we do is crucial.

**We ranked #1 for the highest number of design registrations according to the 2023 *Turkishtime* R&D 250 report.**



Design is naturally driven by innovation, and we make it a priority to infuse that innovative spirit not just into our design process but throughout all aspects of our business.

In our design processes, we prioritize innovation not only in product design but also in the processes themselves. In line with this, we are integrating digital solutions into our design workflows. By accelerating the prototyping stages with VR/AR applications, we aim to achieve the right product with fewer prototypes.

Additionally, we are developing projects that will enhance product design and visualization processes in the digital environment with the support of artificial intelligence. We also plan to use 3D scanners for reverse engineering, particularly for time-consuming product designs, to save time. This approach is expected to be heavily utilized in complex components such as chair frames and legs.



## Innovating for Customized Sleep

Since its foundation, our Lova Mattress brand has adopted an approach based on university, science and cooperation. In line with this vision, at the Lova Comfort and Innovation Center operating in Ankara METU-ASO Technopark, we analyzed different body structures and sleep habits in cooperation with scientists from the Turkish Physiotherapists Association and Hacettepe University. In the light of this data, we designed mattresses, pillows and support products based on scientific foundations. At the center, we measured pressure and movements using a special system with 10 thousand sensors and offered the most suitable solutions to our customers.

Additionally, we offer a complimentary physiotherapist consultation service in our stores, where we perform posture analyses and recommend healthy sleep products. Through this innovative approach, we strive to enhance not only sleep quality but also overall quality of life.

Moreover, we are developing mattresses specifically designed to alleviate fatigue following physical activity or long days, ensuring that users wake up feeling rejuvenated and energetic.

These mattresses are crafted with a focus on delivering optimal solutions for back pain and applying varying pressure levels to different body regions, all made possible through Nanobionic technology. We offer our customers products that deliver maximum comfort by developing springs with custom configurations for different areas of the body and optimizing their firmness or softness levels.



## Sustainability-Focused Design

The design process, which serves as the initial step in our value chain, is fundamental to our operational processes as well. The design phase for products intended for our customers significantly impacts subsequent steps in the value chain, including purchasing, production, and sales. Therefore, we are committed to aligning our efforts with our goal of providing sustainable living spaces, starting from our R&D and design processes. We create user-centered designs that deliver tangible benefits, address problems, and maintain a high standard of quality across all our products. Following the design phase, we prioritize materials with minimal environmental impact, focusing on recycled and biodegradable options that align with the design codes of our brand and products.

**In our collections we emphasize the use of recycled fabrics, bio-based particle boards, cotton-blended materials, and recycled yarns.**





In our design processes, we strive to minimize environmental impacts by considering not only the aesthetic and functional aspects of our products but also their entire life cycle. We aim to develop designs that reduce waste, utilize resources efficiently, and extend product lifespans, all in accordance with circular economy principles. Circular design not only delivers environmental benefits but also enhances the efficiency of our operational processes, enabling us to offer durable, high-quality products to our customers. As part of this commitment, we plan to develop a Circular Design Guide by 2025, managing all our design processes in line with this guide.

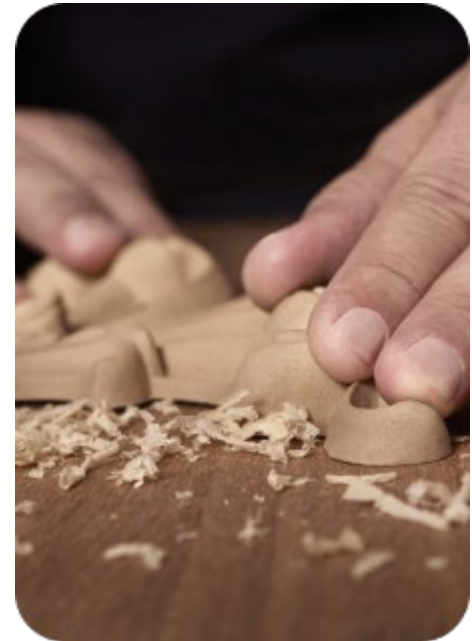


Starting in 2026, we intend to create one collection annually based on the principles outlined in the Circular Design Guide.

Sustainability-focused initiatives are increasingly integral to our R&D and innovation processes each year. In 2023, we made significant investments in recycled, organic, and biodegradable materials to reduce the environmental impact of the raw materials we source and the products we create. We continue to prioritize the use of recycled fabrics, bio-based particleboard, cotton-blended materials, and recycled yarns in our collections.

Looking ahead, we aim to increase the use of sustainable raw materials. In the short term, we plan to implement a handle design made from recycled plastic granules. Over the medium and long term, we aim to complete a biopanel project that incorporates recycled organic waste. Additionally, we seek to utilize panels made from organic waste such as ground coffee beans, eggshells, and plant fibers in our decorative and unique product lines, furthering our R&D efforts in this area.

**In 2023, we implemented investments focused on recycled, organic, and biodegradable materials.**





### Bio-based and Recycled Furniture Production

Our goal is to enhance the proportion of recyclable and naturally biodegradable materials across all our products, and we are actively pursuing R&D initiatives to support this aim. We are currently in the testing phase for furniture items, such as consoles, TV units, and cabinets, made from biodegradable particleboard, as well as recyclable and bio-based materials. We plan to complete these tests and transition to mass production.

### Using Recycled Materials in Upholstery Fabrics

We adopt circular design principles by incorporating recycled yarns and fabrics into our upholstery materials. The upholstery of the armchairs in the Angelic collection under the Kelebek brand is produced from recycled yarns. Since 2021, we have been offering sofas made from fabrics sourced from recycled PET bottles under the Doğtaş brand. Each sofa utilizes an average of 25 meters of fabric, which helps recycle approximately 1,000 PET bottles.

**Each sofa we produce with recycled fabric from PET bottles prevents around 1,000 PET bottles from becoming waste.**



In 2023, we successfully recycled 70,000 PET bottles by using 2,000 meters of fabric in the production of bases and headboards. Additionally, we used 1,500 meters of recycled fabric in the manufacturing of sofas, couches, and armchairs.

As part of our ongoing commitment to incorporating recycled materials into our products, we aim to design 5% of our new products each year using recycled and upcycled materials by 2026.

## Sustainable Raw Material Mattress Production

Under the Lova brand, we are committed to increasing the use of sustainable raw materials, including recycled yarn, bamboo, and Tencel, in our mattress products. We are transitioning from silicone fiber padding to recycled fiber, thereby expanding our portfolio of recycled materials.

This switch to recycled fiber in silicone padding significantly reduces our environmental impact. Through this initiative, we have successfully recycled approximately 1 million PET bottles, which is equivalent to around 12 tons. In 2023 alone, we utilized 10,000 meters of recycled fabric in mattress production, resulting in the recycling of 350,000 PET bottles.

