

Nature Designed We Listen

Sustainability
Report 2024



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**The road we walk echoes
with the voice of nature.**



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About the Report

As Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. (Doğanlar Furniture Group, DGNMO), we are proud to present our second Sustainability Report 2024, 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, 2024. 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. In line with our "Future Furniture" sustainability strategy, we aim to develop innovative approaches to manage our environmental and social impacts. This report details the fundamental components of this strategy and our key objectives.

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





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Message from the Chairman of the Board

Dear Stakeholders,

In 2024, as one of the most established and resilient players in the furniture industry, we not only advanced our financial performance but also strengthened our positive impact on the environment and society. This dual focus on delivering sustainable growth while creating long-term value for our stakeholders remains at the core of our strategy.

The year was marked by significant challenges both globally and in Türkiye. Despite inflationary pressures and global uncertainties, we successfully navigated this environment through our solid financial foundation, strategic decision-making and sustainability-focused investments. In the furniture sector, one of Türkiye's leading export industries, we continued to deliver high value-added, innovative solutions. With an export network extending to 60 countries and 795 sales points, we share not only our products but also our commitment to environmentally and socially responsible production with the world.

Our investments in 2024 reflected our strong commitment to R&D, innovation and sustainability. By enhancing our design, technology and production processes, we have strengthened our competitive edge both domestically and internationally. The solar power plants we completed last year generated 121 MWh of

electricity, making a tangible contribution to reducing carbon emissions. In the coming years, we aim to expand production capacity from these investments to further support emission reduction efforts.

Our employees and stakeholders remain at the heart of our sustainability journey. Once again, Doğanlar Furniture Group was recognized among Türkiye's Happiest Workplaces in the independent Happy Place to Work survey and was named the happiest workplace in the Furniture sector for the fourth consecutive time. In 2024, we expanded training and development programs to strengthen team capabilities and reinforced our principles of diversity and equal representation. The 28% female representation on our Board of Directors stands as a clear outcome of this commitment.

At Doğanlar Furniture Group, we aim not only to lead our industry but also to contribute to Türkiye's economic and social development. Guided by our Future Furniture vision, we will continue to prioritize energy efficiency, responsible supply chains and innovative design. As we move into 2025, we remain committed to advancing our sustainability goals and delivering lasting value.



Adnan Doğan
Doğanlar Furniture Group
Chairman of the Board



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Message from the CEO

Dear Stakeholders,
Throughout 2024, Doğanlar Furniture Group delivered strong performance driven by determination, dedication and a strategic management approach. Behind this performance lies not only solid financial results but also a management philosophy that combines sustainable growth with operational excellence and innovation. It is with this perspective that we are pleased to present our second Sustainability Report to you, our valued stakeholders.

Our Future Furniture vision guides every step we take, enabling us to translate our respect for nature and people into sustainable and innovative solutions. In line with this vision, we operate in harmony with the environment, develop responsible procurement processes and work to create sustainable living spaces. From production to the supply chain, we continue to strengthen this responsible approach across all our business processes.

The year 2024 was one in which we reinforced this vision with tangible achievements. We increased our investments in R&D and innovation to 106.6 million TL and implemented projects that improved our processes with the contribution of our 57-member specialist team. In our mattress product range, 18% of raw materials were sourced from sustainable origins, while across our entire portfolio 2.7% consisted of recycled and upcycled materials. By incorporating recycled fiber into our production, we recovered 120 tons of PET bottles, and by using 1,000 meters of recycled fabric, we strengthened our commitment to responsible resource use.

We also made significant progress in energy management and operational excellence. We completed our solar power plant investments, initiated in the previous year, installing 2,992 kWp capacity at our Doğtaş Biga facility and 4,956.6 kWp at our Kelebek Düzce facility. In 2024, these investments generated 121 MWh of electricity, making a measurable contribution to reducing greenhouse gas emissions. With Türkiye's first end-to-

end qualified delivery project in the furniture sector, we optimized our logistics operations and increased customer satisfaction to 85.6%. Furthermore, we advanced our digital infrastructure through initiatives such as SAP HANA, robotic process automation (RPA), MES production data collection and IoT/SCADA projects.

We expanded our reach to 795 sales points, 685 in Türkiye and 110 abroad, achieving a 9% increase in sales compared to the previous year. With 137,000 m² of logistics space in Türkiye and 6,000 m² of warehouse capacity overseas, we have built a robust supply chain. At our 459,375 m² production facilities in Biga, Düzce and Senegal, we integrate technology and innovation to embed environmentally friendly and sustainable practices into all our processes. We source raw materials from sustainable suppliers, work to prevent deforestation and protect biodiversity. Our production processes hold FSC® COC certification, and our upholstery fabrics are certified to the OEKO-TEX® Standard 100, ensuring human health and safety.

All our strategic actions are shaped around the development and contribution of our employees, reinforced by our corporate principles of equality and diversity. We increased the share of women in our white-collar workforce to 48% and the proportion of women in managerial positions to 17%, creating a more inclusive working environment. The growth and engagement of our people play a decisive role in making our business more efficient and more sustainable. Once again, we were named among Türkiye's Happiest Workplaces in the independent Happy Place to Work survey and, for the fourth consecutive year, recognised as the happiest workplace in the furniture sector.

At Doğanlar Furniture Group, we not only strive to maintain our leadership in the industry but also embrace our responsibility to contribute to Türkiye's economy and society. In the period ahead, we will remain steadfast in our commitment to achieving net zero emissions, placing innovation, environmental responsibility and inclusive governance at the heart of everything we do.



İsmail Doğan
Doğanlar Furniture Group
Board Member & CEO



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2024 Highlights

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Number of R&D
and innovation
employees

TRY 106.6 million

Investment
spending on R&D
and innovation

120 tons

PET bottles saved through
recycled fibers used in
mattresses

121 MWh

Amount of
electricity
generated by SPP

18%

Proportion of sustainable
raw materials used in the
mattress product portfolio

2,7%

Proportion of recycled and
upcycled raw materials in
our total product portfolio

21,985.6 tons CO₂e

Total greenhouse gas
emissions (Scope 1, 2, and 3)

TRY 17 million

Gains achieved through
employee suggestions
under the lean
manufacturing approach

44.1 tons

Plastic waste
sent to licensed
recycling facilities

121.9 tons

Paper waste
sent to licensed
recycling facilities

2,553

Total number of
employees

61.3%

Employee
satisfaction rate

15,355 person*hours

Total training hours

48%

White-collar
employee ratio

17%

Women in
management ratio

28%

Women on the Board of
Directors ratio

30%

STEM pozisyonlarındaki
kadın çalışan oranı

36.7%

Employee
turnover rate

6,072

Occupational Health and
Safety (OHS) training hours

85.6%

Overall customer
satisfaction score



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Sectoral Overview and Trends

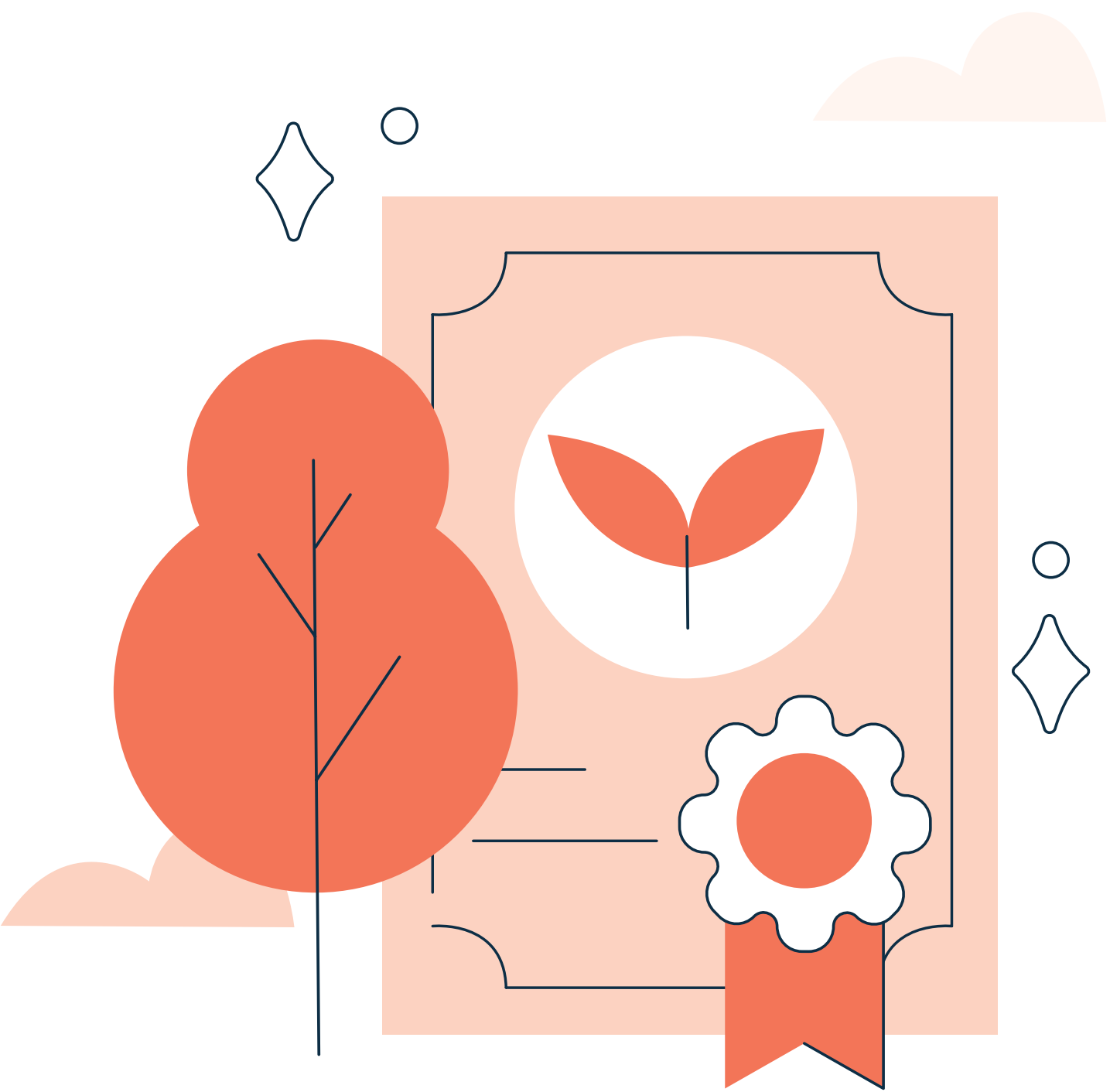
The furniture sector has been undergoing significant transformation in recent years due to rising environmental concerns, digitalization and changing consumer preferences. Global trends are rapidly changing in favor of innovation and sustainability and are reshaping the way companies in the industry do business. At Doğanlar Furniture Group, we closely follow sectoral trends and take them as basis for our business development operations.

Compliance with Legal Regulations and Foreign Markets

As of 2024, the legal regulations concerning the furniture industry have brought new standards in not only local but also international trade. Companies exporting to the European Union market now have to comply with many new environmental, social and product safety-related regulations. A major regulation in this area is the EUDR¹ (Regulation on Deforestation-free Products), put into force in 2024, entailing proof of anti-deforestation raw materials in goods imported to the EU (wood, furniture and alike). As such, exporters are obliged to document the traceability of their products, hold sustainability certificates such as FSC and submit digital supply chain declarations. Also, the Carbon Border Adjustment Mechanism (CBAM)—introduced as part of the European Green Deal—impacts the furniture industry, as well, albeit not directly but indirectly for the inclusion of metal parts and energy-intensive raw materials used in furniture. And this makes it imperative to lower carbon emissions in manufacture. Furthermore, the Corporate Sustainability Reporting Directive (CSRD)² that entered into force in 2024 obliges large companies to report on their environmental and social impacts according to the EU taxonomy. This obligation does not apply to companies in Türkiye; however, they are under indirect pressure since EU buyers demand such data from their suppliers.

In addition, product safety regulations in general impose stricter checks on particularly children’s furniture and other furnishings that contain special technical components, while EU standards require full compliance in regards to issues including but not limited to chemical components in goods, durability and recall procedures. When it comes to the local level, Turkish companies are now required to annually report their environmental and social performance in accordance with the Turkish Sustainability Reporting Standards (TSRS)³ enforced since 2024—the major groundwork to facilitate access to international investment and to ensure corporate transparency.

(1) [European Commission, Deforestation Regulation Implementation \(2024\).](#)
(2) [European Commission, Corporate Sustainability Reporting Directive \(CSRD\) – Implementing and Delegated Acts \(2024\)](#)
(3) [Public Oversight, Accounting and Auditing Standards Authority \(POA\), Turkish Sustainability Reporting Standards \(TSRS\) \(2024\).](#)





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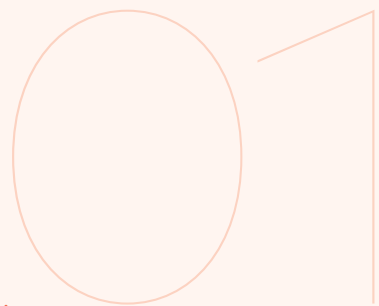
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Enhanced Adoption of the Circular Economy Approach

The furniture industry accounts for around 2% of global CO₂ emissions, creating a similar environmental impact as the aviation sector⁴. In Europe, 10 million tons of furniture become waste every year, most of which end up in landfills without being recovered.⁵ Research reveals that the amounts and types of materials used in furniture manufacturing makes up a large portion of the carbon footprint caused by this line of work. All of this makes it imperative for the industry to rapidly adapt to the tenets of circular economy. One practice to apply the circular economy model is to manufacture modular, demountable and durable furniture: they are not only long-lasting but also suitable for reuse, recycling and remanufacturing.

In line with sustainability goals, it is particularly becoming more and more important to recycle and reuse second-hand furniture. Thus, brands tend to use natural materials such as recycled wood and bamboo to minimize their environmental impact, which, turn, spreads the message to consumers that these brands respect nature.

Responsible Supply Chain Strategies

Consumers nowadays not only care that the product they intend to buy is well-designed and reasonably priced; but also, they do check how, where and by which materials they are made of. This has been pushing companies to transform in a way that they integrate environmental and social protection criteria across their entire supply chain. And in doing so, companies can attain new growth opportunities and competitive advantage if they use sustainable raw materials and collaborate with responsible suppliers.

Data by the Environmental Protection Agency (EPA)⁶ shows that in 2018 alone, 80% of furniture produced in the US was thrown away with no recycling effort, making it crystal clear that there is a pressing need to urgently adopt sustainable supply chain practices. In this context, IKEA has recently announced that they'll be using recycled and renewable materials in all their products by 2030, and this constitutes a good example of transformation for the industry. Other practices that will help this transformation include: using sustainable sources such as FSC-certified wood both to reduce environmental impact and offer safe alternatives for consumer health. In addition, locally sourced materials can reduce the carbon footprint, while making manufacturing flexible and quality control operations faster.

⁽⁴⁾ MIT, *Using Technology to Eliminate Hidden Emissions in the Furniture Industry* (2024).
⁽⁵⁾ EEB, *Report on the Circular Economy in the Furniture Sector* (2019).
⁽⁶⁾ United States Environmental Protection Agency (EPA), *Durable Goods: Product-Specific Data – Furniture and Furnishings* (2024)



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Transformation Driven by Digitalization and Artificial Intelligence

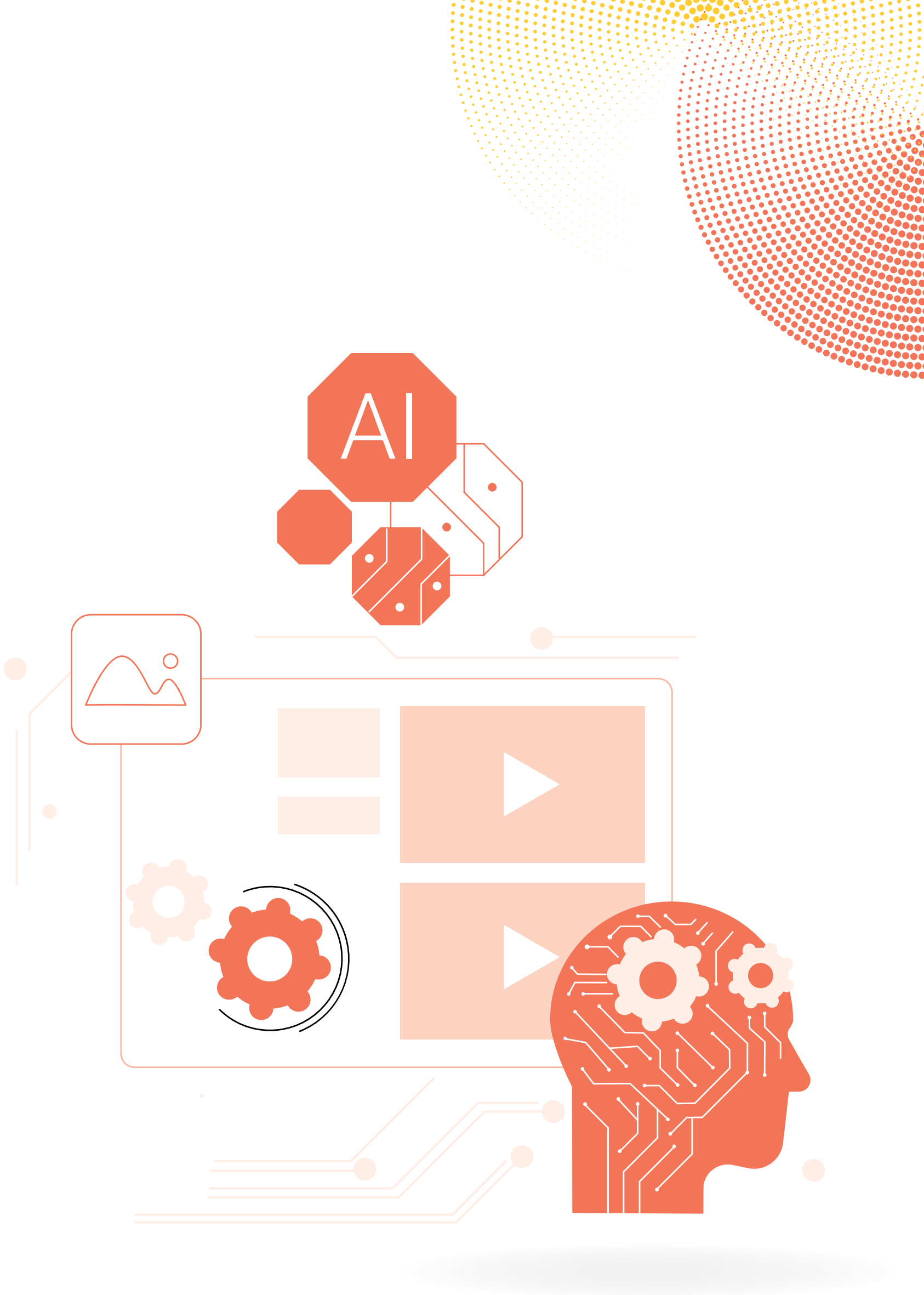
E-commerce continues to rise in the furniture industry unabated. As such, the global furniture e-commerce market is expected to reach US\$436 billion by 2029⁷ in size—an estimation that brings to light the indispensability of digital sales for furniture manufacturers. In 2024, digitalization gained further momentum thanks to the advancing artificial intelligence technologies. In e-commerce, specifically, chatbots have picked up the pace in customer services, while augmented reality (AR) has been used to offer users a realistic and interactive experience of exploring home layouts via simulations. Also, AI-assisted automation systems in manufacture help minimize costs while increasing quality. Besides, a lot many e-commerce platforms are now also embedded with AI-assisted suggestion engines, which analyze consumer behavior to offer them a custom shopping experience. All this significantly increases sales volumes.

Meanwhile, a specific product category of furniture has been showing a remarkable growth trend across the globe: smart furniture. Between 2025 and 2023, the market size of smart furniture is expected to grow at an average annual rate of 20.19%, with an estimated market value of US \$1.63 billion by 2030⁸. This is a clear sign of how important it is to present smart solutions to especially young and urban users who pursue digital integration in all walks of life.

Innovative Design and Functional Use

In complex city life, dwellers often face the problem of limited space in their residences. There's one miraculous solution, though: modular and multifunctional furniture! As such, especially people who reside in a small flat prefer to buy such modular designs with multiple functions. Such furniture is often both aesthetic and easy to use, while saving a lot of space for users. In this context, flexible furniture giving users a sense of freedom will increase consumer satisfaction, and eliminate the need for new purchases. So, in the coming years, it will be inevitable for furniture brands to develop aesthetically simple, functional and innovative modular furniture for their capacity to quickly adapt to changing user needs.