Additionally, as part of our sustainability objectives, **we aim to achieve 30% usage of sustainable raw materials across our entire mattress product range by 2027.**

**By using recycled fibers in mattress production, we have contributed to the circular economy by recycling 1 million PET bottles, which corresponds to a consumption of 12 tons.**

## AI-Enhanced Shopping Experience

At Ruum Store, we provide our customers with innovative shopping opportunities through our phygital (a blend of physical and digital) experience stores. Our smart screens and product control panels streamline the shopping process, while the Atlas system and holophonic assistants ensure an accessible experience. Additionally, we support digital assets through our metaverse store and NFT collections. To make room design and shopping even more interactive, we incorporate QR-coded, AI-powered setup and solution robots, along with VR and AR glasses.



# Product Quality and Safety

We strive to ensure that all our products are of the highest quality, durability, and accessibility, viewing product quality and safety as our primary responsibility to our customers. Based on our materiality analysis results, the quality and safety of our products are among our top priorities. All our operations are conducted in accordance with national regulations, international standards such as the ISO 9001 Quality Management System Standard, and the policies and objectives set forth by Doğanlar Furniture Group.

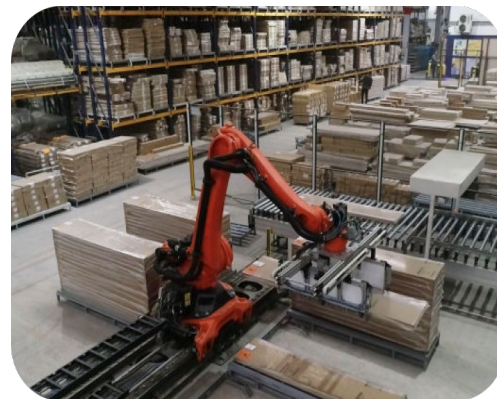
**In 2023, no discrepancies regarding product quality, safety, or customer health have been identified.**

We manage all our business processes under an Integrated Management System. At Doğanlar Furniture Group, our Integrated Management Systems focus on enhancing performance, promoting continuous improvement, fulfilling legal and regulatory obligations, and achieving our system objectives.

We are certified in several standards, including ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System, ISO 50001 Energy Management System, ISO 10002 Customer Satisfaction Management System, ISO 14001 Environmental Management System, and ISO 27001 Information Security Management System. To embed the Integrated Management System into our corporate culture and increase employee awareness, we provide regular training sessions on QDMS, document management, and the Integrated Management Systems.

You can access our Integrated Management Systems Policy [here](#).

We implement a comprehensive quality management process that encompasses system and product certification, new product development, raw material inspections, statistical process control (SPC) in production, and final product evaluations.





To ensure the highest quality and safety standards during the prototype and mass production of all our upholstery and panel products, we use control lists, referred to as "red lines," to monitor product content and packaging. We rigorously adhere to these red lines at every stage, especially concerning the materials used in upholstery and panel products, packaging methods, materials used in product design, and post-assembly processes. Additionally, we continuously monitor criteria such as the ergonomic design compliance of our furniture and the robustness of our tests against established standards.



**We maintain the highest quality and safety standards in the prototype and mass production of our products.**

Our products—including mattresses (TS EN 1725), home seating elements (TS EN 12520), tables (TS EN 12521), and kitchen cabinets (TS EN 14749)—are certified with a Turkish Standards Compliance Certificate, ensuring full compliance with the safety, durability, and quality standards set by the Turkish Standards Institute (TSE). Test reports certifying the conformity of our products are prepared based on inspections and tests conducted at TSE's testing laboratory.







To ensure that the fabrics used in our upholstery products meet minimum quality, health, and safety conditions, we conduct necessary tests in both internal and external laboratories to assess their chemical composition and compliance. We obtain Material Safety Data Sheets (MSDS) and Technical Data Sheets (TDS) from manufacturers, ensuring that unsuitable raw materials are excluded from our production processes.

We conduct finished product testing to evaluate the strength, durability, and safety requirements of our completed products. These tests include static load testing, fatigue testing, drop testing, and shock testing. Products that fail to meet the required standards must be reinforced, while those that comply can proceed to mass production.

We also maintain high quality and safety standards for externally sourced products.



The testing and inspection of these products are handled within the framework of our quality management activities, with product controls conducted according to the established criteria for each product group. The testing processes for purchased final products are conducted at our brand facilities.

### Lean Production and Continuous Improvement Initiatives

At Doğanlar Furniture Group, we have embarked on a journey to implement lean production processes and foster a culture of continuous improvement throughout the organization. This initiative encompasses multiple departments, including Upholstery Production, Panel Production, Quality and Management Systems, After-Sales Services, and R&D. Our Lean Office framework is at the core of these efforts, where we focus on on-site quality activities to eliminate inconsistencies during production. We are enhancing efficiency through line balancing techniques and boosting customer satisfaction via supplier development initiatives. To drive cultural transformation, we provide training sessions for employees to deepen their understanding of lean principles. Additionally, we conduct daily quality and asakai meetings to reinforce our commitment to continuous improvement and lean practices. With an investment of approximately TRY 1 million dedicated to these continuous improvement initiatives, we anticipate achieving significant productivity gains, resulting in projected financial savings of around TRY 10 million.



## Information Technology and Security

In our increasingly digital business landscape, ensuring top-notch information security while maintaining the confidentiality, integrity, and accessibility of all data is a fundamental priority. Within this scope, to protect the data of our customers and business partners, and to mitigate digital risks in our operations, we implement information security policies that are continuously updated and refined.

At Doğanlar Furniture Group, all information technology processes are managed in accordance with the ISO 27001:2022 Information Security Management System. In this context, our training and awareness programs serve as a guiding framework for our cybersecurity management policies. Senior management actively monitors information security processes, facilitating continuous improvement, compliance, audit mechanisms, and the execution of business continuity and disaster recovery plans.

When partnering with third-party vendors, we strictly adhere to our information security standards and prioritize collaboration with suppliers and subcontractors that can comply with these requirements. During the selection process, we thoroughly evaluate the information security policies and practices of potential suppliers and subcontractors.

### Digitization Efforts

Our digitization initiatives are designed to foster continuous improvement and efficiency in our business processes. In 2023, we successfully completed the integration of information gathering from production processes into our Enterprise Resource Planning (ERP) system. Through our Service Fiori project, we transformed the manual forms used by technical services into a digital format, thereby enhancing traceability. Our master data management project also digitized all relevant product details and technical documentation, including product images, assembly instructions, and instructional videos.

### Rise with SAP HANA

We adopt an innovative approach in our digitization processes, focusing on aligning all our operations with contemporary requirements. The Rise with SAP HANA project represents a significant milestone in our digital transformation journey. As a pioneering initiative in the furniture sector, this project enables us to migrate all our business processes to the cloud, enhancing efficiency and establishing an infrastructure capable of swiftly adapting to market fluctuations. Through this initiative, we aim to achieve rapid and accurate reporting by leveraging real-time and comprehensive data access. Additionally, by strengthening our CRM processes, we intend to enhance revenue efficiency in retail. The elimination of costly maintenance requirements will lead to reduced operational costs, allowing us to minimize risks through continuous improvement processes and elevate our security levels.

# 07

## Shared Value with Stakeholders

*future furniture*  
thrives on collaboration  
with our stakeholders.

Human Resources Management  
Employee Engagement and Well-Being  
Employee Development  
Diversity, Equality and Inclusion  
Occupational Health and Safety  
Customer Health and Satisfaction  
Community Impact



### *Future furniture thrives on collaboration with our stakeholders.*

We are committed to initiatives that support the well-being and growth of our employees. Through our social responsibility efforts, we aim to make a meaningful contribution to the community. Our focus is on achieving the highest standards in customer experience, valuing feedback, and growing together to amplify our lasting and positive impact.

### SDGs We Contribute to:



### Our Sustainability Targets

### 2023 Performance

Maintaining an employee turnover rate below 30%

Employee Turnover Rate: 35.9%

Keeping employee satisfaction levels above 75%

Employee Satisfaction rate: 70.7%

Ensuring an average of over 7 hours of classroom training per employee annually

Average hours of classroom training per employee for 2023: 5.76

Increasing the ratio of women executives to 25% by 2027.

Women Executive Ratio: 19%

Maintaining a customer satisfaction rate of at least 80% each year

Customer Satisfaction Rate:  
Shopping Experience: 91.6  
Delivery Service: 75.4  
Service Support: 81.4

Ensuring 25% of marketing campaigns focus on sustainability

We will begin to work on this target in 2025.

# Human Resources Management

Our Human Resources approach focuses on creating a meaningful and purpose-driven work culture. We actively monitor industry Human Resources trends and aim to help our employees develop their skills while contributing to the company's success by striking a balance between organizational goals and individual aspirations.

Human Resources is dedicated to enhancing organizational competencies, crafting engaging employee experiences, and establishing a strong employer brand. With these three key strategies at the core, we plan to launch a variety of projects for the years 2024-2027.

You can access the Doğanlar Furniture Group Employee Rights Policy [here](#).



## Doğanlar Furniture Group Human Resources Principles

We believe in open communication and support it at every level of the organization.

We strive to create an environment where employees feel happy to work, take pride in their contributions, and live in harmony with their colleagues.

While managing career and talent processes, we provide equal opportunities to individuals who possess the necessary knowledge and skills, as well as demonstrate behavioral role models, without any discrimination or favoritism.

Employees are supported in developing their expertise, personal skills, and leadership abilities through training and development activities.

We implement systems for suggestions and rewards that encourage innovative ideas that enhance work processes.

We promote high performance and success, rewarding positive outcomes.

**Our Human Resources approach is built on three main strategies: strengthening organizational competencies, designing engaging employee experiences for happy and committed employees, and building a robust employer brand.**



**In 2023, as Doğanlar Furniture Group, we undertook the following initiatives:**

- ✓ We conducted internal communication activities to enhance communication within the organization.
- ✓ We collaborated with the Strategic Planning Department to establish the infrastructure for a target and competency-based performance management system focused on development.
- ✓ We organized periodic employee engagement and feedback surveys, using the results to create actionable plans.
- ✓ We established Akademi-D to create a structure that supports continuous improvement and inspires our surroundings.
- ✓ We organized training programs aimed at facilitating employee development and enhancing motivation.
- ✓ We provided internship opportunities for students to support the growth of young talent.



## Employee Profile

At Doğanlar Furniture Group, our commitment to a people-centered approach is key to sustaining our success in the industry. We view our employees as our most valuable asset, and we take pride in our growth as a Group, fueled by their talents, dedication, and commitment.

As of the end of 2023, we have 2,737 employees. 1,427 of our employees are represented by the Öz-Ağaç İş Trade Union.<sup>8</sup> Our workforce is a diverse mosaic, encompassing individuals from various age groups and fields of expertise.

This diversity not only enriches our internal dynamics but also enhances our decision-making processes. The unique perspectives and experiences of our employees encourage the generation of innovative ideas, allowing us to respond more swiftly and effectively to our customers' needs. Consequently, we gain the flexibility necessary to adapt to the ever-changing market conditions and reinforce our commitment to industry leadership.



**As of the end of 2023  
we have 2,737  
employees.**

Employees by Category	2021		2022		2023	
	Women	Male	Women	Male	Women	Male
No. of White-Collar Employees	475	603	558	645	577	641
No. of Blue-Collar Employees	202	977	249	1,078	330	1,189

Employees by Duration of Employment	2021	2022	2023
0-5 years	1,661	1,909	2,199
5-10 years	328	278	263
10 years and more	268	343	275

<sup>8</sup> Negotiations for the Collective Bargaining Agreement with the Öz-Ağaç İş Union were concluded with an agreement, and a 3-year Collective Bargaining Agreement was signed, entering into force as of January 1, 2022.



# Employee Engagement and Well-Being

The satisfaction of our employees directly influences their personal development and happiness, while also significantly shaping our company's overall performance. Therefore, we have established various mechanisms to continuously monitor and improve employee satisfaction and engagement.

Every year, we conduct regular employee engagement and satisfaction surveys through independent research firms, allowing us to understand our employees' needs and expectations. The survey results are assessed across critical dimensions, including engagement, leadership, performance culture, and employee experience.

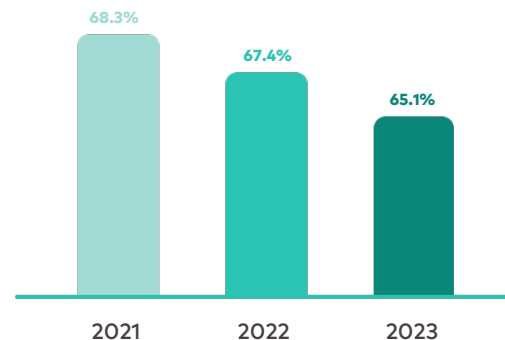
**For the second consecutive year, we ranked first in the furniture sector in the "Happiest Workplace" research conducted in collaboration with Happy Place to Work and Capital Magazine.**

The employee satisfaction rate, which was 67.4% in 2022, was observed to be 65.1% in 2023.