⁽⁷⁾ Statista, Furniture E-commerce Market Size Forecast (2024).
⁽⁸⁾ Mordor Intelligence, Smart Furniture Market Report (2024).





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**Every drop falling to the earth
whispers to be heard.**



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About Doğanlar Furniture Group



Our Vision

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



Our Values

Our Brand

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

Transparency

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

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.



Our Mission

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

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.

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.



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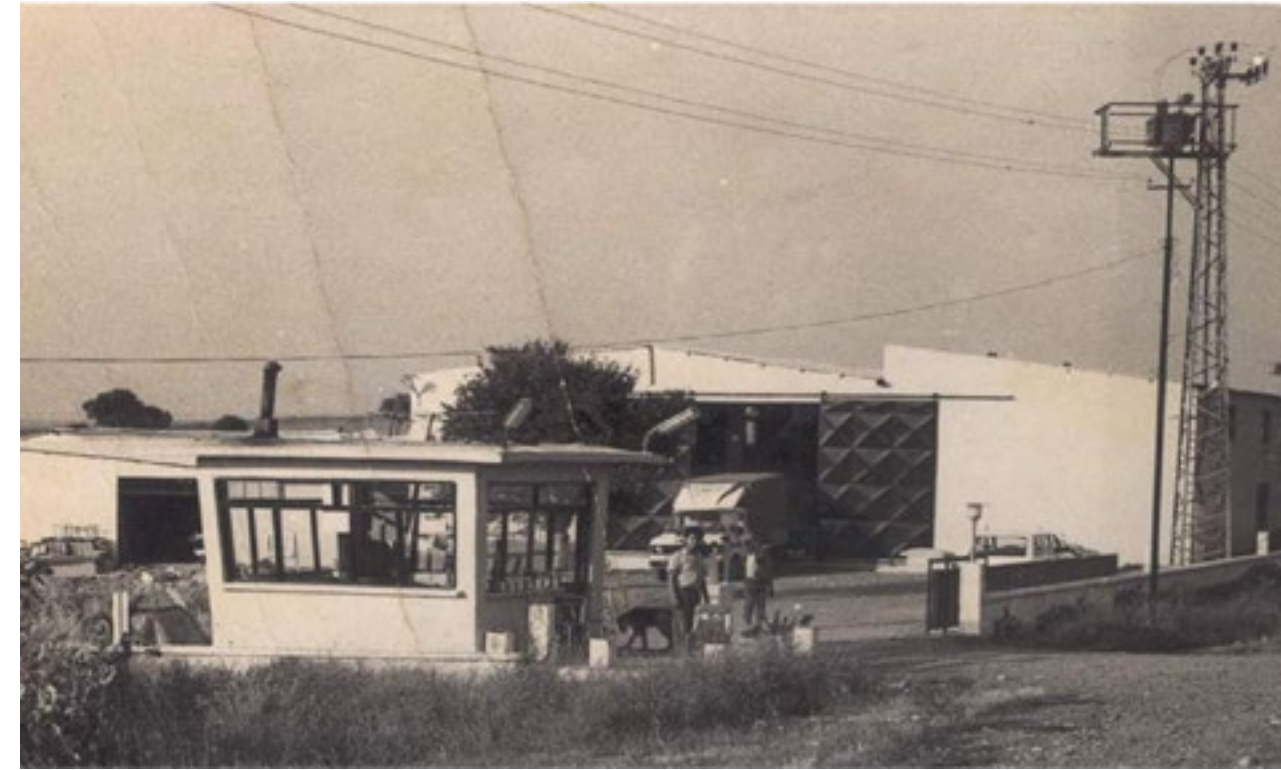


DOĞTAŞ



Founded in 1972 by Hacı Ali Doğan in a small workshop in Biga, Çanakkale, Doğanlar Furniture Group began its operations under the name Doğan Furniture, which is known today as Doğtaş. 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. In 2013, with the acquisition of all remaining shares of Kelebek Furniture, our company's title became Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. Since 2021, we have been continuing our operations under the name Doğanlar Furniture Group as a group company serving the furniture industry both in Türkiye and abroad.

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 2024, we export to 60 countries and operate a total of 795 sales points worldwide.





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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 BİGA 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, as well as in the Capital 500 and Fortune 500 surveys conducted by leading business magazines, 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.





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Doğanlar Furniture Group in Numbers

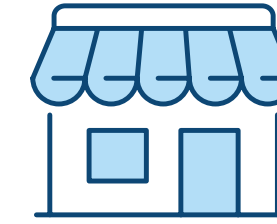
6

Brands



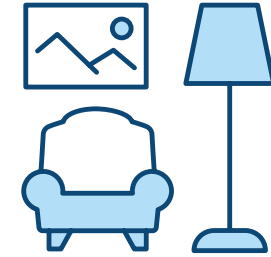
795

Domestic and
international
sales points



60

Countries
exported



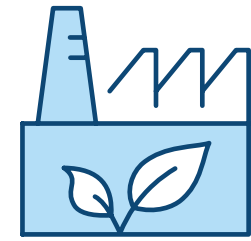
40

Countries with
monobrand
retail operations



3

Production
facilities



2

Design
centers

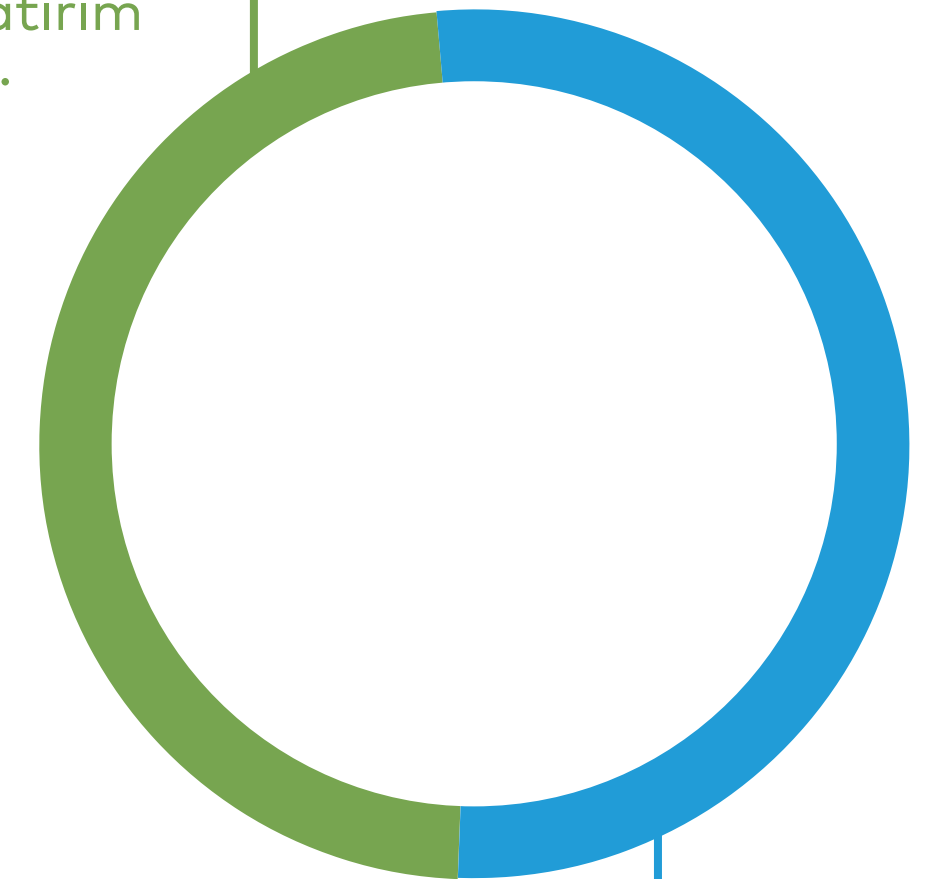


Capital and Shareholding Structure

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%.

49.88%

Doğanlar Yatırım
Holding A.Ş.



50.12%

Others

Our Brands

DOĞTAŞ

Kelebek

Kelebek
KITCHEN - BATHROOM

lova
sleep

ruum/store

BiGA
HOME

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 BiGA Home brand, which joined our portfolio in 2023.



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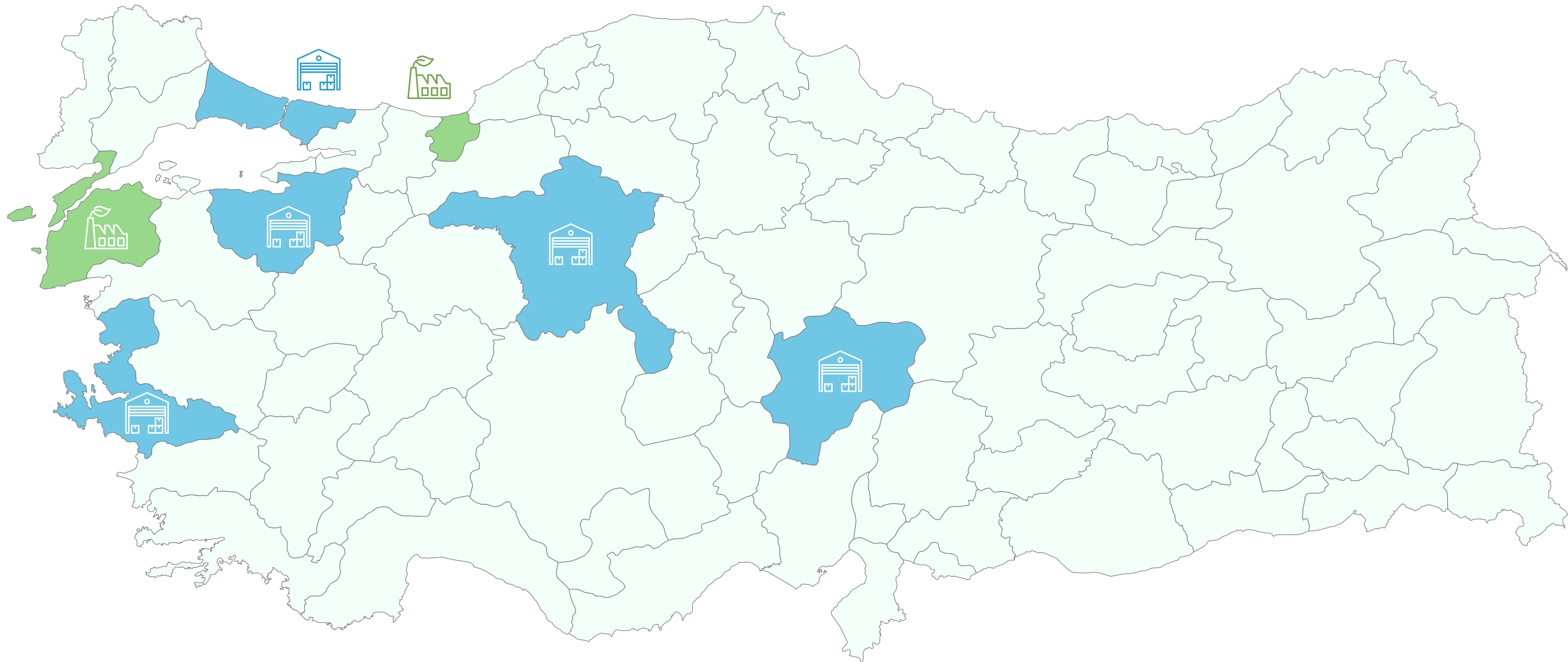
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Our Production and Service Network in Türkiye



Çanakkale Biga
Factory

Düzce
Factory

30,000-m² warehouse in Biga and 25,000-m² warehouse in Düzce,
a total storage area of 137,000 m² in Türkiye

Factories



Logistics Centers

İzmir Logistics
Centers

İstanbul Hadımköy
Logistics Centers

İstanbul Tuzla
Logistics Centers

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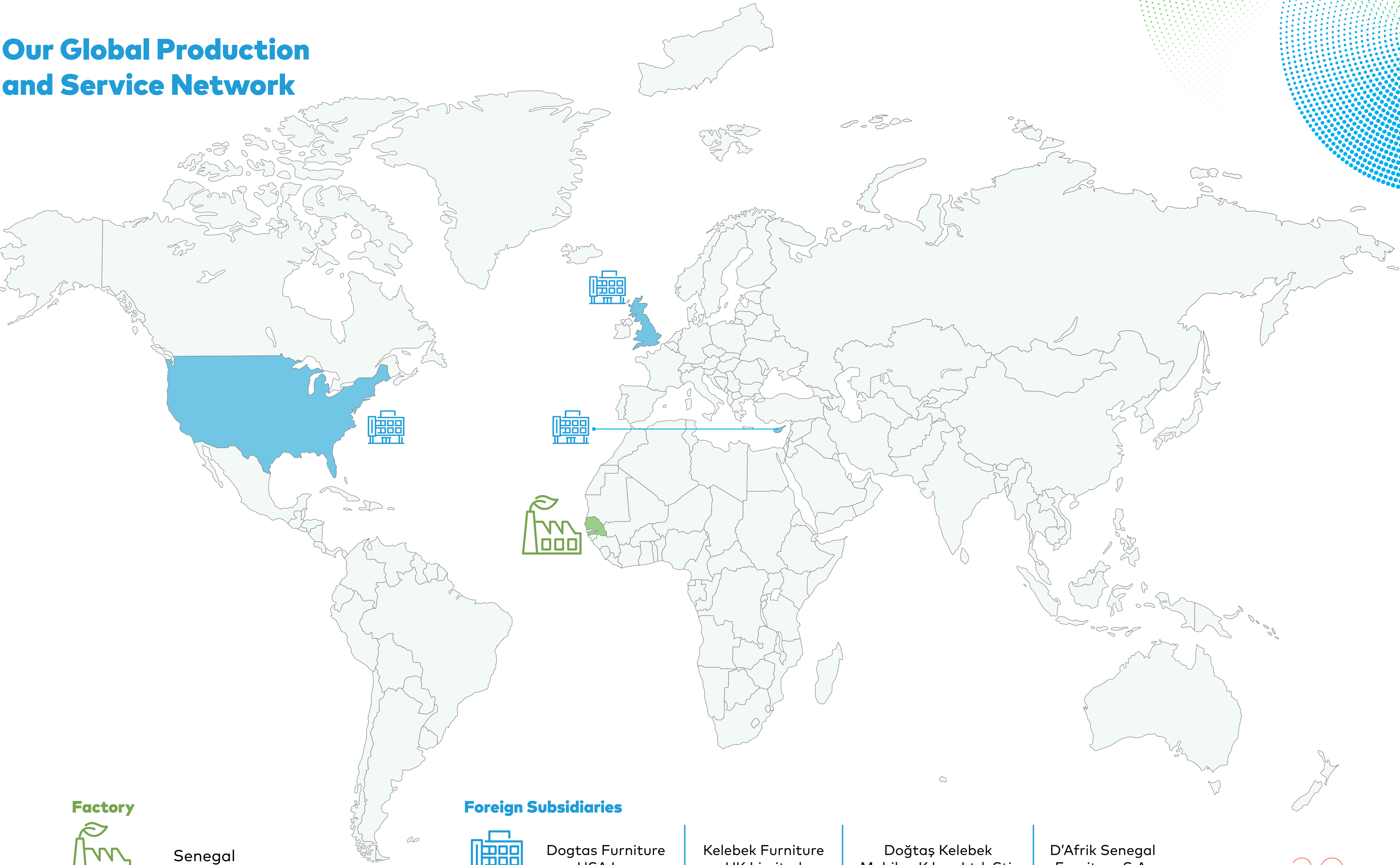
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02

Our Global Production and Service Network



Factory



Senegal
Factory

Foreign Subsidiaries



Doğtaş Furniture
USA Inc.

Kelebek Furniture
UK Limited

Doğtaş Kelebek
Mobilya Kıbrıs Ltd. Şti.

D'Afrik Senegal
Furniture S.A.



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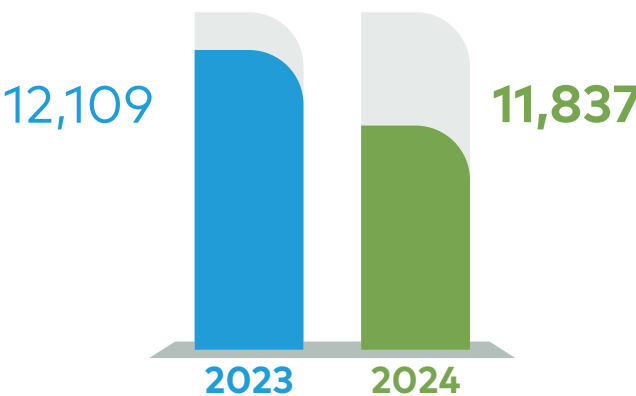
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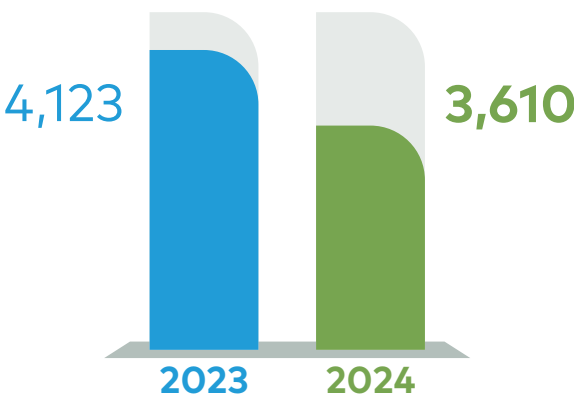
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Economic Performance

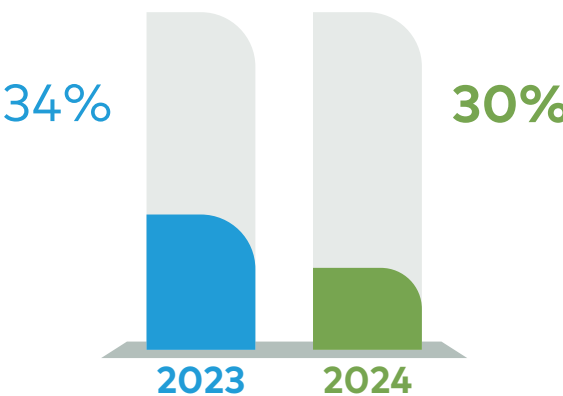
Revenue (TRY, millions)



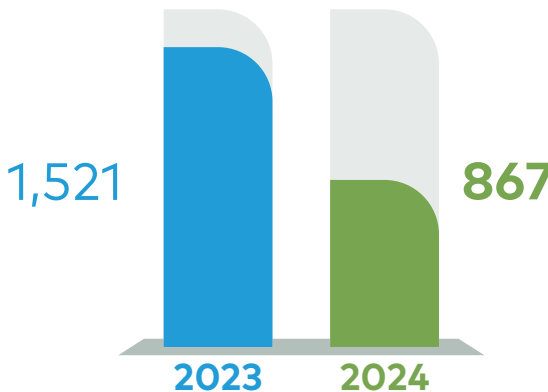
Gross Profit (TRY, millions)



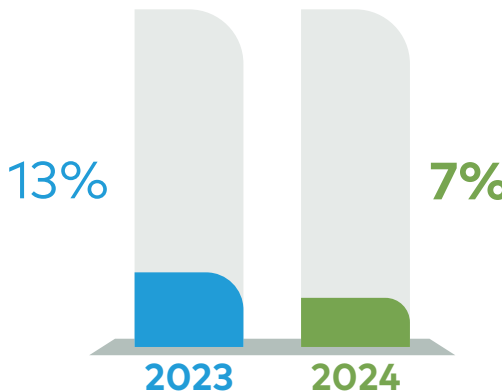
Gross Profit Margin (%)



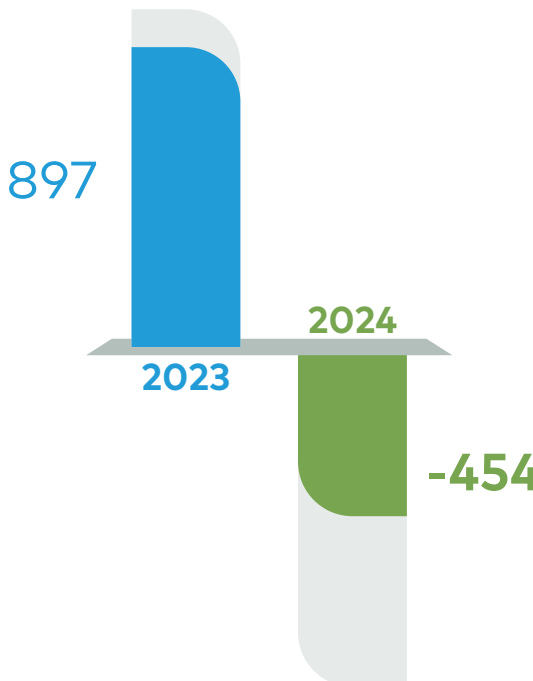
EBITDA (TRY, millions)