To boost employee motivation and improve our processes, we have designed various programs. Through our suggestion system, we encourage employees to share their ideas and implement feasible suggestions for process improvements. This system, called "Super Idea," is focused on evaluating and rewarding proposals made by employees individually or in teams. This approach not only enhances our employees' contributions to the company but also fosters their active participation in business processes.

**We aim to keep the employee satisfaction rate above 75% every year.**

Employee Satisfaction Rate



Based on employee feedback, we are increasingly investing in wellness programs that support both mental and physical health, aiming to enhance employee satisfaction and engagement each year.

Alongside these initiatives, we value our employees' family lives and significant personal moments, prioritizing our support during these times. As of 2023, a total of 14 female and 75 male employees have benefited from maternity and parental leave. Among those who took this leave, 10 women and 75 men returned to work following the conclusion of their maternity and parental leave.

Employee Turnover	2021	2022	2023
Number of employees who voluntarily left the company	17.7%	18.3%	20.8%
Employee turnover rate	28.6%	27.1%	35.9%

### Number of Employees Benefiting from Maternity/Parental Leave

Women  
14

Men  
75



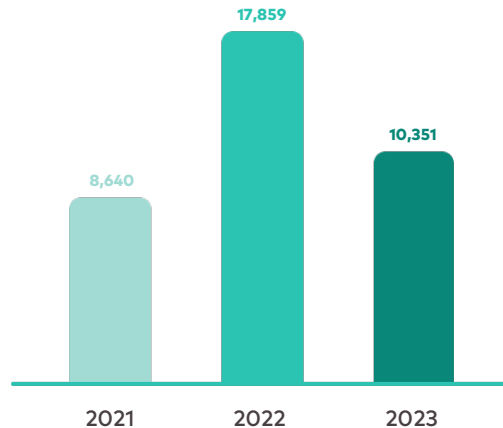
# Employee Development

At Doğanlar Furniture Group, we recognize that our employees are fundamental to our sustainable success. To support their growth and enhance their satisfaction, we are developing comprehensive strategies. Through initiatives in areas such as career management, recruitment processes, training and development programs, and success-oriented performance management, we aim to maximize each employee's potential.



**In 2023, we invested TRY 448,000 in employee training and development initiatives.**

Total Hours of Training (Person\*Hour)



## Recruitment Process

In our recruitment process, we strive to attract candidates who align with our company's values and culture and possess the skills required for the position. Candidates are evaluated based on specific criteria tailored to each role, considering their educational background, technical expertise, experience, and qualifications. Additionally, all applications are reviewed with a commitment to fairness and equal opportunity, ensuring strict confidentiality throughout the recruitment process.



Number of Employees Hired by Age and Gender	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
30 years old and below	182	286	181	229	207	265
Between 30 and 50 years old	139	249	125	201	153	373
50 years old and above	4	16	5	10	4	41

**In 2023, we implemented the Happiness at Work Digital Orientation Project.**

## Happiness in Our Work: Digital Orientation

In 2023, we initiated the "Happiness in Our Work: Digital Orientation" project to enhance the onboarding experience for new employees and create a shared communication language among our existing team members.

This project features a digital orientation program consisting of five modules that thoroughly introduce our brands, departmental functions, and production facilities. The training materials have been crafted using adult learning methodologies, incorporating videos, reading materials, voiceovers, and gamification elements. Additionally, a frequently asked questions section has been created to help employees quickly access the information they need.

Through this digital content, we have expedited our employees' integration into the organization and encouraged a more positive outlook. Furthermore, the program aims to promote the use of a common language throughout the group while enhancing the organization's prestige through engaging digital resources.



## Career Management

At the start of each year, we carefully plan to identify human resource needs in alignment with our strategic objectives. During this process, we prioritize assessing high-potential employees from within the organization, providing them with opportunities for promotions, rotations, and job changes across various positions, both horizontally and vertically. Through annual performance evaluations, we assess employees' competencies and their contributions to business objectives, enabling us to create tailored development plans that align with their career aspirations. This strategy ensures they maximize the career opportunities available within the company.

## Performance Management

Aligned with our company strategies, we regularly evaluate the targets and performance indicators set by each department. The performance management process is a vital tool for enhancing departmental operations and increasing the overall value contributed to the organization.

**We completed 10,000 hours of online training through the Akademi-D Development Platform.**

## Training and Development

In 2023, we initiated the Akademi-D corporate academy transformation project, designed to support employee development and foster a learning-oriented organizational culture through comprehensive training programs. Our training and development activities span a variety of categories, including Corporate Development, Personal Development, Professional Development, and Leadership. Throughout 2023, we delivered a total of 10,351 person-hours of training to approximately 1,693 employees, encompassing those from our headquarters, various business units, and both domestic and international dealerships. Notably, 610 hours of this training were dedicated to leadership development.

Furthermore, with the launch of the Akademi-D Development Platform, we successfully completed 10,000 hours of online training. This platform encourages self-directed learning by offering monthly "Training of the Month" sessions focused on topics that are pertinent to our employees' needs. Since 2022, we have also implemented lean transformation training as part of our lean office initiatives across our factories.

In 2024, we aim to provide training and development opportunities for all employees, introducing alternative learning methods and enriching these offerings. By adhering to principles of continuous improvement, we remain committed to supporting our employees on their career journeys.

**In 2023, we provided a total of 10,351 hours of training to 1,693 employees.**



### Corporate Academy Transformation and Akademi-D Development Platform

The "Corporate Academy Transformation and Akademi-D Development Platform" project, launched in 2022, aims to deliver tailored, benefit-driven training and development solutions. Our goal is to cultivate a learning-oriented organizational culture that provides all employees with access to training and development opportunities. The training topics available on the platform encompass a variety of subjects, including Earthquake Awareness, Positive Attitude, Office Software, Courtesy, and Etiquette.

This initiative focuses on professional development, management skills, and personal growth, employing alternative learning methods. Furthermore, we are committed to the continuous improvement and enhancement of our systems and processes. Looking ahead to 2024, we plan to introduce initiatives such as training internal trainers, implementing mentorship programs, and developing leadership skills.

### Retail School Development Journey

The Retail School Development Journey is structured around five main modules: the "Furniture Vision Module," "Product Module," "Customer Module," "Sales Module," and "System Module." This comprehensive program offers a hybrid learning experience by integrating video learning, e-learning, and in-person training. It aims to enhance the knowledge of our sales teams in the furniture industry while simultaneously improving their sales and communication skills, which directly contributes to increased customer satisfaction.

### Team Empowering Leadership Platform

We have launched the Team Empowering Leadership Program, a six-month initiative tailored to address the development areas of our employees involved in the 2023-2024 assessment center application. This program includes in-class and online training sessions, one-on-one coaching, managerial mentorship, and cross-mentoring practices. The program begins with the creation of a development action plan and is designed to conclude with a "Development Presentation" to senior management.







# Diversity, Equality and Inclusion

At Doğanlar Furniture Group, we adopt a zero-tolerance policy toward discrimination and inequality, ensuring a fair and inclusive work environment for all employees. We treat everyone equally, regardless of factors such as gender, age, race, ethnicity, religion, sexual orientation, or disability status.

Employees who experience discrimination or inequality can confidentially report their concerns, which are carefully investigated, and appropriate actions are taken. As of 2023, there have been no reported cases of discrimination within the company.

We are committed to ensuring equal pay for employees performing the same role, without regard to gender. Our compensation policy is strictly based on the qualifications and performance criteria relevant to each job. During the hiring process, candidates are evaluated objectively based on their skills, experience, and qualifications, allowing us to select the best candidates without any gender bias.



In support of

## **WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the  
UN Global Compact Office



We strive to create an environment where every individual has equal opportunities. In line with this commitment, we have signed the United Nations Global Compact, pledging to adhere to its ten principles related to human rights, environmental sustainability, labor rights, and anti-corruption efforts. Additionally, by signing the United Nations Women's Empowerment Principles (WEPs), we reaffirm our commitment to supporting women's participation in economic life at all levels.

**We are proud signatories  
of the United Nations  
Global Compact and the  
United Nations Women's  
Empowerment  
Principles.**



To promote diversity, equality, and employee satisfaction, we have established measurable goals that we regularly review. One of our strategic objectives is to increase the percentage of women executives from 19% to 25% by 2027. By the end of 2023, women make up 47% of our white-collar workforce, and our board of directors includes seven members, three of whom are women.



**The percentage of women on the Doğanlar Furniture Group Board of Directors is 43%, and the percentage of women among white-collar employees is 47%.**

We are dedicated to ensuring that employees with disabilities have equal opportunities to thrive in the workplace. As of 2023, we employ 81 individuals with disabilities.

At Doğanlar Furniture Group, we believe that equality, diversity, and inclusion are fundamental to our strength. We remain committed to fostering a workplace that embodies these values for all employees.

**In 2023, the number of women working in the STEM field reached 37.**

Employees by Age and Gender	2021		2022		2023	
	Kadın	Erkek	Kadın	Erkek	Kadın	Erkek
30 years old and below	289	557	362	615	419	670
Between 30 and 50 years old	351	935	396	1,002	440	1,041
50 years old and above	37	88	49	106	48	119

Employees by Education	2021	2022	2023
Elementary School	712	750	776
High school	947	1,064	1,186
University and higher	598	716	775

# Occupational Health and Safety

At Doğanlar Furniture Group, we place the highest priority on the health and safety of our employees, with a commitment to achieving a zero-accident workplace. Our Occupational Health and Safety (OHS) Policy focuses on creating safe and healthy working environments across all operations while ensuring the well-being of our workforce.

For more details, you can access the Doğanlar Furniture Group OHS Policy [here](#).

As part of our 2023 occupational health and safety (OHS) performance objectives, we have taken various measures to reduce workplace accidents, enhance hazard reporting, and improve employee safety and the overall work environment. In addition, we are committed to increasing the number of corrective actions, intensifying supervision of work conditions, and enhancing safety awareness through targeted training and initiatives, all aligned with our target of achieving zero workplace accidents.



## In accordance with our OHS Policy, we:

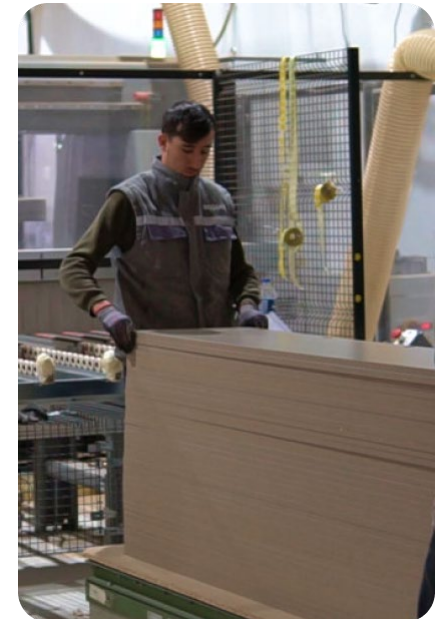
- ✓ Promote Safe Conditions: We are dedicated to establishing safe working conditions, aiming for zero workplace accidents and occupational illnesses.
- ✓ Proactively Manage Risks: We identify hazards and risks in the workplace and implement proactive measures to eliminate them.
- ✓ Maintain Open Communication: We continuously engage with our employees and stakeholders to understand their expectations regarding OHS.
- ✓ Prepare for Emergencies: We develop and implement comprehensive plans to address potential emergencies.
- ✓ Provide Training: We offer OHS training opportunities and rigorously monitor their effectiveness to ensure all employees are well-prepared.
- ✓ Monitor Contractor Performance: We evaluate the OHS performance of our contractors and initiate improvement processes as needed.
- ✓ Integrate OHS Opportunities: We identify and integrate opportunities related to OHS into our processes to enhance safety practices.
- ✓ We establish quantitative targets for OHS performance, create actionable plans, and track progress toward these objectives.
- ✓ We allocate the necessary resources to foster a culture of safety within our organization.
- ✓ We comply with national and international legal regulations, collective bargaining agreements, and all other obligations.
- ✓ We embrace a philosophy of continuous improvement in our OHS activities, promoting involvement from all levels of the organization.



At Doğanlar Furniture Group, we have successfully implemented the ISO 45001 Occupational Health and Safety Management System. We stay vigilant in monitoring regulatory requirements and take prompt actions to ensure compliance. Our risk assessments are continuously updated, allowing us to identify and plan corrective actions for potential hazards and near-miss incidents. Each day, we conduct thorough site inspections and meticulously report our findings. To maintain continuous oversight of workplace safety, we have appointed 14 employee representatives from various departments who provide daily reports. Additionally, we hold monthly pre-committee meetings focused on identifying and addressing potential risks proactively. Our regular occupational safety committee meetings further enhance the safety and security of our processes.

We continuously strive to improve our OHS management system and adopt proactive approaches to minimize the risk of accidents.

Under our emergency action plans, we have established dedicated teams for fire response, rescue operations, protective measures, and first aid. Moreover, our safety training programs encompass fundamental OHS education as well as on-the-job training designed to enhance our employees' professional skills, environmental awareness training, and toolbox sessions for contractors.