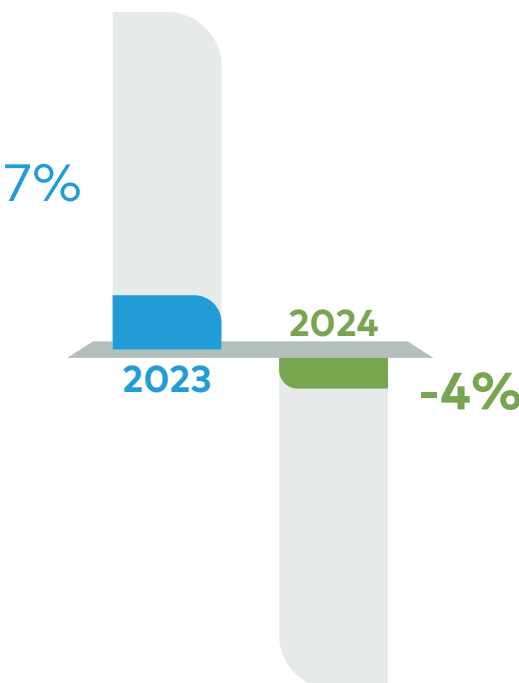
EBITDA Margin (%)



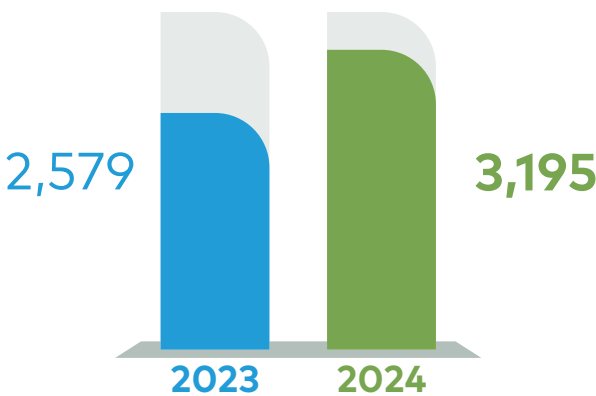
Net Profit (TRY, millions)



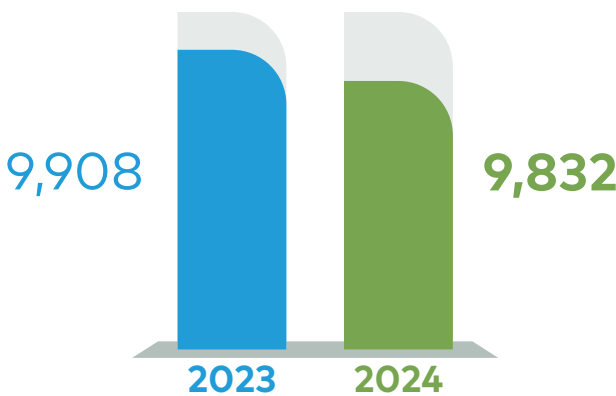
Net Profit Margin (%)



Shareholders Equity
(TRY, millions)



Asset Size (TRY, millions)



Our Targets for 2024

Consolidated Revenue
TRY 14,4 billion ± 3%

Share of Exports
in Consolidated Revenue
8% ± 2%

Consolidated EBITDA Margin
14% ± 1%

Net Financial Debt / EBITDA
(including IFRS 16)
1.30-1.50x

Total New Sales Points
40-50

Capital Expenditures as a Share
of Consolidated Revenue
1% - 1.5%



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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 understanding customer needs 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.

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.

Purchasing: The process of fulfilling the company's needs by establishing a competitive environment that ensures the most appropriate price, timeline, quality, and conditions in line with current market dynamics.

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.

Customer Relationship Management: We provide all necessary services throughout the lifecycle of our products, primarily including repair, exchange, and return operations in line with our customers' needs.



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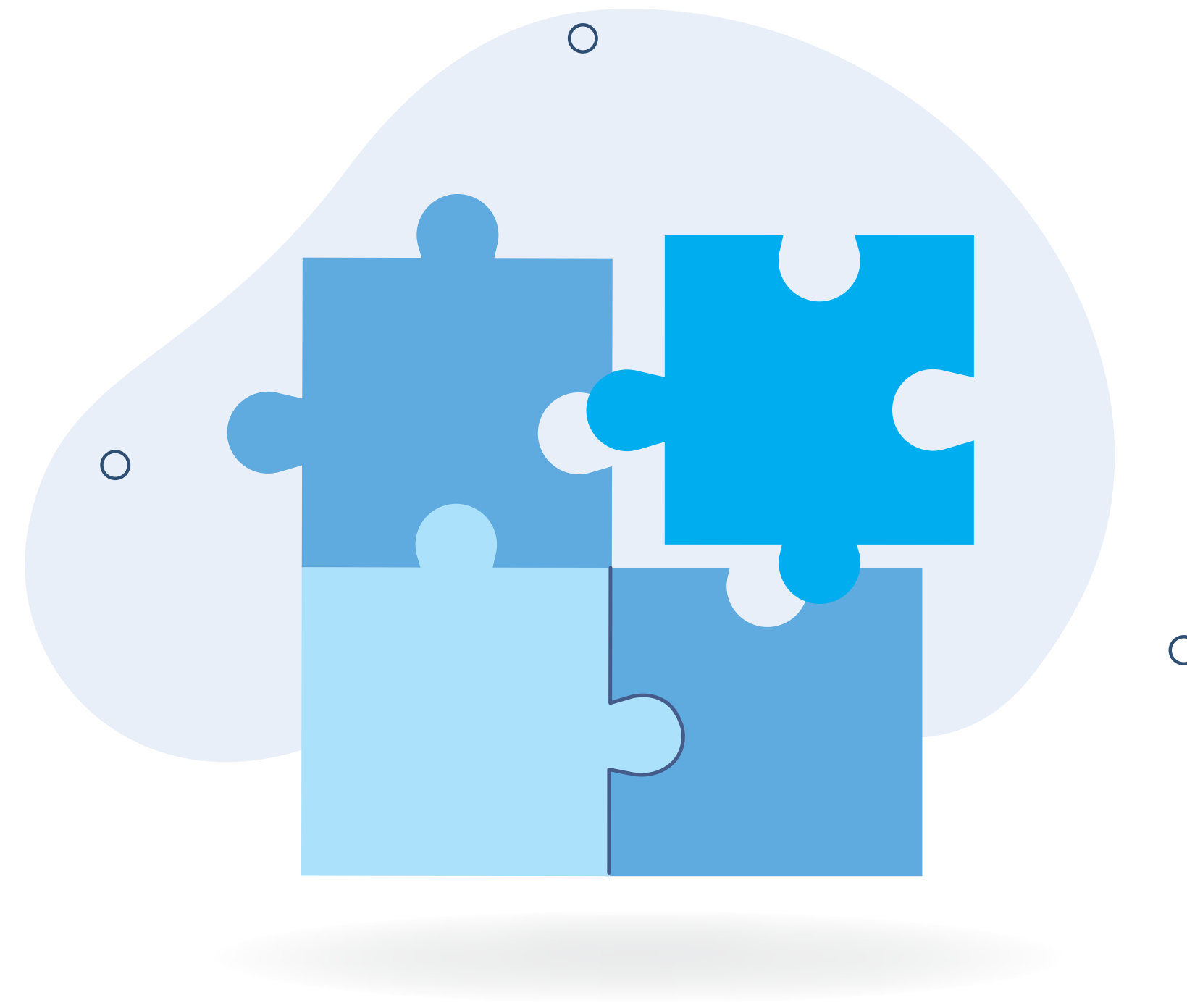
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Corporate Governance

We believe what underlies long-term success and sustainability is strong and effective corporate governance. So, to achieve our Company's strategic goals and to create value for stakeholders, our Board of Directors adheres to the principles of transparency, accountability and responsibility in decision-making processes. Besides, our Board Members are from diverse backgrounds, independent and have vast professional experience, adding up to the dynamic organizational structure of the company. Under the Board of Directors, we have several committees who work to ensure full adherence to the corporate governance principles, and who strive to effectively manage probable risks to our company throughout its sustainable growth journey. In 2025, Kobirate, the International Credit Rating and Corporate Governance Services Incorporation, scored our corporate governance practices with 9.12 in its evaluation.

Our Company policies and principles rule the decision-making and overall functioning of our Board of Directors. [Here](#), you can learn more about Doğanlar Furniture Group's policies on business ethics, social responsibility, human rights, and environmental policies.



In 2025, Kobirate Inc. scored our corporate governance practices with 9.12 in its evaluation.



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Female members constitute 28% of the Board of Directors.

Board of Directors and Committees

Our Board of Directors consists of 7 members in total. İsmail Doğan, Şadan Doğan and Adnan Doğan serve as executive Board Members, while Davut Doğan, Berna Akyüz Ögüt, Zeynep Yalım Uzun and Muhterem Şenel serve as non-executive Board Members. One person cannot simultaneously take the positions of both CEO and Chairperson of the Board of Directors. The CEO regularly reports to the Board of Directors. Pursuant to the Company's Articles of Association, members of the Board of Directors are elected for a maximum of three years, and members whose terms expire can be re-elected.

When appointing Board of Directors' members, we take care to choose qualified and well-experienced people who have top-of-the-range know-how and skills, as well as to create an environment that'll facilitate efficient and constructive work, rapid and rational decision-making, easy formation of committees and effective organization of work.

Our Board of Directors has 3 independent members, making up 43% in total, and these members are stipulated to provide a declaration in writing proving that they meet the "independence" requirement of the Capital Markets Law, the Capital Markets Board resolutions and other applicable regulations. As of 2024, Independent Board Members have exposed no harm to their independent status.

We prioritize diversity in the Board of Directors, and such, our Board has two female members. We believe that hearing out different perspectives and experiences has an absolute contribution to our company's sustainable growth.

We have three committees operating under the Board of Directors: the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee, all of which report to the Board of Directors in their efforts to uphold the company's corporate governance practices and risk management efforts.





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The Audit Committee: Independent Non-Executive Board Member Muhterem Şenel presides over the Audit Committee, and Non-Executive Board Member Zeynep Yalım Uzun serves as a member of the Committee. The Committee audits the compliance of the annual and interim financial statements and footnotes disclosed to the public with the applicable legislation and international accounting standards. It also regularly reports in written to the Board regarding the veracity of the accounting principles that the company follows. In doing so, the Audit Committee seeks the opinions of the respective managers and independent auditors, while adding its own evaluations to the report. The Committee reviews annual reports disclosed to the public and checks whether the information contained therein is accurate and consistent with their information. It oversees the Company's accounting system, independent audit of financial information, public disclosure of financial information and the effectiveness and efficiency of the internal control system.. In 2024, the Audit Committee held six meetings.

The Corporate Governance Committee: The Chairperson of the Corporate Governance Committee is Independent Non-Executive Board Member Berna Akyüz Öğüt. Committee members include Non-Executive Board Member Davut Doğan, Independent Board Member Muhterem Şenel, Doğanlar Holding Corporate Planning Director Mesut Tok, Human Resources Director Çağla Yücel, and Investor Relations Manager Aysun Vardan. The Corporate Governance Committee is mainly tasked to oversee the rate of compliance with the Corporate Governance Principles. In case of non-compliance, it seeks to understand the reasons behind, and any conflict of interest that might arise from failing to fully comply with these principles. In the same vein, the Committee offers recommendations to the Board of Directors to

enhance compliance to corporate governance practices. In addition, it oversees the work of the Investor Relations Department. The Committee reviews and evaluates the existing or prospective management systems and operations of the Company, aimed at increased performance. In 2024, the Corporate Governance Committee convened four times.

The Early Detection of Risk Committee: Independent Non-Executive Board Member Zeynep Yalım Uzun is the Chairperson of the Early Detection of Risk Committee. Board Member Adnan Doğan and Independent Board Member Muhterem Şenel serve as Committee Members. The Committee aims to early detect any risk that might jeopardize the Company's survival, growth and continuity (including environmental, social and governance (ESG) risks, as well as climate related risks and opportunities), and to take the necessary measures to manage and mitigate any such risk. In doing so, the Committee categorizes risks that might affect Company operations under the titles of strategic, financial, operational, ESG, climate-related, etc., followed by a calculated estimation of their likelihood and probable impact. Besides, it regularly monitors the likelihood of these risks and makes prioritization of given measures against these risks. It makes suggestions and recommendations to the Board of Directors about how to report these risks and how to take them into account in decision-making mechanisms. In addition, a member of the committee has specific responsibility for ESG and climate-related risks and opportunities, including formulating policies, incorporating considerations of ESG and climate-related risks and opportunities into the company's strategy, reporting them, and providing the necessary information. In 2024, the Early Risk Detection Committee held six meetings.



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Ethics and Compliance

At Doğanlar Furniture Group, a priority for us is to maintain high ethical standards throughout our operations and ensure all our employees adhere to them. We employ a Disciplinary Code and a Code of Ethics to ensure compliance with our ethical policies and principles. Where necessary, we apply disciplinary sanctions.

Within the framework of our Code of Ethics, all our stakeholders can report incidents via the etik@doganlarmobilyagrubu.com ethics hotline. The Internal Audit unit or the Human Resources department investigates any ethical violations reported or otherwise detected, and if necessary, such a violation is processed as per the Disciplinary Board's Resolution or the opinion of the Labor Law Attorney.

Followed by the investigation of a violence, several sanctions might be applied according to the Disciplinary Code: a verbal or written warning, reprimand or termination of the employment contract. Where applicable, corrective and preventive measures will be taken and standardized to avoid similar violations in the future.

To that end, we ensure an understanding of working in compliance with our code of conducts and policies, and host awareness raising activities and trainings for employees. Our orientation program for newly hired employees also trains them on our ethics and policies. In 2024, 359 employees received a total of 135 hours of ethics training. These courses are in the e-learning format, offered via our development platform, Academy-D.

Combating Bribery and Corruption

At Doğanlar Furniture Group, we adopt a zero-tolerance policy in combatting bribery and corruption throughout our organization. Our company is committed to maintaining the highest ethical standards in all its activities and we take a firm stance against bribery and corruption. And thus, we make sure all our employees and business partners act responsibly and transparently in combatting bribery and corruption.

In this context, we take these principles as basis for our Anti-Bribery and Anti-Corruption Procedure, which strictly prohibits any offer, payment, gift or attempt to obtain benefits in connection with bribery and corruption, and covers the measures taken against any such act. We expect our employees, business partners and suppliers to fully comply with these policies.

Our Anti-Bribery and Anti-Corruption Policy is available [here](#).

In 2024, the Academy-D Development Platform provided a total of 135 hours of ethics training.



SUSTAINABILITY APPROACH

- [Materiality Analysis](#)
- [Sustainability Strategy](#)
- [Sustainability Management](#)
- [Sustainability Targets](#)



**A bird's voice carries
the sky's own language.**



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Sustainability Approach

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



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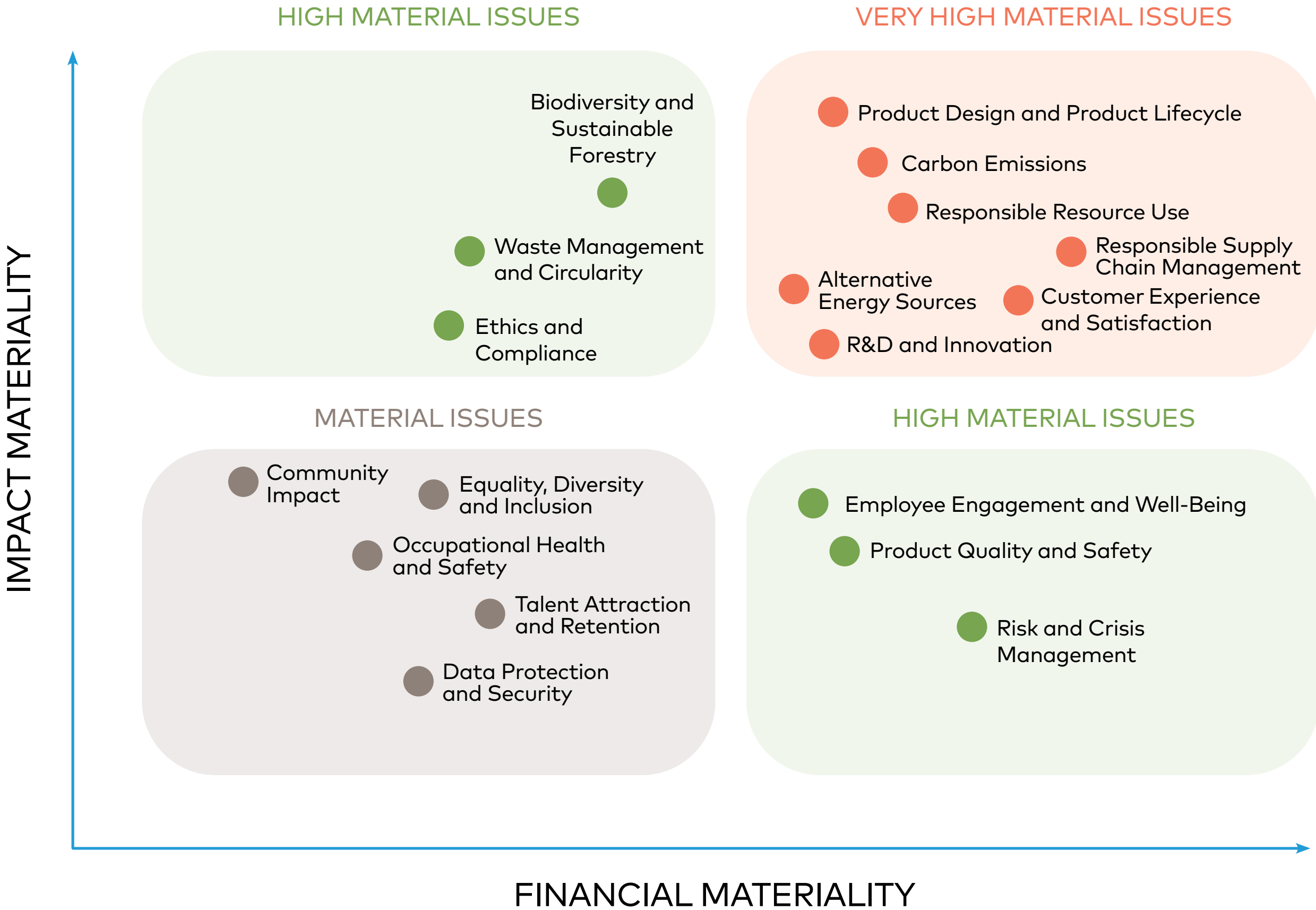
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Doğanlar Furniture Group Materiality Matrix



VERY HIGH MATERIAL ISSUES

- R&D and Innovation
- Alternative Energy Sources
- Carbon Emissions
- Responsible Resource Use
- Responsible Supply Chain Management
- Customer Experience 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



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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 decisionmaking 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 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.

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. 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.