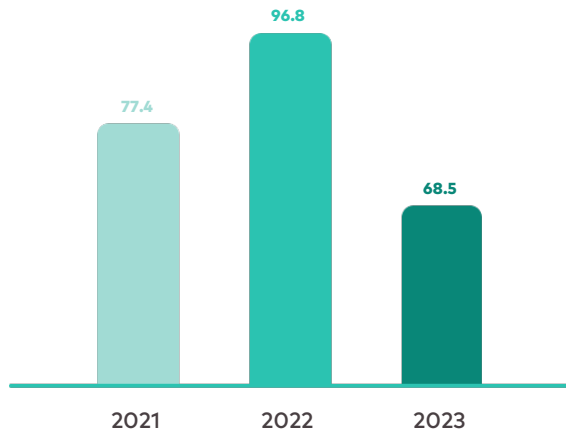
**In 2023, we provided a total of 6,997 hours of training to our employees to enhance their awareness of occupational health and safety.**



In 2024, we will continue to advance our occupational health and safety performance. Our plans include renewing risk analyses, organizing training sessions to boost safety awareness, and implementing sustainable solutions to further reduce workplace accidents.

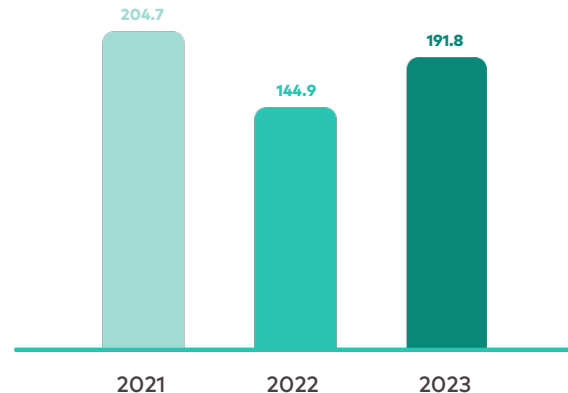
OHS Trainings	2021	2022	2023
Hours of OHS training given to employees and sub-contractors	4,308	2,105	6,997

Accident Frequency Rate\*



\*Includes consolidated data for the Biga and Düzce factories.  
 Total accident rate = Total number of accidents \* 1,000,000 / Total working hours (hours)

Lost Day Rate\*\*




\*\*Includes consolidated data for the Biga and Düzce factories.  
 Lost days due to injuries = Number of lost days \* 1,000,000 / Total working hours (hours)





# Customer Health and Satisfaction

At Doğanlar Furniture Group, our top priority is maintaining the highest levels of customer satisfaction and well-being. We meticulously analyze feedback received at every stage of the customer journey and leverage this information to drive our improvement and development initiatives.

To effectively measure customer satisfaction, we conduct three distinct experience surveys on an ongoing basis:

 **Shopping Experience Survey:** One day after a purchase, we contact customers to gather feedback about their shopping experience.

 **Delivery Experience Survey:** Customers are reached via Interactive Voice Response (IVR) one day post-delivery to discuss their delivery experience.

 **Service Experience Survey:** We collect feedback from customers through IVR one day after they receive service.

**By establishing Solution Teams, we have successfully managed to respond to customer inquiries within an average of 48 hours.**

These surveys aim to ensure a positive sales experience, guarantee on-time delivery of products, promptly resolve any potential issues, and keep our customers informed throughout the process.

Our Customer Service team records feedback from all channels in our CRM system, directing it to the appropriate departments. This enables us to provide timely information to customers based on their feedback.



**We strive to sustain a customer satisfaction rate of at least 80% annually.**





The Customer Experience unit ensures that requests from customers are directed to the relevant departments, facilitating swift resolutions. Our after-sales service team closely monitors situations that could potentially jeopardize customer health and takes necessary precautions.

As Doğanlar Furniture Group, we hold the ISO 10002 Customer Satisfaction Management System Certification. To uphold this standard, our quality expert provides 1.5 hours of weekly training to our customer representatives. Additional training sessions are also organized based on employee needs. This training program, launched in December 2021, continues to be delivered regularly.

**In 2023, we received 82,045 customer complaints, of which we resolved 75,231.**

#### Customer Relations Training

Hours of customer relations training (per person)\*

2021

2022

2023

6

75

73.5

Number of employees participating in customer relations training

19

38

38

\* Represents the total annual training hours provided per customer representative.

We are dedicated to enhancing the quality of service for our customers by focusing on customer satisfaction through our team members at two locations across five of our brands. We will continually strive to improve our efforts to provide more accessible and solution-oriented services to our customers.

Among our group companies, Lova Yatak was honored with the Diamond Award at the 9th Achievement In Customer Excellence (A.C.E Awards) 2024 ceremony organized by Şikayetvar, while Doğtaş received the Silver Award at the same event.



# Community Impact

At Doğanlar Furniture Group, we are dedicated to enhancing Türkiye's social development through various initiatives that benefit the community. Collaborating with our shareholders, management, and all employees, we strive to create corporate social responsibility projects that support gender equality and quality education while prioritizing environmental and social awareness.

**As of 2023, 23 of our customers have benefited from our pati insurance services.**

## Misafir Pati (Guest Paws) Project



This initiative encourages each Doğtaş store to adopt a street animal by installing specially designed shelters at our locations. Our goal is to ensure that street animals have a safe and secure environment.

## Pati (Paw) Insurance



Doğtaş provides a one-year guarantee for customers who purchase upholstered products, allowing them to replace the fabric of sofas damaged by their beloved pets at no cost. As of 2023, 23 customers have taken advantage of this warranty service.



### Butterfly Scholarship for Our Girls



Following the devastating earthquakes in 2023, we launched the Butterfly Scholarship social responsibility project in collaboration with the Turkish Educational Foundation (TEV) to support the education of girls affected by the disaster.

### Collaboration with Haytap

In 2022, we partnered with Haytap to establish a regular donation program, which has allowed us to expand our initiatives for street animals.

### Participation in the 45th Istanbul Marathon

As part of the Doğanlar Furniture Group Running Team, we participated in the 45th Istanbul Marathon in partnership with the Korucuk Foundation to support the "Hayalim Okul" project.

### Support of the Turkish Ice Hockey Federation

To promote ice hockey among girls, we donated TRY 1 million to the Turkish Ice Hockey Federation, contributing to the growth of the sport.

### Dragon Festival



As one of the three largest festivals held in 76 countries, we participated in the inter-company Dragon Festival this year, alongside 71 companies. Over two days of competition, we achieved third and first place in category ranking races, securing our right to compete in the highest category. We finished in the top 10 among 71 companies.