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Stakeholder Engagement

Stakeholder Group	Communication Channel
Employees	Internal portal (intranet), internal WhatsApp groups, face-to-face internal communication meetings 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, online roadshow (webinar) 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 project meetings, panels, conferences, summits, seminars and/or workshops, meetings and consultations, social media channels, university career events



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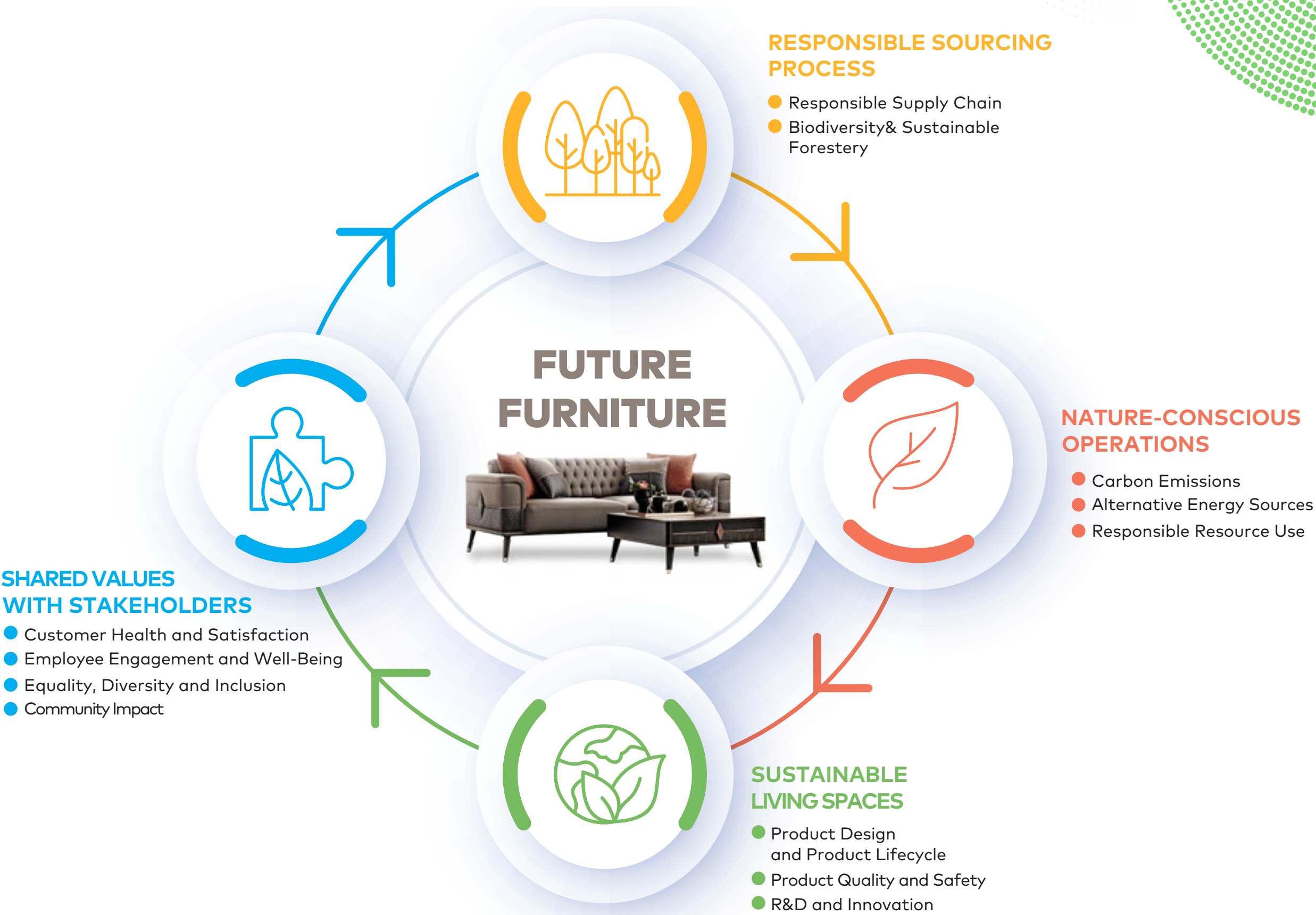
Sustainability Strategy

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 Value Chain





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Sustainability Strategy



Embracing Responsible Sourcing Processes

Future furniture starts with responsibility right from the beginning.

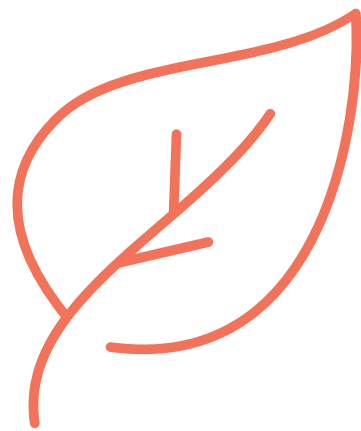
We are committed to sourcing our raw materials from sustainable origins, preventing deforestation, and adhering to principles that foster biodiversity conservation. We prioritize transparency, traceability, and ethical values at every level of our supply chain.



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.



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.



Fostering Shared Value with Our Stakeholders

Future furniture thrives on collaboration with our stakeholders.

We are committed to initiatives that support the wellbeing 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.



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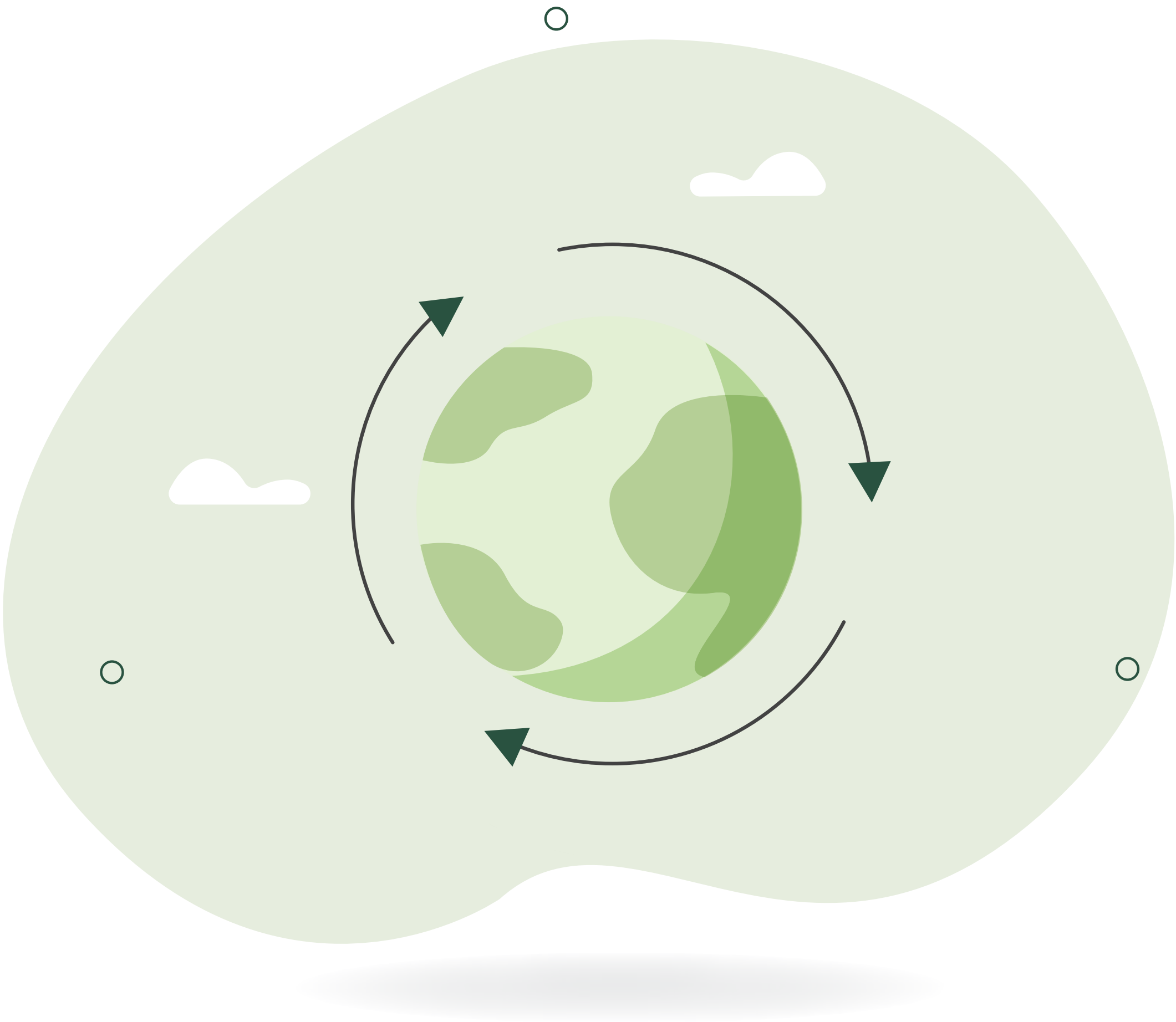
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Sustainability Management

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.





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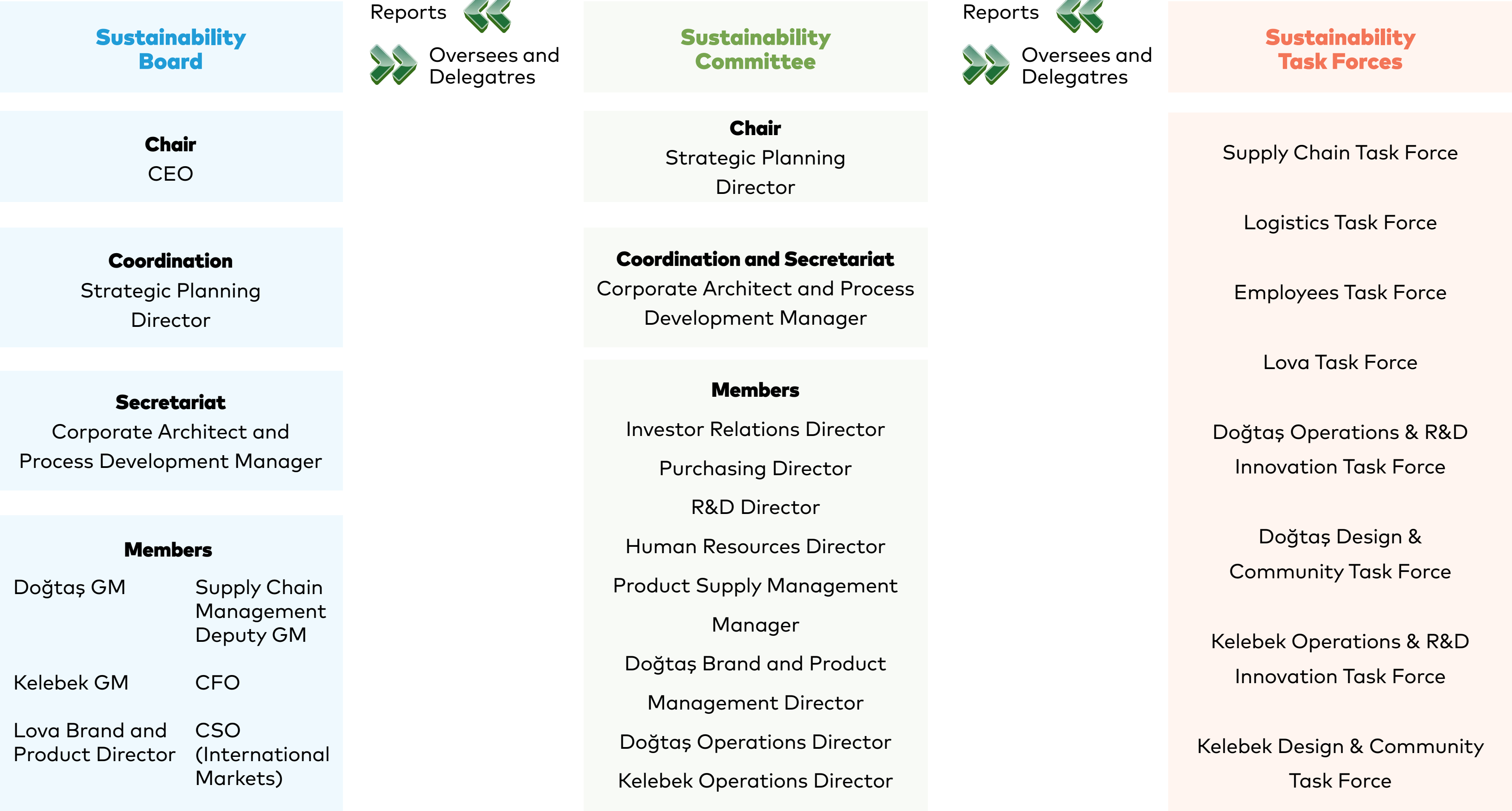
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Doğanlar Furniture Group Sustainability Governance Structure





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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 twice a year to closely monitor the company's sustainability performance and implement necessary updates.

The CEO, who chairs the Sustainability Board, actively participates in sustainability initiatives and is also responsible for providing 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. Committee meetings are held twice a year. Members include senior executives from functional areas such as R&D, Human Resources, Procurement, Production, Logistics, and Brand Management. Each member monitors sustainability objectives within their area of responsibility and, when necessary, provides recommendations to the task forces.

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 Corporate Architecture and Process Development Manager, these task forces convene regularly to evaluate sustainability performance and initiate improvement efforts. They also provide biannual updates to the Sustainability Committee.

The task forces are structured into specialized groups, 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.





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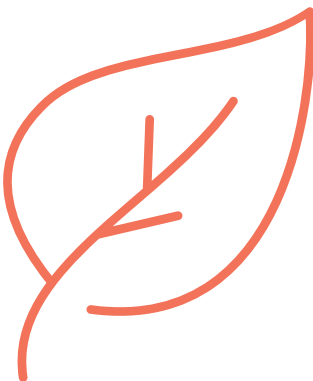
Sustainability Targets

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.



Embracing Responsible Sourcing Processes

Future furniture starts with responsibility right from the beginning.



Conducting Nature-Conscious Operations

Future furniture respects and protects nature throughout its production processes.

Responsible Supply Chain

Conducting ESG (environmental, social, and governance) assessments on 30% of the entire supplier portfolio and 50% of critical suppliers by 2027

Providing training focused on enhancing sustainability competencies to suppliers by 2026

Establishing Supplier Academy by 2028

Biodiversity and Sustainable Forestry

Implementing at least one biodiversity project annually

Carbon Emissions

Achieving net zero emissions by 2050

Replacing at least 50% of logistics vehicles with zero-emission vehicles by 2030

Alternative Energy Sources

Using 100% renewable energy in operations by 2030

Investing \$4 million in renewable energy projects by 2030

Responsible Resource Use

Reducing waste sent to landfills by 50% by 2027

Recycling or recovering 60% of operational waste by 2027



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Sustainability Targets

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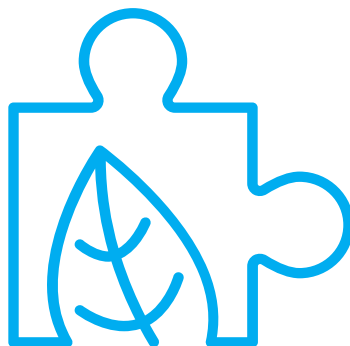


Designing Sustainable Living Spaces

Future furniture designs considering both today and tomorrow.

R&D, Innovation and Design

- 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



Fostering Shared Value with Our Stakeholders

Future furniture thrives on collaboration with our stakeholders.

Employee Engagement and Well-Being

- Maintaining employee turnover rate below 30%
- Keeping employee satisfaction levels above 75%
- Ensuring an average of over 7 hours of classroom training per employee annually

Diversity, Equality and Inclusion

- Increasing the percentage of women in management from 19% to 25% by 2027

Customer Experience and Satisfaction

- Raising customer satisfaction to 75% by 2028
- Ensuring that 25% of marketing campaigns focus on sustainability



RESPONSIBLE SOURCING PROCESS

- > [Responsible Supply Chain](#)
- > [Biodiversity and Sustainable Forestry](#)

**The splash of water
is the heartbeat of nature.**



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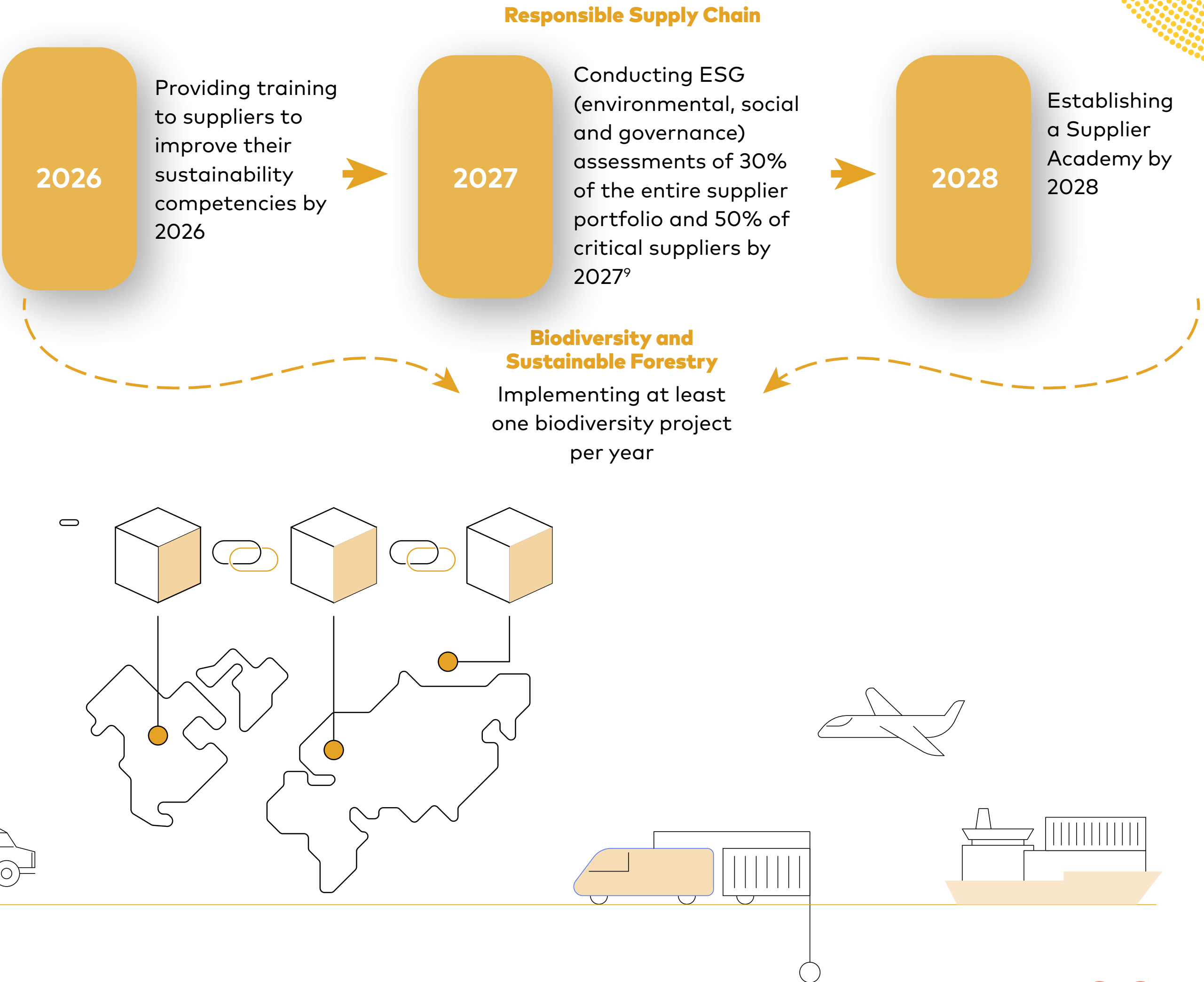
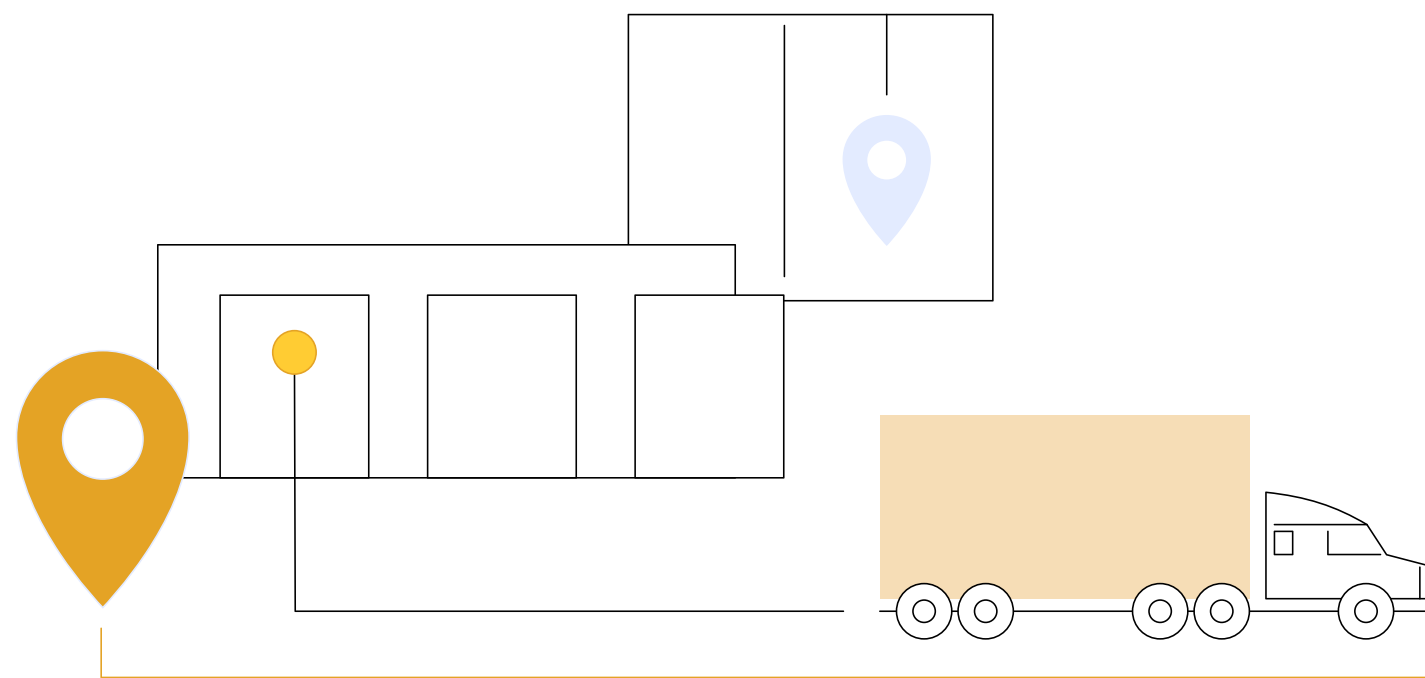
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Responsible Sourcing Processes

From the very first step of choosing future-compatible furniture, you'll be taking a step toward responsible sourcing!