# 08

## Annexes

Achievements and Awards  
Partnerships and Memberships  
Environmental Performance Indicators  
Social Performance Indicators  
GRI Content Index

# Achievements and Awards

**At Doğanlar Furniture Group, we are reaching important milestones in our branding initiatives. The awards we have received not only recognize our success but also bolster our strength and instill a sense of pride in us.**



We improved our ranking by 58 positions to reach 277th on the ISO 500 list and appeared in both the Capital 500 and Fortune 500 lists.



Based on a survey by Happy Place to Work, we were honored as "Türkiye's Happiest Workplace."



Our design registration at the Turkishtime R&D Center earned us the 3rd spot in the top 50 list.

Doğtaş Furniture has received;

- o The 2022 A.C.E. Award for Outstanding Customer Satisfaction
- o Recognition at the 2023 S Social Media Awards Türkiye
- o An award in the Social Responsibility category at the 2022 Crystal Apple Awards



Kelebek Furniture has achieved;

- o 2nd place in the E-commerce and Shopping category at the 21st Golden Spider Awards
- o 1st place in the Retail and Store Management category at the 21st Golden Spider Awards
- o The Gold Award for Best Social Media Use and Data Analytics at the Brandverse Awards
- o The Gold Award for Best VR/AR Use at the Brandverse Awards
- o The Gold Award for Best Digital Customer Experience at the Brandverse Awards
- o The Gold Award for Best VR/AR Team at The Hammers Awards



# Partnerships and Memberships

United Nations Global Compact (UNGC)



Women's Empowerment Principles (WEPs)

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the  
UN Global Compact Office

Furniture and Mattress Manufacturers Association (MOYSAD)



Sequal Initiative

**SEAQUAL  
INITIATIVE**



# Environmental Performance Indicators

Greenhouse Gas Emissions (tons CO <sub>2</sub> e)	2021	2022	2023
Scope 1	867.9	3,030.3	1,796.5
Scope 2	4,585.4	5,229.1	6,191.9
Scope 3	-	85,320.2	191,764.0
<b>Total</b>	<b>5,453.3</b>	<b>93,579.6</b>	<b>199,752.4</b>

Category-Based Scope 3 Emissions (tons CO <sub>2</sub> e)	2023
Category 1 - Purchased goods and services	181,692.9
Category 2 - Capital goods	3,368.9
Category 4 - Upstream transportation and distribution	347.8
Category 5 - Waste generated in operations	71.8
Category 6 - Business travel	694.9
Category 7 - Employee commuting	309.6
Category 9 - Downstream transportation and distribution	5,278.2

Water Management (m <sup>3</sup> ) <sup>9</sup>	2021	2022	2023	Biga (2023)	Düzce (2023)
Amount of groundwater withdrawn	27,028.3	29,966.5	33,397.5	18,450.8	14,946.8
Amount of mains water withdrawn	0	0	0	0	0
Amount of water withdrawn from water stressed areas	15,384.8	17,319.3	18,450.8	18,450.8	0
Amount of groundwater discharged	27,028.3	29,966.5	33,397.5	18,450.8	14,946.8
Non-Hazardous Waste Disposed (tons)	2021	2022	2023	Biga (2023)	Düzce (2023)
Amount of disposed non-hazardous waste	680.8	570.7	2,240.5	2,170.7	69.8
Hazardous Waste Disposed (tons)	2021	2022	2023	Biga (2023)	Düzce (2023)
Amount of disposed hazardous waste	4.0	81.9	107.3	6.9	100.4
Recycled Waste (tons)	2021	2022	2023	Biga (2023)	Düzce (2023)
Amount of plastic waste sent to licensed recycling companies	100.9	35.8	21.0	17.5	3.5
Amount of paper waste sent to licensed recycling companies	192.5	107.8	96.2	85.2	11.0
Total recycled waste	293.4	143.6	117.2	102.7	14.5
Environmental Training (person*hour)	2021	2022	2023		
Employees and contractors trained	440	737	1,178		
Environmental Expenditures (TRY)	2021	2022	2023		
Total environmental expenditures	44,969	90,619	177,406		

<sup>9</sup> Water consumption and wastewater discharge data have been calculated based on a per capita assumption derived from the number of employees. This assumption has been made considering national and sectoral averages, as water consumption cannot be directly measured due to the use of artesian water. The reported data only include domestic water usage; water is not used in production processes.

# Social Performance Indicators

Employees by Category	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees	677	1,580	807	1,723	907	1,830
Total number of employees	2,257		2,530		2,737	
Number of white-collar employees	475	603	558	645	577	641
Total number of white-collar employees	1,078		1,203		1,218	
Number of blue-collar employees	202	977	249	1,078	330	1,189
Total number of blue-collar employees	1,179		1,327		1,519	
Employees by Employment Type	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of full-time employees	677	1,580	807	1,723	907	1,830
Number of part-time employees	1	3	0	0	0	0
Employees by Education Level	2021		2022		2023	
Primary education	712		750		776	
High school	947		1,064		1,186	
University and above	598		716		775	

Employees by Age	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
30 and younger	289	557	362	615	419	670
Between 30-50	351	935	396	1,002	440	1,041
50 and older	37	88	49	106	48	119
Employees by Duration of Employment	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
0-5 years	549	1,112	682	1,227	1,435	764
5-10 years	82	246	55	223	200	63
10 years and above	46	222	70	273	195	80
Employees with Disabilities	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees with disabilities	7	53	11	62	12	69
Other Equal Opportunity Indicators	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees in STEM positions	23	75	35	79	37	86

Managers by Age and Gender	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
30 and younger	3	3	7	5	6	3
Between 30-50	9	27	15	38	24	49
50 and older	0	4	1	6	1	4
Managers by Management Level	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Board of directors	3	2	3	4	3	4
C-level	0	7	0	6	0	7
Director	0	21	3	19	3	23
Manager	7	50	15	57	15	62
Employees by Contract Type	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Employees under indefinite duration contracts of employment	677	1,580	807	1,723	907	1,830
Employees under definite duration contracts of employment	0	0	0	0	0	0
Total number of employees under the Collective Bargaining Agreement	196	854	232	970	285	998
Training Indicators	2021		2022		2023	
Total training hours (person*hour)	8,640		17,859		10,351	
Leadership training hours (person*hour)	910		-		610	
Training Costs (TRY)	2021		2022		2023	
Total training cost	197,000		597,000		448,000	

Maternal / Parental Leave	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees to entitled maternal / parental leave	6	51	11	57	14	75
Number of employees returning to work after maternity / parental leave	6	51	8	57	10	75
Employee Satisfaction Survey Results	2021		2022		2023	
Employee satisfaction rate	68.3%		67.3%		65.1%	
Number of Hires by Age and Gender	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
30 and younger	182	286	181	229	207	265
Between 30-50	139	249	125	201	153	373
50 and older	4	16	5	10	4	41
Number of Employees Leaving by Age and Gender	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
30 and younger	125	169	169	234	226	285
Between 30-50	78	184	129	269	176	481
50 and older	4	23	6	27	10	52
Number of voluntary departures	147	252	179	283	218	350
Employee Turnover	2021		2022		2023	
Employee turnover rate	28.6%		27.1%		35.9%	