We are committed to sustainable raw materials sourcing in order to prevent deforestation and act upon the principle of protecting biodiversity. So, we prioritize transparency, traceability and ethical values at every stage of our supply chain.

SDG Contributions



(9) The goal stated as "50% of the entire supplier portfolio and 30% of critical suppliers" in the 2023 Sustainability Report has been re-evaluated and updated.



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79% - Local Suppliers

Responsible Supply Chain

At Doğanlar Furniture Group, we are committed to prioritizing transparency, traceability and ethical values at every stage of our supply chain. We shape our supply chain operations around environmental, ethical and social responsibility principles, while configuring them in such a way as to support our sustainability goals. This approach helps us consider supply chain management not only as a way to ensure product and service continuity, but also as a solid strategy where we can monitor our environmental and social impacts. We choose suppliers who meet the criteria of transparency, traceability and ethical standards, while continuing our operations by strong and sustainable collaborations.

As part of our Code of Ethics, we expect our suppliers to treat their employees fairly, to assume the responsibility of protecting the environment and to run their operations transparently. To monitor their compliance with these rules, we regularly audit them, and take necessary actions in case of violations.

In addition, we give priority to local suppliers, aiming at supporting the local economy. Besides, promoting local sourcing helps us reduce our carbon footprint and optimize our logistics costs. In this regard, we started to work with 209 new suppliers in 2024, making the total number of suppliers 813 (645 of whom are local suppliers). Payments to local suppliers in 2024 accounted for around 74% of all supplier payments.

Supplier Evaluation and Monitoring

To monitor and improve the performance of the actors in our supply chain, we categorize the suppliers based on our performance scoring system. By using this method, we identify areas for improvement and offer development opportunities to low-performing suppliers, while further strengthening our business relations with high-performing suppliers.

The Performance Scoring System is based on a number of criteria such as quality, cost effectiveness, compliance with delivery deadlines, and commitment to environmental and social responsibilities. In line with these criteria, we give each supplier a score out of 1000 and categorize them into classes A, B, C and D depending on their performance. In 2024, we audited a total of 108 suppliers by the performance scoring system and provided the necessary support for the identified areas for improvement.

The evaluation covers the following performance areas:

- R&D Competence
- Logistics Competence
- Service and Spare Parts Competence
- Production Competence
- Financial Position
- Procurement and Product Supply Management
- Quality Management
- Occupational Health and Safety
- Social Services and Working Conditions

74% - Payment Rate to Local Suppliers



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Score Interval	Evaluation Class	Evaluation Category	Details
≥ 800	A	Excellent	High-performing suppliers who meet our quality and sustainability standards are Class A suppliers.
600 < x ≤ 800	B	Good	Suppliers who in general comply with the standards, yet have some room for improvement are Class B suppliers. We support them via constant communication so that they improve and promote to Class A.
400 < x ≤ 600	C	Unsatisfactory	Class C suppliers have critical shortcomings in their performance. They need to improve in a certain period of time. We offer them custom improvement plans so that they improve their performance in three months.
≤ 400	D	Unworkable	Class D suppliers exhibit an unacceptable level of performance. We discontinue our cooperation with Class D suppliers due to the risk of negative impact on our company's sustainability or business operations, and initiate the process to find alternative suppliers in three months.

Our transparent evaluation and monitoring system helps us to offer suppliers opportunities for growth and development, while maintaining high standards in our supply chain. Accordingly, we are determined to improve our current evaluation methodology with ESG components in order to achieve our sustainability goals in the coming period. Thus, by 2027, we aim to have 30% of our entire supplier portfolio and 50% of our critical suppliers undergo environmental, social and governance (ESG) evaluations.

Within this framework, we've added Environmental, Social and Governance (ESG) criteria to our evaluation of the supply chain, aiming to develop a more systematic approach in line with our sustainability goals. In this context, we shared the relevant ESG assessment form with the top 20 companies by raw material purchasing turnover, the top 10 companies by central purchasing

turnover, and the top 25 companies by external procurement turnover. This form gave us information on our suppliers' sustainability strategies, environmental management systems, carbon emissions, waste management practices, human rights and occupational health policies, data security and ethical governance practices. In turn, we analyzed and graded their risk levels based on their responses in the form. According to the evaluation results, none of our suppliers fell into the high-risk category. Through this practice, we've had the chance to have a closer look at our suppliers' sustainability levels, while also taking a concrete step in adding the social, environmental and governance components to our supply chain management system. We're planning to disseminate the practice of evaluation forms to include more of our suppliers and to support continuous improvement based on evaluation findings.



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We at Doğanlar Furniture Group are now closely monitoring our suppliers' sustainability performance via the Environmental, Social and Governance (ESG) evaluation mechanism we launched in 2025. We are doing critical evaluations of suppliers who pose high risks such as human rights violations or failure in environmental obligations. If such a supplier does not take corrective actions or does not achieve improvement, we consider termination of their business contract or exclusion of such suppliers from our list of new suppliers. This approach is a reflection of our commitment to improving compliance with sustainability principles and standards in our supply chain.

Supplier Development and Trainings

We organize training programs to boost the capacity of our suppliers. We have planned our trainings for 2025, while no supplier training was organized in 2024. The training in 2025 will serve to increase the efficiency of suppliers and encourage them to adopt sustainable business practices. We will also expand the scope of our training courses in 2025 to improve supplier competency in sustainable practices.

Within this scope:

- We are planning to provide competency trainings to suppliers in the field of sustainability by 2026 via D Academy, the online training platform of Doğanlar Furniture Group, so that suppliers easily access the trainings from anywhere.
- To further support our suppliers in continuous development, we will establish a Supplier Academy by 2028 as a comprehensive learning platform. This Academy will help suppliers improve their environmental and social sustainability by learning carbon emissions calculation and human rights issues, etc.

Supplier Meetings

Through our annual Supplier Meetings, which we traditionally organize, we aim to strengthen our collaboration with our business partners. In 2024, we

held the meeting concurrently with the International Istanbul Furniture Fair, with the participation of approximately 300 suppliers. Led by our top management, we shared our company's current status, goals, vision, and medium- to long-term plans. Believing that success in the supply chain is built on collaboration, we continuously strive to enhance our business relationships through such gatherings.

Logistics Management

At Doğanlar Furniture Group, we care to manage our logistics operations most efficiently and sustainably throughout our widespread network of dealers and suppliers in Türkiye. To minimize costs of logistics and operations, while maximizing operations efficiency and customer satisfaction, we established logistics centers in six major regions of Türkiye: Our Ankara, Bursa İnegöl, İstanbul Hadımköy, İstanbul Tuzla, İzmir and Kayseri centers strategically manage distribution and logistics operations. Also, we have logistics warehouses for finished goods in Düzce and Biga plants.

Logistics Centers



İzmir
Logistics Centers

İstanbul Hadımköy
Logistics Centers

İstanbul Tuzla
Logistics Centers

Bursa İnegöl
Logistics Centers

Ankara
Logistics Centers

Kayseri
Logistics Centers

To contribute to achieving our sustainability goals, we aim to replace at least 50% of our logistics fleet with zero-emission vehicles by 2030.



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In 2024, logistics accounted for 22% of our total greenhouse gas emissions. Among the Scope 3 emissions, we reported our emissions from raw material processing and transport operations as the second largest category of environmental impact, followed by the category of emissions from purchased raw materials in 2024. However, this category was not included in this year's calculations due to the poor quality of data on emissions resulting from purchased raw materials. Therefore, according to 2024 data, upstream and downstream transportation emissions from our logistics activities constitute the highest proportion of our Scope 3 emissions, accounting for 72% of our Scope 3 emissions.

We manage our logistics not on the basis of location, but on operations. We monitor these operations by main workflows consisting of various components including retail, wholesale, export, invoicing and system improvement. We are also applying innovative solutions ranging from weekly route planning to warehouse management, and running digitalization projects to maximize the efficiency of our logistics operations and minimize our environmental impact.

Izmir Warehouse Project

In order to provide more centralized, organized and efficient logistics services to our dealers in the Aegean Region, we've opened a new regional warehouse in Izmir. This warehouse also helps us reduce loss of time and decrease costs, otherwise resulting from managing multiple shipments. It serves as one-central-spot for both product delivery and after sales services.

Delivering through a single center has added speed and regularity to our operations. The warehouse also provides direct after-sales services, as mentioned, such as assistance in product returns, maintenance, repair and consultancy. This model contributes to increasing customer satisfaction and

meeting stock requests quickly. According to the initial data of the project, the average distance traveled in shipments in the Izmir region shortened by 50-55%, reducing transport costs, fuel consumption and delivery time, while also contributing to lower carbon emissions. We are planning to commission this model in Inegöl, Biga, Muğla, Düzce and Kayseri in 2025.

Weekly Route Plan

Aimed at adding efficiency and sustainability to our logistics operations, our Weekly Route Plans continued to function throughout 2024. We analyzed both 2023 and 2024 data for delivery departure points, and consolidated provinces with low volumes in an attempt to optimize delivery frequencies. Thus, we minimized the need for one vehicle to deliver to multiple destinations, reduced transit use, and made more use of truck and lorry deliveries. In addition, by including inter-warehouse transfers in our planning, we increased vehicle occupancy rates and significantly reduced the total annual distance traveled to dealers.

Thanks to these improvements, we saved 10-15% on transport costs. At the same time, we produced more productive plans for dealers' vehicle unloading and assembly teams. In 2025, we aim to quarterly review route plans, and continuously improve our system.

Optiyol Project

To ensure effectiveness in our logistics and to optimize our routes digitally, we've launched the Optiyol route planning system, where vehicle drivers get to drive minimum distance on available highways. This system also enables traceability of shipments from warehouse departure to delivery to the dealer. While deliveries can be tracked instantly, this opportunity also provides full transparency between our logistics providers, dealers and operations team.



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With the integration of Optiyol, we've both increased operational efficiency and reduced costs in our transport processes. Thus, we've achieved 5-10% savings on transport costs. We are planning to integrate the system with larger data sets, and support it by performance analytics operations in 2025.

AXION Warehouse Management System

We launched the AXION Warehouse Management System to manage our warehouse more efficiently, traceably and error-free. We are continuing these operations on our digital infrastructure. We adopted barcode reading technology and product-specific License Plate (LP) labels, and thus digitalized all transactions including shipment, goods acceptance, stocking and returns. This enables us to instantly record transactions and ensures full traceability.

In addition, the system allows users to automatically or manually assign jobs on computer to the mobile terminals of operators serving in the field. We removed the use of checklists in warehouses and instead, promoted the use of terminals which makes it possible to easily find products on the shelves. Also, thanks to our shortest-distance routing program, we prevented loss of time when searching for products in a given warehouse. Besides, we took measures to prevent incomplete, erroneous or incorrect loading, thus increasing our operational efficiency. And finally, we made warehouse management more measurable by the AXION system's monitoring of operator performance.

LOGD Box Utilization Management System

To make our logistics operations efficient, sustainable and environmentally-friendly, we launched the LOGD Box Utilization Management System. Its innovative and reusable box systems render our transport and storage operations safer and more cost-effective. This system allows us to rent an average of 50 boxes per week, especially for the textile accessories group on the retail channel, optimizing resource utilization and ensuring better protection of products

against damage and contamination. Thanks to this environmentally friendly system, we are reducing waste (through use of less cardboard boxes), our carbon footprint prevent deforestation. The system successfully passed the tests at the end of 2024 and began to be actively used in retail stores. In 2025, we plan to start using it for wholesale channel shipments across Türkiye.

According to preliminary results, the system achieved 67.07% cost savings in the retail channel annually. At the same time, we increased product safety and made our shipment operations more sustainable, economical and environmentally friendly.

Novalab Project Distribution Network

As part of our Novalab project, we designed a new distribution model to deliver finished goods in Düzce, Biga, İnegöl and Kayseri more efficiently. We drafted inventory management plans in the said regions, aiming to respond faster to customer demands, increase vehicle occupancy rates and reduce shipment costs. The system will be fully in use in 2025, after identifying safe stock levels and taking stocks in the warehouses. Once complete, the implementation is expected to achieve approximately 12% savings from transport costs.

Also, our digitalization moves and increased efficiency in logistics are both reducing our operational costs and moving us closer to achieve our sustainability goals. In the coming years, we will continue to expand our projects and optimize our logistics network to further improve our logistics operations.



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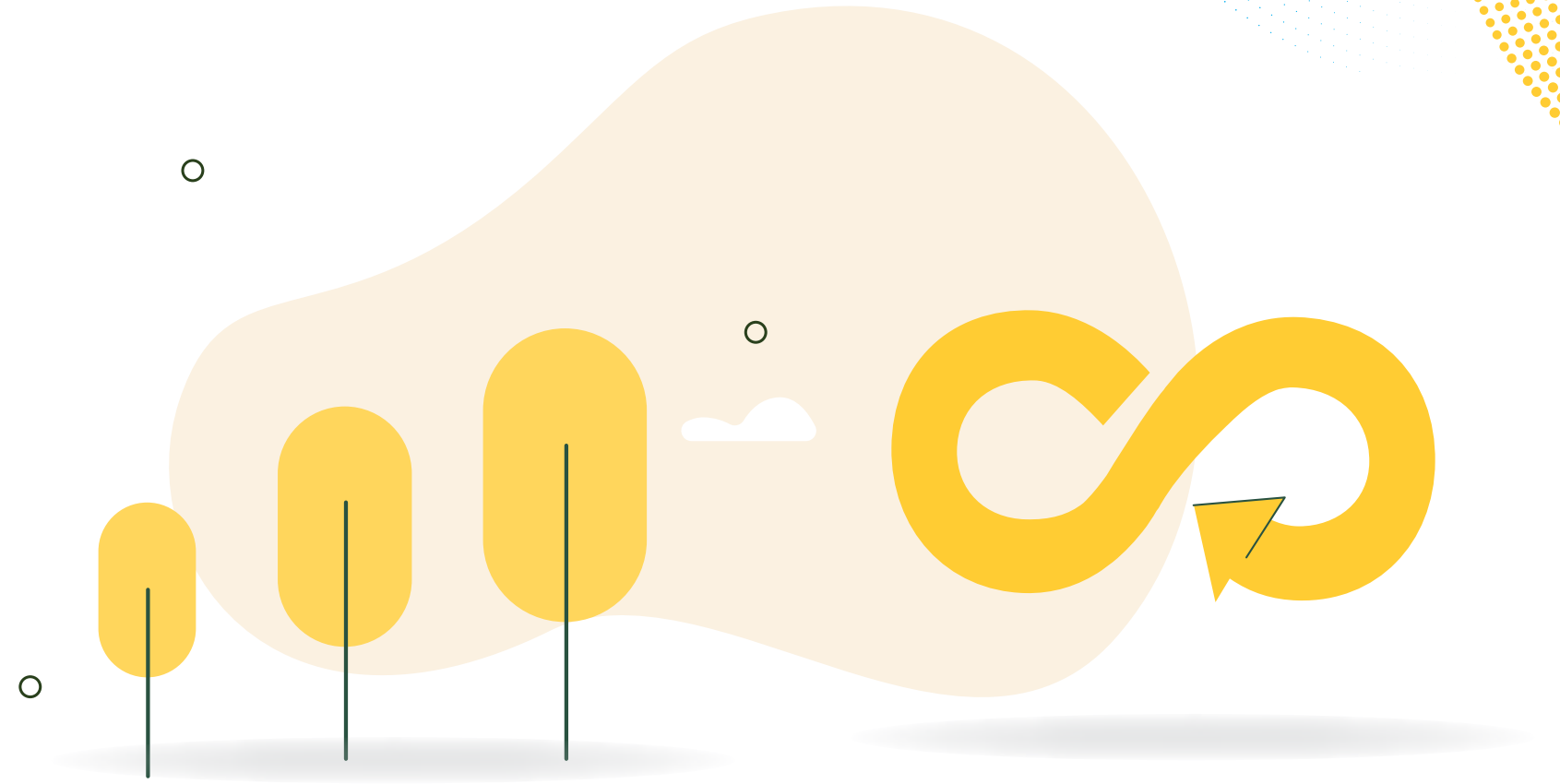
Biodiversity and Sustainable Forestry

The furniture industry is directly dependent on natural resources. That's why we bear the responsibility of protecting biodiversity and ensuring sustainable sourcing. Forests are the source of raw materials used in furniture production, but they are also vital for protecting the global ecosystem, absorbing carbon, regulating the water cycle and providing habitat for many species. According to a report published by the World Economic Forum¹⁰, around 50% of global GDP is directly or indirectly dependent on nature. Accordingly, for industries that rely on the use of natural resources, such as the furniture industry, the transition to sustainable practices is not only an environmental responsibility, but also an obligation for economic sustainability.

At Doğanlar Furniture, we are aware of our dependence on natural ecosystems and our responsibility to protect these ecosystems. We are committed to sourcing our raw materials from sustainable sources, preventing deforestation and protecting biodiversity. Indeed, our Doğtaş and Kelebek brands have been recognized with the FSC-COC: Forest Stewardship Council Chain of Custody Certification, which promotes the sustainable management of forestry resources. This certification guarantees that the products come from well-managed forests and are differentiated from products originating from uncontrolled logging. Thus, we are committed to fully comply with sustainable forest management practices and adhere to responsible sourcing. The FSC guarantees not only an environmentally friendly production approach, but also the protection of forest ecosystems and the transfer of forest resources to future generations. Our wood products are FSC certified, indicating that the forests that are the source of our products are responsibly managed and certified by independent auditors.

In addition, as part of the sustainability goals we set for 2023, we committed to implementing a biodiversity project every year. We aim for these projects to

(10) WEF, Nature Risk Rising: Why Crisis Engulfing Nature Matters for Business and the Economy, (2020).



include a wide range of activities such as protecting plant and animal species in forest ecosystems, improving natural habitats and supporting endangered species. In 2024, there was no direct implementation in this area. However, we continue to maintain our awareness of biodiversity and plan to take concrete steps in this direction in the coming years.

Butterfly Effect on Nature Photo Contest

With the "Butterfly Effect on Nature" photo contest launched by Kelebek Furniture in 2025, we aim to raise social awareness on the protection of nature. The contest encourages participants to make their observations of the natural environment visible and aims to raise public awareness on environmental and sustainability issues.

Photographs submitted to the contest are used as a means of communication on the protection of biodiversity and the value of ecosystems, and contribute to the adoption of a more harmonious lifestyle with nature through visual expressions. The event also aims to combine aesthetic expression with environmental awareness, and to increase sensitivity to sustainability issues with broad participation.



NATURE-CONSCIOUS OPERATIONS

- > Environmental Management
- > Carbon Emissions
- > Energy Management
- > Responsible Use of Resources



**The first sound of dawn
is nature itself.**



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Nature-Conscious Operations

The furniture of the future is produced by respecting the nature.

We carefully produce each piece of furniture by preserving the balance of nature. We are committed to supplying the energy used in our production from alternative sources. For this, we develop innovative solutions to minimize our emissions and manage resources responsibly.