Occupational Health and Safety Performance	2021	2022	2023
Total working hours	3,321,143	3,706,815	4,144,950
Number of lost days due to accidents	680	537	795
Number of accidents	257	359	284
Number of fatal accidents	0	0	0
Number of occupational diseases	0	0	0
Incident rate <sup>10</sup>	77.4	96.8	68.5
Fatal accident rate <sup>11</sup>	0	0	0
Occupational disease rate <sup>12</sup>	0	0	0
Lost day rate <sup>13</sup>	204.7	144.9	191.8
Total OHS training hours provided to employees and contractors (person*hour)	4,308	2,105	6,997
Supply Chain	2021	2022	2023
Total number of suppliers	449	492	665
Total number of local suppliers	448	491	664
Total payments to suppliers (TRY)	1,208,600,461	2,357,026,447	4,428,568,509
Total payments to local suppliers (TRY)	1,199,727,429	2,355,315,356	4,421,421,562
Total number of new suppliers	15	25	98
Training hours provided to suppliers (person*hour)	0	4	4
Number of suppliers trained	0	6	5
Number of suppliers audited	0	0	70

<sup>10</sup> Total number of accidents \* 1,000,000 / Total working hours (hours)

<sup>11</sup> Total number of fatal accidents \* 1,000,000 / Total working hours (hours)

<sup>12</sup> Total number of occupational diseases \* 1,000,000 / Total working hours (hours)

<sup>13</sup> Number of lost days due to injuries \* 1,000,000 / Total working hours (hours)

# GRI Content Index

Statement of use	Doğanlar Furniture Group has reported the information cited in this GRI content index for the period 01.01.2023-31.12.2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
<b>General Disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	15-16
	2-2 Entities included in the organization's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	This report is the first sustainability report of Doğanlar Furniture Group.
	2-5 External assurance	No external assurance has been obtained for the report.
	2-6 Activities, value chain and other business relationships	17-21
	2-7 Employees	83, 104-108
	2-9 Governance structure and composition	23-25
	2-10 Nomination and selection of the highest governance body	23
	2-11 Chair of the highest governance body	23-25
	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-13 Delegation of responsibility for managing impacts	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-14 Role of the highest governance body in sustainability reporting	44-45
	2-15 Conflicts of interest	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-16 Communication of critical concerns	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-17 Collective knowledge of the highest governance body	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-18 Evaluation of the performance of the highest governance body	<a href="#">2023 Doğanlar Furniture Group Annual Report, p.128-131</a>
	2-19 Remuneration policies	<a href="#">Doğanlar Furniture Group Compensation Policy</a>
	2-20 Process to determine remuneration	<a href="#">Doğanlar Furniture Group Compensation Policy</a>
	2-22 Statement on sustainable development strategy	40, 45-46
	2-23 Policy commitments	22
	2-24 Embedding policy commitments	22-25
	2-25 Processes to remediate negative impacts	28-33
	2-26 Mechanisms for seeking advice and raising concerns	26
	2-27 Compliance with laws and regulations	26-27
	2-28 Membership associations	101
	2-29 Approach to stakeholder engagement	38-39
	2-30 Collective bargaining agreements	83, 106

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
<b>General Disclosures</b>		
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	36-37
	3-2 List of material topics	37
	3-3 Management of material topics	36-37
<b>Economic Performance</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	16-19
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	19
	201-2 Financial implications and other risks and opportunities due to climate change	30-33
<b>Procurement Practices</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	49-51
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	49, 108
<b>Anti Corruption</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	27
<b>GRI 205: Anti Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	<a href="#">Doğanlar Furniture Group Anti-Bribery and Corruption Policy</a>
	205-3 Confirmed incidents of corruption and actions taken	<a href="#">Doğanlar Furniture Group Anti-Bribery and Corruption Policy</a>
<b>Materials</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	64-65, 71-74
<b>GRI 301: Materials 2016</b>	301-2 Recycled input materials used	71-74
	301-3 Reclaimed products and their packaging materials	64
<b>Energy</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	60-62
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	60
	302-4 Reduction of energy consumption	61-62
	302-5 Reductions in energy requirements of products and services	61-62
<b>Water and Effluents</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	66
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	66
	303-2 Management of water discharge-related impacts	66
	303-3 Water withdrawal	103
	303-4 Water discharge	103
	303-5 Water consumption	103

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
<b>Biodiversity</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	54
<b>GRI 304: Biodiversity 2016</b>	304-2 Significant impacts of activities, products and services on biodiversity	54
<b>Emissions</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	58-60
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	58-59, 102
	305-2 Energy indirect (Scope 2) GHG emissions	58-59, 102
	305-3 Other indirect (Scope 3) GHG emissions	58-59, 102
	305-4 GHG emissions intensity	59
	305-5 Reduction of GHG emissions	58-60
<b>Waste</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	63-65
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	63-65
	306-2 Management of significant waste-related impacts	63-65
	306-3 Waste generated	63, 103
	306-5 Waste directed to disposal	103
<b>Employment</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	84-87
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	85, 87
	401-3 Parental leave	84
<b>Occupational Health and Safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	92-94
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	92-94
	403-2 Hazard identification, risk assessment, and incident investigation	108
	403-3 Occupational health services	92-94
	403-4 Worker participation, consultation, and communication on occupational health and safety	92-94
	403-5 Worker training on occupational health and safety	93, 108
	403-6 Promotion of worker health	92-94
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	92-94
	403-8 Workers covered by an occupational health and safety management system	92-94
	403-9 Work-related injuries	108
	403-10 Work-related ill health	108

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
<b>Training and Education</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	86-89
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per yearper employee	86
	404-2 Programs for upgrading employeeskills and transition assistance programs	88-89
<b>Diversity and Equal Opportunity</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	90-91
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	91, 106
<b>Supplier Social Assessment</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	49-51
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	50
<b>Consumer Health and Safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	75-77
<b>GRI 416: Consumer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	75-77
<b>R&amp;D, Innovation and Design</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	69-74
<b>Community Impact</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	97-98

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## REPORTING AND CONTENT CONSULTANCY

ZOA Sustainability Consultancy



[www.zoaconsulting.co](http://www.zoaconsulting.co)

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**DOĞTAS**

 **Kelebek**

 **Kelebek**  
KITCHEN - BATHROOM

**lova**  
sleep

**ruum**/store

**BiGA**  
HOME