Responsible Resource Use

2027

Reducing the amount of waste going to landfills by 50% by 2027

Recycling/ reclaiming 60% of the waste generated by our operations by 2027



Alternative Energy Sources

2030

Using 100% renewable energy in operations by 2030

Investing US \$4 million in renewable energy projects by 2030



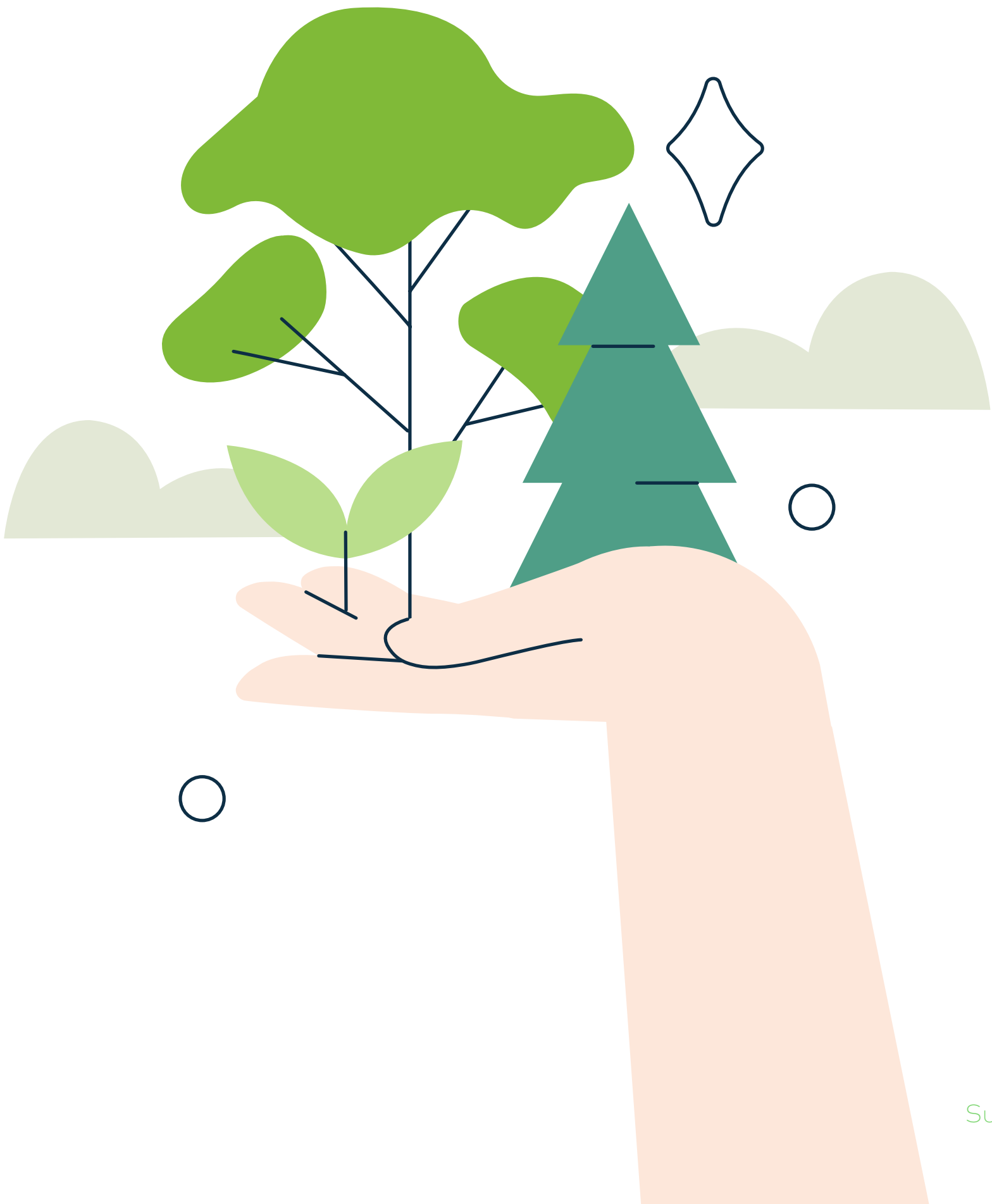
Carbon Emissions

2030
2050

Achieving net zero emissions by 2050

Replacing at least 50% of logistical vehicles with zero emission vehicles by 2030

SDG Contributions





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Environmental Management

At Doğanlar Furniture Group, we place environmental sustainability principles at the center of our way of doing business in manufacturing modular furniture mattress—our core business line. In all our facilities, we adopt an environmentally friendly production approach and work to protect natural resources, reduce waste and minimize environmental impacts.

We abide by the ISO 14001 Environmental Management System standard in all our production activities; we regularly monitor our consumption of energy, water and raw material and ensure full compliance with legal environmental regulations. With our ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System certifications, we have an integrated approach to environmental, quality, safety and energy management.

In line with our continuous improvement approach, we periodically analyze the environmental impact of our activities by implementing our environmental policy. In addition to complying with national and international legal regulations, we aim to expand environmental awareness and support the continuity of the life cycle with all our stakeholders. Thanks to our environmental management efforts such as the efficient use of energy and water resources, waste reduction and using recycling methods, we focus on continuously improving our environmental performance. In 2024, no administrative fines were imposed on Doğanlar Furniture Group for violations of environmental legislation. We continue to fully comply with all our environmental legal obligations.

Doğanlar Furniture Group Environmental Policy is available [here](#).

Under our environmental management approach, we make environmental investments in recovering wastewater, managing noise pollution, issuing environmental permits, receiving consultancy on environment and waste disposal,

and calculating emissions. In this context, we provide regular trainings to both employees and subcontractors at our Biga and Düzce plants according to our Integrated Management Systems policy so that environmental awareness becomes an integral part of our corporate culture. With these trainings, we raise awareness of participants on environmental impacts, while also working to achieve a high level of awareness throughout our value chain.

Düzce Plant Environmental Trainings (person*hour)	2024
Employees	850
Subcontractors	24

Biga Plant Environmental Trainings (person*hour)	2024
Employees	682
Subcontractors	12

We measured our air emissions in 2024 and found that the NOx (nitrogen oxide) emissions at our Düzce plant was 3.29 kg/hour in total, which was well below the legal limits. We also regularly measure the ambient atmosphere to find about our volatile organic compounds (VOCs) in our plants and the most recent results have shown that no additional measures are needed since no risk was detected. However, we have infrastructure in place to track and take these compounds under control via absorbent systems, forced ventilation and flue discharge systems in throat lines. In our Biga plant, no volatile organic compounds were found in the VOC measurements at the emission sources. In addition, NOx and SOx emissions do not occur in the processing flues at the plant. Accordingly, within the scope of Particulate Matter (PM10), we take care not to keep any materials that can turn into dust in the open, especially to prevent dust formation that may arise from production operations. We covered the paths in the facility with concrete, and regularly wash and clean them. With these practices, we both fully comply with environmental regulations and fulfill our responsibility to protect air quality.



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Carbon Emissions

Being part of the furniture industry, we are aware that we have a responsibility to manage and reduce our emissions more effectively as our raw materials are sourced directly from nature. So, we develop sustainability strategies that cover our entire value chain, taking into account the environmental impact of materials such as wood, plastic, metal and textiles used in our production processes, and we take firm steps to monitor and manage our carbon emissions.

As of 2021, we have been calculating our Scope 1 and 2 emissions, and since 2022, we have also been calculating our Scope 1, 2 and 3 emissions. In 2024, we included our overseas subsidiaries and stores in our Scope 1 and 2 emissions, resulting in a significant 91% increase in our Scope 1 and Scope 2 emissions compared to previous years. We continued to calculate our Scope 3 emissions under Category 1, Category 4, Category 5, Category 6, Category 7 and Category 9. Data from Biga Plant, Düzce Plant and Head Office are included in these calculations, while foreign subsidiaries and stores are excluded. However, due to data quality limitations in 2024, emissions from purchased raw materials under Category 1 and emissions from Category 2 capital goods were not included in the 2024 calculations.

Greenhouse Gas Emissions (CO ₂ e tons)	2022	2023	2024 ¹¹
Scope 1	3,030.3	1,796.5	2,173.0
Scope 2	5,229.1	6,191.9	13,087.2
Scope 3	4,087.7	6,758.0	6,725.4
Category 1 -Purchased Services	86.5	55.7	440.1
Category 4- Upstream Transportation and Distribution	356.9	347.8	94.9
Category 5- Waste from Operations	57.7	71.8	27.9
Category 6- Business Travel	184.7	694.9	923.1
Category 7- Employee Services	207.7	309.6	462.7
Category 9- Downstream Transportation and Distribution ¹²	3,194.3	5,278.2	4,776.6
Doğanlar Furniture Total Emissions (CO ₂ e tons)	12,347.2	14,746.4	21,985.6

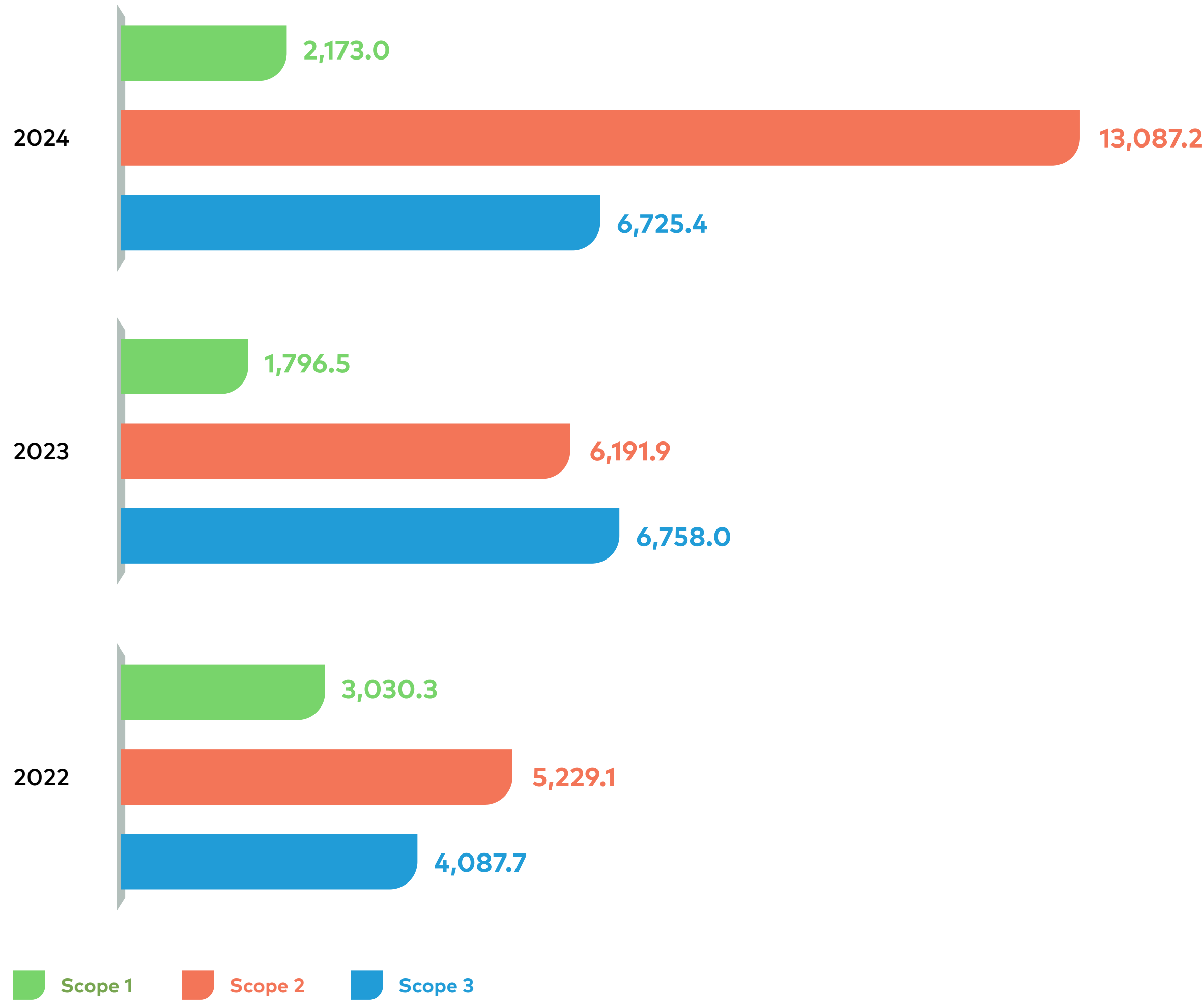
(11) Scope 1 and 2 emissions for 2024 include foreign subsidiaries, factories and stores. Scope 3 emissions cover only Türkiye operations.
(12) Exports are included.



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Greenhouse Gas Emissions by Year and Scope



With a corporate carbon footprint study, we comprehensively identified the environmental impact of all our operations, as well as the hot spots in our production processes. As of 2024, our total greenhouse gas emissions were calculated as 21,985.6 tons CO₂e and our Scope 1 and Scope 2 emissions were calculated as 15,250.2 tons CO₂e.

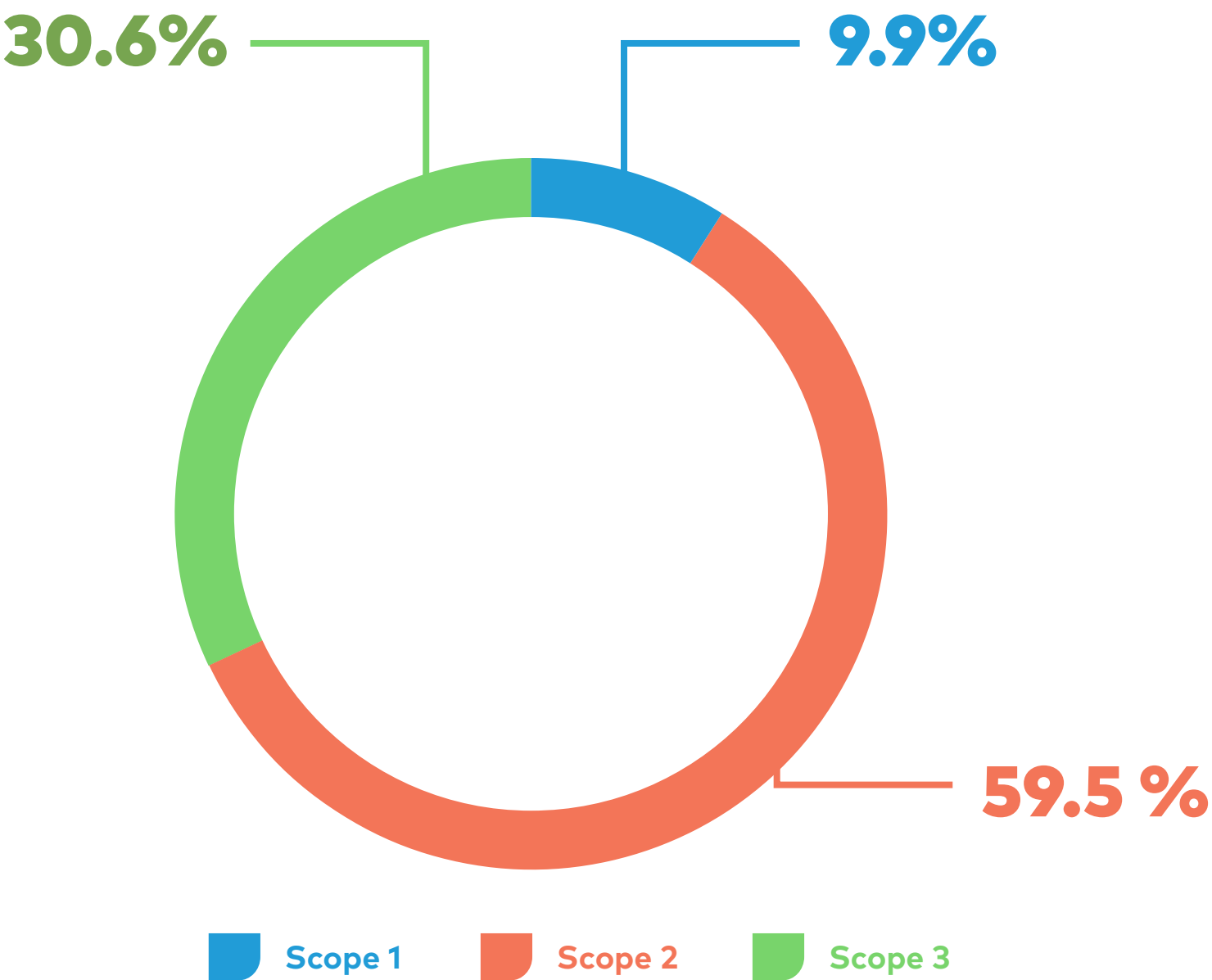
However, Scope 3 emissions, which we calculated in six subcategories, accounted for 30.6% of all our emissions. In 2023, we reported that a very large portion of our total emissions stemmed from the supply of raw materials used in production processes. Wood and foam were among the most prominent raw materials in terms of both weight and emissions. However, emissions from purchased raw materials were not included in this year's study due to data quality limitations in 2024.



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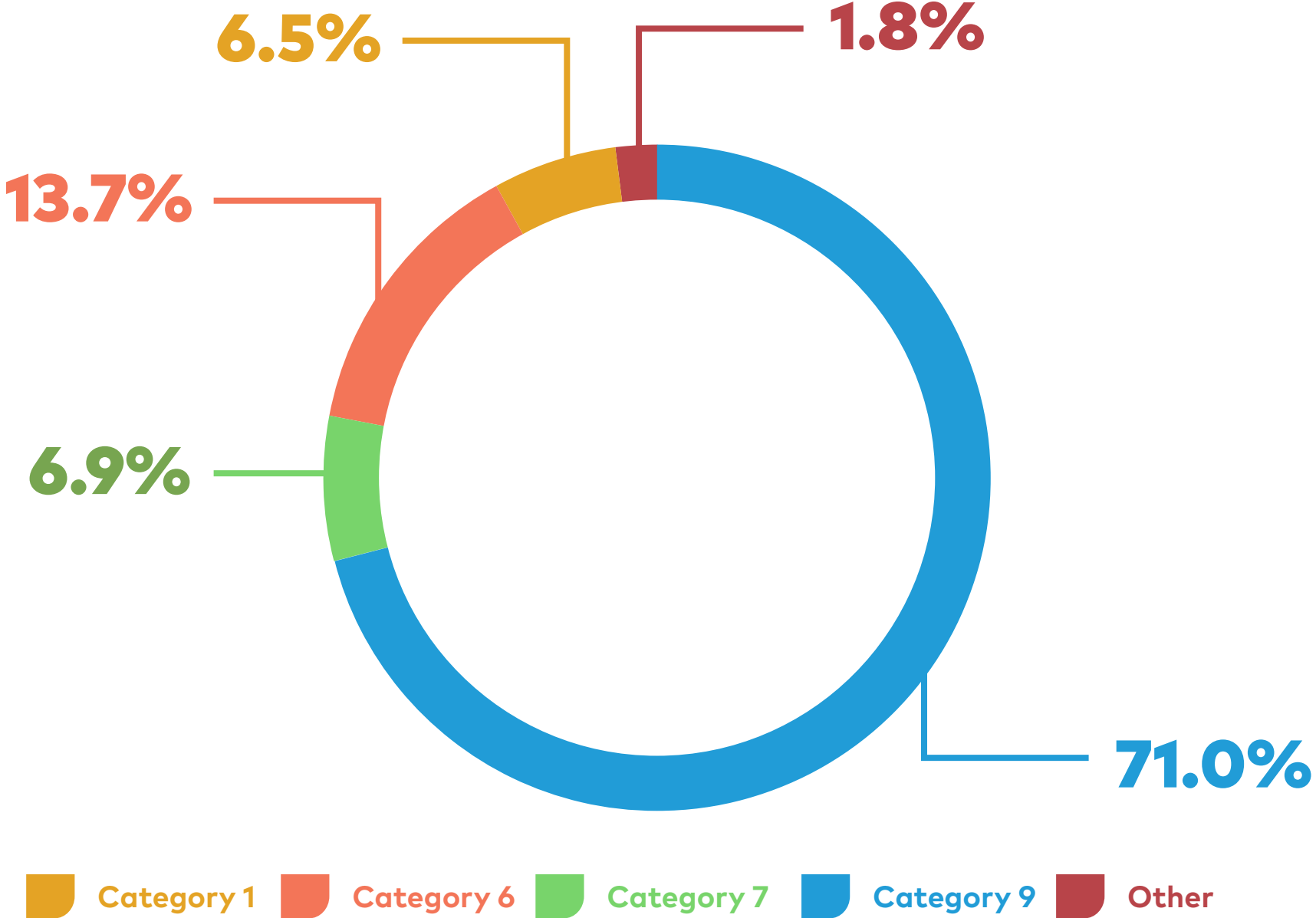
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Total Greenhouse Gas Emissions by Scope



In our 2024 emission calculations, Scope 2 - Purchased Energy Source emissions stand out as the highest hotspot, accounting for 59.5% of our total emissions. The second hotspot, logistics-related emissions, accounts for 22% of our total emissions. Emissions from logistics include transport of purchased raw materials, transport of products and exported goods. Therefore, we aim to replace at least 50% of our logistical vehicles with zero-emission vehicles by 2030 in order to reduce the environmental impact of our logistics operations.

Scope 3 Emissions Category Breakdown



In managing our environmental impact, we recognize the importance of properly mapping carbon emissions and raising awareness of the environmental impact of furniture. Recognizing that every step we take to reduce carbon emissions is indicative of our environmental responsibility, we decisively adopted the goal of achieving net zero carbon emissions by 2050. To achieve this goal, we identified our priority strategies: to increase energy efficiency, invest in renewable energy sources and restructure our production operations. By working in close cooperation with all stakeholders in our supply chain, we aim to produce solutions to make every step from raw material procurement to logistics processes sustainable. We will also continue to apply renewable energy projects along with energy efficiency efforts to reduce our Scope 2 emissions. Taking our entire value chain into account, we will develop more eco-friendly, more efficient and more innovative solutions every day on this journey towards achieving our goals of net zero carbon.



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Energy Management

At Doğanlar Furniture Group, we develop our energy management strategies in line with our sustainability principle and implement various projects to increase energy efficiency in our operations. While we aim to ensure more efficient use of energy resources in all our manufacturing plants, we also put sustainable energy solutions into practice for the future with our renewable energy investments.

As part of our energy management strategy, we expanded our electric vehicle infrastructure and established electric vehicle charging stations at our production plants in Düzce and Biga, as well as at our head office. While we continue our efforts to replace our fossil-fueled rental vehicles with electric vehicles, at present, a total of 10 electric vehicles are in active use, including 2 at the Düzce plant and 8 at the headquarters.. We also took another step towards reducing our carbon emissions by replacing our diesel forklifts with electric forklifts.

Energy Monitoring and Tracking System – SCADA Project

With the Energy Monitoring System we've launched to increase our energy efficiency, we are able to monitor the distribution of the energy used in our plants across departments in detail. We are monitoring the consumption per kWh for each production unit and aim to increase efficiency by sharing this data with the relevant teams. While the system is active in Düzce, work is underway to commission it in Biga. In the coming period, as part of the project, the relevant departments will set their own energy-saving targets based on the data obtained. In addition, with the SCADA system, we can monitor the instant power, pressure, temperature and working time of our machines. We provide a more efficient and safer production environment by detecting unnecessary downtime, excessive energy consumption and potential accidents in advance. When limits are exceeded, a warning mechanism is activated and we intervene immediately. Thus, this project

contributes to reducing our operational costs while increasing our energy efficiency. As part of our efforts, we commissioned two large renewable energy projects, the Biga Rooftop SPP Project and the Düzce Rooftop SPP Project:

Biga Rooftop SPP Project

Launched in 2023, the project is an important step to increase our renewable energy production. This project aims to meet the energy needs of the facility by installing a solar power plant with a capacity of 4,542 kWp. Technical details of the project include strengthening the facility's energy infrastructure by adding a 1,600 kVA transformer and renewing 27,000 m² of roof panels. With these innovations, we have also increased fire safety and achieved a more efficient energy system. Upon completion of the project, we will generate 5,223,300 kWh of energy annually, resulting in a significant reduction in energy costs and carbon emissions. We completed the SPP investment with a generation capacity of 2,992 kWp at our Biga facility.

Düzce Rooftop SPP Project

The Düzce Rooftop SPP Project is another major renewable energy investment of Doğanlar Furniture Group, where we installed a solar power plant with a capacity of 5,000 kWp. We aim to generate 5,750,000 kWh of energy annually with the project commissioned to meet the energy requirement at our Düzce facility. Within the scope of the project, we strengthened the energy infrastructure of the facility by adding a 3,150 kVA transformer and installed a total of 5,000 solar panels. The project will both reduce our energy dependency and significantly reduce our carbon footprint. We completed the SPP investment with a generation capacity of 4,956.6 kWp at our Düzce facility. US \$3,380,000 was invested in solar power plants in 2024. Since our power plants were commissioned in the last months of 2024, they generated only 121 MWh in 2024. With this comprehensive strategy, we are both optimizing our energy consumption today and working to create a more sustainable and environmentally friendly business model in the future.

We are taking decisive steps to increase energy efficiency and ensure sustainability in the furniture industry. Along with our approach to prioritize renewable energy investments, we are committed to;

Using 100% renewable energy in all our operations by 2030,

Investing \$4 million in our renewable energy investments by 2030.



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Responsible Use of Resources

We are always striving for the best quality, and with this approach, we develop innovative solutions to make the life cycle sustainable along the entire value chain and put responsible use of resources at the center of our operations. While we take measures to reduce our consumption by using resources such as energy and water in the most efficient way, we also work to minimize waste generation. To that end, we continuously improve our environmental management system and work in compliance with international standards such as ISO 14001.

Waste Management

Our approach to waste management focuses on minimizing waste generation and ensuring efficient use of resources. So, we are constantly engaged in continuous improvement activities to reduce and recycle wastes resulting from our production. As a result of these efforts, we were awarded the Zero Waste Certificate by the Ministry of Environment, Urbanization and Climate Change.

We meticulously sort, properly manage and recycle the waste generated in our plants according to their type. The most common waste from our operations is waste associated with raw materials used in production processes. This waste

Biga Plant Waste Data (Tons)	2022	2023	2024
Hazardous waste disposed of	2.3	6.9	6.9
Non-hazardous waste disposed of	465.8	2,170.7	1,793.5
Düzce Plant Waste Data (Tons)	2022	2023	2024
Hazardous waste disposed of	80	85	88
Non-hazardous waste disposed of	105	135	133

(13) Waste from 2024 was sent for recycling in 2025.

usually includes non-hazardous waste such as wood, plastic, paper-cardboard, fabric and foam. There is also hazardous waste generated during production, such as contaminated packaging and filter materials.

We deliver all non-hazardous waste generated at our facilities to licensed recycling/recovery companies. While we are taking measures to reduce the amount of paper, cardboard and plastic materials used in packaging, we decisively continue our efforts to ensure their recovery. Hazardous waste is processed in accordance with environmental legislation. In addition, by using chipboard waste with high calorific value for heating purposes, we both achieve energy efficiency and minimize the amount of waste.

In addition, we renovated our sewage and drainage line and garbage disposal area, making our waste management system more functional. Thanks to this renovation, we are now able to sort the waste according to its type (paper, metal, chemical, plastic, etc.) and transport it out of the facility properly.

Biga Plant (Tons)	2022	2023	2024
Plastic waste sent to licensed recycling company	34.2	17.5	35.8
Cardboard waste sent to licensed recycling company (tons)	102	85.2	97.6
Düzce Plant (Tons)	2022	2023	2024 ¹³
Plastic waste sent to licensed recycling company (tons)	1.7	3.5	8.3
Cardboard waste sent to licensed recycling company (tons)	5.8	11.0	24.3



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We ensure that waste is sorted correctly with Zero Waste Sorting Boxes located in production areas. Licensed companies regularly collect our waste, and we conduct inspections and take photos at production sites to prevent unconscious waste disposal, analyze the causes of waste generation and take preventive steps.

With all these efforts, we strive to reduce our environmental impact, use natural resources efficiently and contribute to the circular economy in our packaging processes. Also, we've adopted sustainable packaging practices using eco-friendly materials such as cardboard, Styrofoam and shrink nylon.

We source our cardboard packaging from FSC-certified suppliers, thus supporting responsible forest management. We bale the small cardboard scraps generated during the production with the press machines on our site and deliver them to the contracted licensed recycling companies. This enables leftover materials to be reused in cardboard production, contributing to the circular economy.

We choose recyclable Styrofoam (expanded polystyrene/EPS) materials that serve as protectors in the logistical operations. The EPS fragments collected after use can be reshaped by melting or compressing and used in the production of many different plastic materials, from insulation products to decorative objects.

We select shrink nylons that have LDPE properties and are recyclable and include them in recycling processes after use. The cardboard tubes we use to wrap these packages are not considered as waste; we separate them and deliver them to our suppliers for reuse. The shrink nylons we use in our packaging have LDPE (Low Density Polyethylene) content, providing a balance between durability and recyclability. After the end of their lifespan, these materials are separated in accordance with our waste management procedures and sent to recycling companies. In addition, we do not allow the durable cardboard tubes we use for shrink wrapping to turn into waste, so we sort them and deliver them to our suppliers for reuse on a kilogram basis.

As an integral part of our waste management approach, we always underline the active participation of our employees in such efforts. So, we regularly provide trainings to them to raise employee awareness on the correct sorting of waste, directing waste to recycling and preventing waste generation.

In the training courses we organized in 2024, we included not only general waste management practices but also detailed information about the sources of waste types and their environmental impacts. We raised awareness among our employees about how to separate different types of packaging waste such as paper, plastic and metal, how to include them in recycling processes and which types of waste require special disposal methods. With these training courses, we aim to increase not only individual awareness but also the effectiveness of waste management systems throughout the facility.

Electronic Waste

Throughout 2024, we took steps to ensure that our end-of-life and outdated electronic equipment is disposed of and recycled without harming the environment.

At the end of December, we sent a large number of broken, unusable electronic waste from our Head Office and Düzce locations for recycling through TÜBİSAD (Turkish Informatics Industrialists' Association) as part of the "Do not Dispose, Donate" campaign carried out in cooperation with TEGV (Educational Volunteers Foundation of Türkiye). We disseminated this campaign with inventory lists and official minutes under the supervision of the internal audit unit and in coordination with our accounting unit. We added the necessary documents to our accounting archive and updated our inventory system. Also, we plan to send electronic waste from our Biga location for recycling in 2025.



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Water Management

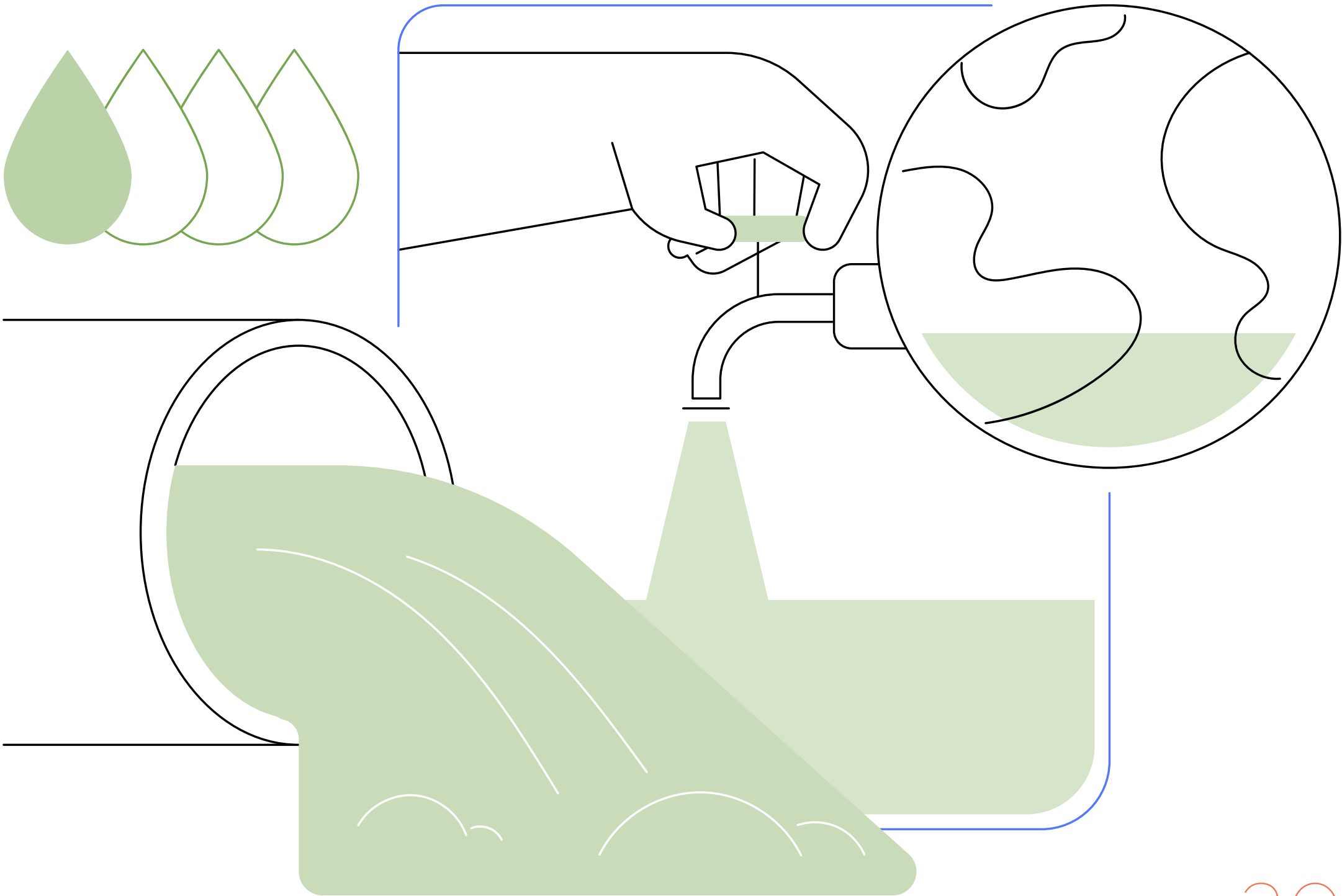
Efficient use of water resources is a major part of our environmental sensitivity. Although we do not use water in our production, we offer effective solutions for the management of domestic wastewater from daily operations.

In this regard, we treat the wastewater generated at our Biga and Düzce plants via biological and physical treatment systems. Then, we safely discharge treated water in compliance with environmental regulations. In doing so, we regularly monitor the efficiency of our treatment operations, and every two months, we check water quality by means of samples from accredited laboratories. In addition, we outsource expert teams for managing and maintenance of the treatment systems in our plants. As another measure for robust water management, we use sensor faucets in sinks in all our production plants in order to avoid unnecessary water consumption.

Our Biga plant has a package treatment system with a capacity of 70 m³ and a flow rate of 35 m³/day, operating at 80% efficiency. The water treated with this system is discharged into a dry stream connected to the Marmara Basin. The effluent is regularly checked through internal monitoring analyses.

In our Düzce plant, we use warning signs to save water and draw the attention of our employees to this issue. Drinking water consumption in office areas is planned weekly for each and every unit. Besides, we prevent waste by revising this planning according to seasonal changes. Another important part of our water management practices is employee awareness. We provide Environmental Awareness Trainings to all our employees every year at our Biga and Düzce plants. These trainings underscore the limitation of water resources—and that they are incrementally decreasing—while also pointing out the negative effects of unnecessary water consumption on environment and other ecosystems. Trainers share with employees some simple but effective behaviors to save water in daily work routines.

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





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**Small voices bear
the weight of great lives.**



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Sustainable Living Spaces

The furniture of the future is to be designed not only for today but also for tomorrow.

We produce long-lasting and high-quality furniture with our timeless designs; we offer our customers sustainable living spaces. We contribute to the transformation of consumption habits with circular economy practices starting from the design stage.



2025

Drafting and
using Circular
Design Guidelines
by 2025

2026

Developing a new collection
every year according to the
Circular Design Guidelines
by 2026

Designing 5% of new
products each year with
recycled and upcycled
materials by 2026

2027

Achieving 30%
sustainable
raw material
use in the
entire
mattress
product range
by 2027

Obtaining at least
two patents every year

SDG Contributions:



**The furniture of the future is
to be designed not only for
today but also for tomorrow.**



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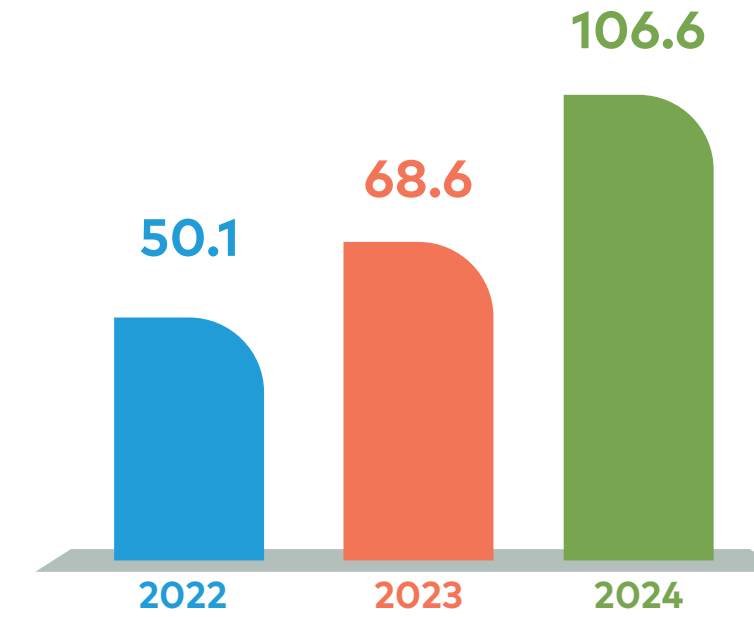
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R&D, Innovation and Design

At Doğanlar Furniture Group, we design the furniture of the future by focusing on sustainability, innovation and quality. Right from the design phase onwards, we apply an innovative approach to our R&D activities, using cut-of-the-edge technologies to offer customers both durable, functional and comfortable products with all our brands: Doğtaş, Kelebek, Kelebek Kitchen-Bathroom, Lova Bed and Ruum Store. We take a careful approach in the entire production process from the first design idea to drafting its project, selecting the right material, creating prototypes, checking its manufacturability and relevance to creating the product's commercial identity.

Our Maltepe and Düzce Design Centers have been operating since 2017 and 2020, respectively. The Ministry of Industry and Technology granted both centers a Design Center Certificate. Employing a total of 57 employees in R&D and innovation, some of the centers' research and development activities are considered ground-breaking in our industry. In addition, we aim with these R&D centers to obtain at least two patents every year, and for this purpose, we invested a total of TL 106.6 million in R&D and innovation in 2024. Albeit, we did not apply for any patents or utility products in 2024, instead we applied for 31 design packs and 8 trademarks.

R&D and innovation investments by year
(million TL)



DOĞTAŞ

1,175 m² new design
and innovation space



Kelebek

1,335 m² new design
and innovation space

**Our Doğtaş brand was
awarded with one silver,
2 bronze and one steel
award at the A' Design
Award & Competition
held in Italy.**



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We pursue guidance in design and both before and after we receive such guidance, we visit suppliers and attend to expos to learn about new materials and manufacturing techniques. We integrate such innovations we learn at these visits into our prototypes without compromising our brand design codes, to offer customers a unique experience.

Ours is a dynamic industry, where customer expectations shape the trends. In such a setting, design is the prominent component to make a difference, and thus, it's critical for us to adopt innovativeness in our design and business operations. By its nature, design is inspired from innovation. We, on the other hand, strive to bring innovation not only to our design operations but all our business processes.

In the same context, we design using digital solutions such as VR/AR in our prototypes, which enables to achieve the desired result faster with fewer trials. We are also developing AI projects to excel in digital product design and visualization. Besides, we are planning to use 3D scanners for reverse engineering of products that otherwise are time consuming to draw. We intend to use this method especially for parts with special forms such as chair frames and legs.

In 2024, we focused our R&D and innovation activities on both improving the user experience and responding to varied consumer expectations. To offer unique, custom options of comfortable products, we experimented with different material combinations in an effort to diversify our portfolio of manufacturing components. Also, we made use of hybrid technologies and supplied specific materials to that end.

We also intensified our R&D activities for the use of specific mechanisms to add more functionality to our products. We designed furniture with a motorized

mechanism so they transform into a bed or armchair; we brought in a hidden coffee table solution that allows other daily uses (reading a book, having breakfast, etc.); and developed bed base and headboard with attachment of lighting elements. We've aimed with all these innovations to bring customers extra comfort, enhanced functionality, while also easing their lives.

To do so, we've been closely tracking user expectations, industry trends and new technologies in design and working to develop innovative solutions. We held brainstorming sessions with our teams, heard their innovative ideas and tested them without delay via our digital prototyping techniques. Additionally, we collected user feedback and integrated it into our designs, allowing us to develop further user-centric products.

Ergonomics plays a significant part in our design of comfortable and functional modules. For this reason, we've created simple yet impressively aesthetic designs, inspired from Scandinavian and bohemian styles. We've made these products long-lasting and customizable, while also caring to choose eco-friendly raw materials and sustainable production methods.

Sustainability at the Core of Design

Designing is not only the first link of our value chain, but also the basis of our operational functions, since it directly affects other links including purchasing, production and sales. Thus, we are working to offer sustainable living spaces to customers starting from the R&D and design operations. All our products are designed as user-friendly furniture with a multitude of benefits and solutions free of quality compromise. Following the design stage, we choose recycled and biodegradable raw materials (which are, at the same time, compatible with our brand's overarching style) with low environmental impact for production.



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We prioritize the use of recycled fabrics, biobased chipboard, cotton-added fabrics and recycled yarns in our collections.

During design, we aim to minimize our environmental impact by considering not only the aesthetic or functional aspects of products, but also their entire life cycle. In line with the principles of circular economy, our designs contribute to reducing waste, efficient use of resources, and extending product life cycles. Circular design not only brings environmental benefits but also makes our operations more efficient and enables us to provide our customers with long-lasting, quality products. In this vein, we aim to draft our Circular Design Guidelines by 2025 to base all our design works. From 2026 onwards, we plan to create a collection every year within the framework of such Circular Design Guidelines.

Every year, we give ever-growing space to sustainability activities in our R&D and innovation projects. In 2024, we invested in recycled, organic and biodegradable materials, to further reduce the environmental impact of both the raw materials we purchase and hence the environmental impact of our products. We worked to increase the variety and number of fabrics made from recycled fibers. In our collections, we predominantly use recycled fabrics, biobased chipboard, cotton-added fabrics and recycled yarns. To increase the use of such materials, particularly biobased chipboards, we've launched some pilot projects, as well. All these efforts will hopefully cater to a much better product range which respects nature, thanks to sustainable designs and efficient use of resources.

In 2024, we focused on a more systematic integration of sustainability into our designs. More specifically, we used digital prototyping and green production techniques to achieve our targeted level of energy efficiency and to minimize resource waste. We also supported longevity by ensuring that products can be easily repaired and upgraded through modular designs. Adopting the principle of sustainability also in the use of materials, we designed additional modular products using leftover parts from the wastage. This way, we made use of idle raw materials by recycling them. For instance, users can reshape their Kelebek furniture when they move somewhere

else by adding or removing parts. This encourages users to use their products for a long time, and decreases the level of resource consumption. To further contribute to circular economy, we launched our "Buy or Rent" model, where we offer customers the option of renting furniture as an alternative to buying. This model makes solutions more accessible, and supports sustainable living by encouraging efficient use of resources. Also, we've extended the service life of our furniture via our "Easy Clean" technology which enables easy wiping of stains and spills before penetrating into the fabric. Also, we've incorporated the circular economy principles into our operations aimed at increasing the life span of products.

In addition, we prefer natural materials such as glass, wood, cotton, wicker, terracotta and ceramics in our wide range of decoration goods, and we produce with handcrafts and traditional techniques. Such hand-crafted products provide both long-lasting use and low environmental impact. And especially in children's products, we prefer to use recycled glass and cotton as well as harmless dyes.

We've highlights in raw materials used as furniture components. In the short term, we are planning to design handles by recycled plastic granules, in addition to another project to design a concept of teen room, where the sheet from the same material will be used on horizontal and vertical surfaces, aiming to support sustainability with a backbone story. And in both the mid- and long-term, we are planning to produce bio-panels from organic wastes, in an attempt to make use of ground coffee beans, eggshells and vegetable fibers to produce decorative and individual product groups.



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Our investments in recycled, organic and biodegradable materials continued incessantly in 2024.

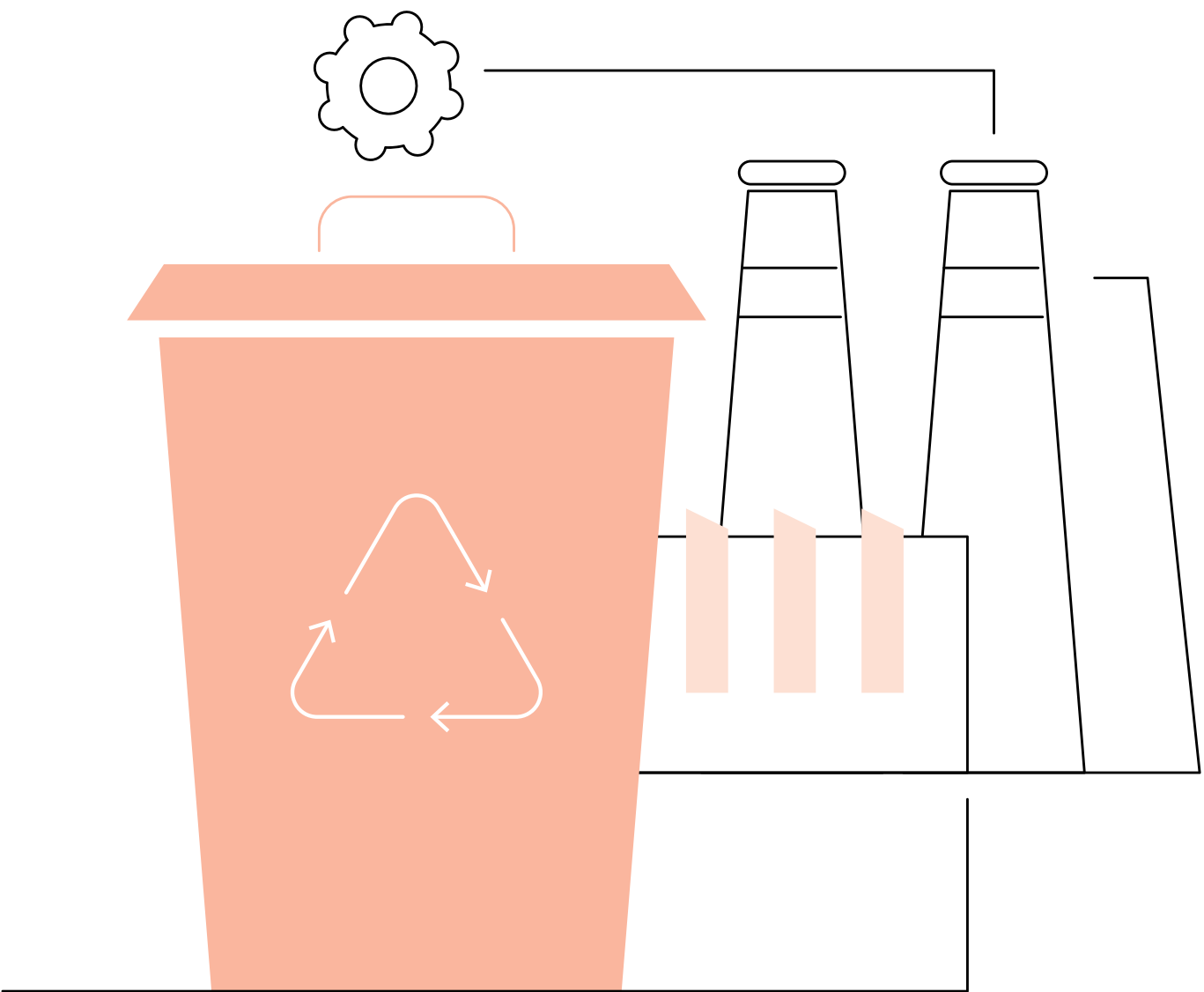
Producing Biobased and Recycled Furniture

We aim to increase the share of recyclable and biodegradable materials in all our products, and so, we are continuing our R&D studies in this field. We are now testing furniture products such as consoles, TV units and cabinets made of biodegradable chipboard, recyclable or biobased materials, and we plan to start mass production upon completion of the testing.

Using Recycled Materials in Upholstery Fabrics

We adopt circular designs by using recycled yarns and fabrics in upholstery fabrics. Specifically, we've used recycled yarns for the upholstery of the armchairs in the Angelic collection under the Kelebek brand. In addition, our Doğtaş branded armchairs have been made of fabrics obtained by recycling PET bottles since 2021. One such armchair has an average of 25 meters of fabric, and we recycle approximately 1,000 PET bottles for it.

In 2024, we recycled 90,000 PET bottles as raw material and used 1,000 meters of fabric in the production of bed bases and headboards. We produced sofas and armchairs by 2,050 meters of recycled fabric, and recycled and recovered 185,000 PET bottles for their use as raw materials.



As part of such efforts to maximize the use of recycled materials, we are working towards the goal of designing 5% of new products with recycled and upcycled materials every year by 2026. In the mattress product range, as well, we used recycled and upcycled raw materials equivalent to nearly 2.65% of our entire product range in 2024.

We prevent wastage of almost
1,000 PET bottles with each
armchair we produce by fabrics
recycled from PET bottles.



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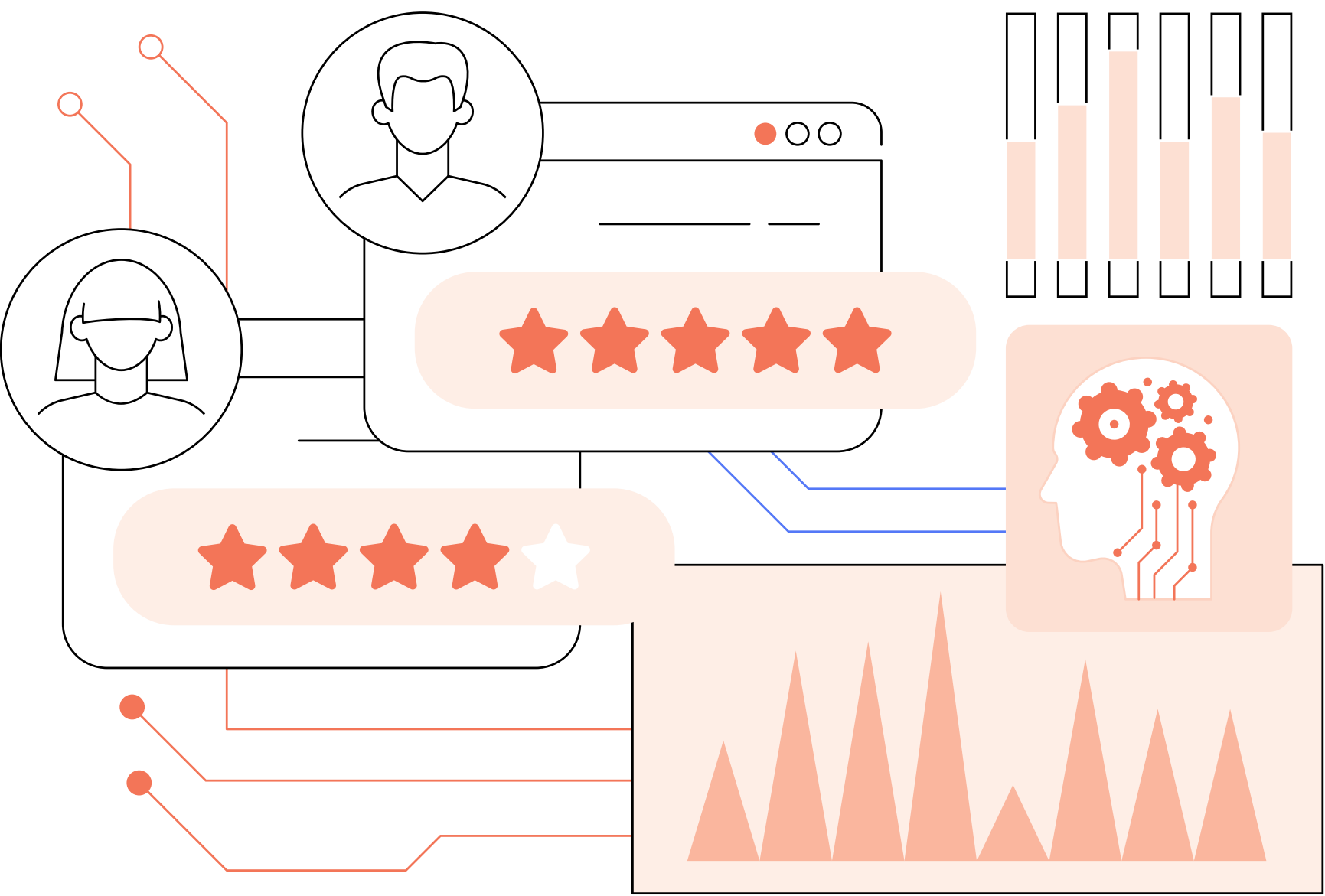
Producing Mattress by Sustainable Raw Materials

Under the Lova brand, we are increasing the use of sustainable raw materials such as recycled yarn, natural fibers and fibers such as bamboo and Tencel in mattress products. We are expanding recycled products in our portfolio by switching from silicone wadding fibers used in mattresses to recycled fibers.

We are replacing silicone wadding fibers in mattresses with recycled fibers, thus decreasing our environmental impact. Through this project, we recycled 11 million PET bottles, which corresponds to almost 120 tons. We also recycled 35,000 PET bottles by using 1,000 meters of recycled fabric in mattress production in 2024.

In addition, to achieve sustainability goals, we aim to ensure 30% sustainable raw material utilization in the entire mattress product range by 2027. In 2024, 18% of the mattresses we produced consisted of sustainable raw material.

**The rate of sustainable
raw material used
in mattresses: 18%**



AI-Assisted Shopping Experience

We offer our customers innovative shopping opportunities through phygital (a combination of physical and digital) experience stores. Smart screens and product control panels make shopping easier, while the Atlas system and holofan assistants provide a barrier-free experience. We also support digital assets with our metaverse store and NFT collections. Our AI-powered setup-solution robots as well as VR&AR glasses, on the other hand, make room design and shopping experience more interactive.



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Product Quality and Safety

We work diligently to ensure that all our products are of high quality, durable and accessible; we adopt keeping product quality and safety at the highest level as one of our main responsibilities towards our customers. As a matter of fact, our priority analysis shows that product quality and safety are among the top priorities of Doğanlar Furniture Group. Therefore, all our activities comply with international standards and applicable regulations, particularly national legislation and the ISO 9001 Quality Management System standard, as well as our company policies and strategic goals.

Doğanlar Furniture Group manages all business operations with an Integrated Management System approach, which entails continuous improvement in performance, compliance with legislation and all sorts of regulations, and effective achievement of targets. This way of management is underscored by our systems in place: The 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 certifications. In this regard, we have been providing training courses on QDMS, document management and system apps so that we make the Integrated Management System an integral part of our corporate culture and raise employee awareness.

Our Integrated Management Systems Policy is available [here](#).

We have adopted an understanding of quality management covering the entire product and production processes, including systems and product certifications, new product developments, inspection of purchased raw materials, and statistical process control (SPC) in production and final products.

In 2024, non-conformity
was not detected in product
quality and safety or
customer health.

In order to keep quality and safety standards at the highest level during the prototyping and mass production stages of all our upholstery and panel products, we actively use what we call “red line” checklists, including product content and packaging.

These lists help us regularly monitor critical stages of upholstery and panel production including preferred materials, packaging methods, design components and post-assembly schemes. In addition, we regularly inspect the compliance of the products with ergonomic design principles, and make sure their durability test results meet the standards over and above. In 2024, non-conformity was not detected in product quality and safety or customer health

We design all our product groups, especially beds (TSE EN 1725), home seats (TSE EN 12520), tables (TS EN 12521), home and kitchen cabinets (TS EN 14749), in full compliance with the safety, durability and quality criteria set by the Turkish Standards Institute (TSE) and document them with the Certificate of Conformity with Turkish Standards. The conformity of our products is certified through testing and inspection at TSE laboratories. At internal and external laboratories, we run tests to determine whether the fabrics we use in upholstery product groups meet the minimum conditions determined for quality, health and safety. We obtain MSDS and TDS documents and test reports for the chemicals in the fabrics from our suppliers, and we do not include inappropriate raw materials in our production process.



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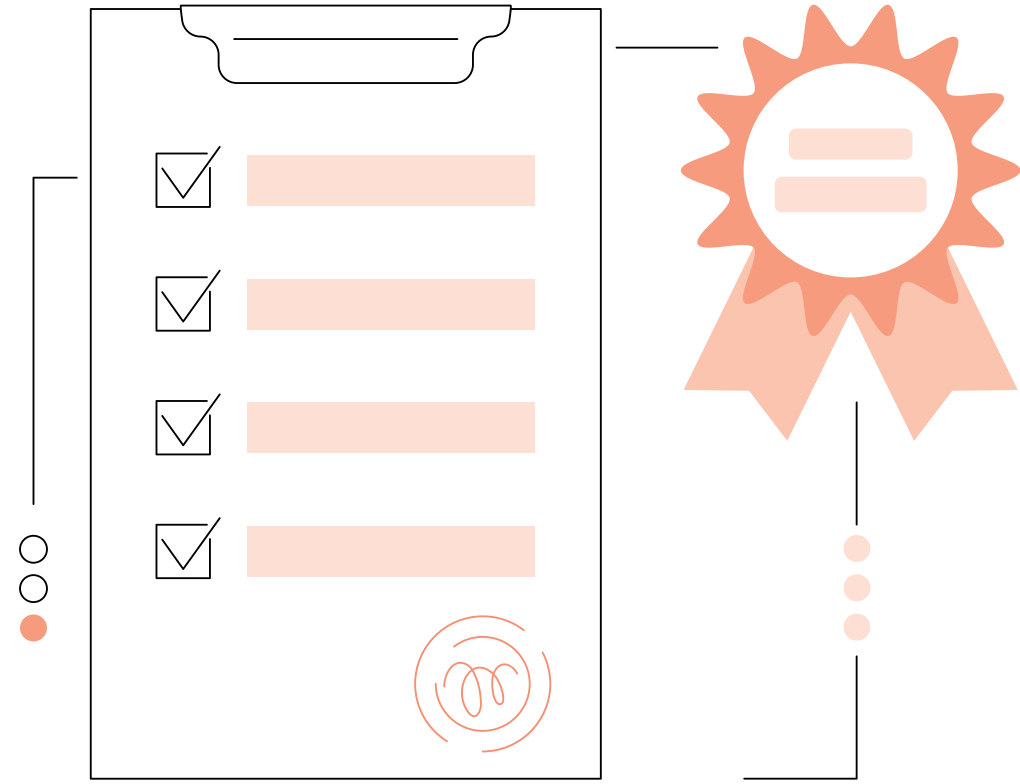
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We also hold various certificates demonstrating that our production processes comply with human health and environmentally sensitive standards. Our upholstery group fabrics have OEKO-TEX Standard 100 certification. This is an internationally acclaimed certificate confirming that the products do not contain harmful chemicals such as carcinogens, allergens, pesticides, heavy metals and are safe for human health. Also, we prefer FSC (Forest Stewardship Council) certified materials that promote sustainable forest management in our wood-based products.

We put our finished products through the final tests for strength, durability and safety requirements. At this stage, we assess them through various scenarios such as static load, fatigue, drop and shock tests; and we refurbish those that fail to meet the minimum standards, while putting compliant products into mass production.

We show the same sensitivity in the products we outsource as well: We do quality and safety audits as part of our quality management activities, and do extensive checks according to pre-determined criteria for each product group. Our brand enterprises also test final products.

Lean Production and Continuous Improvement

At Doğanlar Furniture Group, we aim to adopt lean production principles and spread this approach throughout the entire organization. We are engaged in continuous improvement efforts in this regard with the active participation of all our teams: The Upholstery Production, Panel Production, Quality and Management Systems, After-Sales Services and R&D teams. Our Lean Office works to increase operational efficiency with a lean production approach.

In 2024, we achieved a total gain of TL 11 million via the recommendation system developed with the participation of employees at our Doğtaş plant. They provided a significant number of recommendations on material savings, energy efficiency and reducing waste in production, directly contributing to sustainability. Similarly, a gain of TL 6 million was achieved at our Kelebek plant, again in line with the recommendations of employees. These gains, especially in materials and labor, serve to reduce the carbon footprint and make resource use more efficient.

We plan to establish Experience Centers in both of our plants in order to expand the lean production culture to a wider audience. By organizing theoretical and practical training courses on lean tools at these centers, we aim to raise employee awareness on sustainable production. As such, we are planning to apply techniques such as on-site quality, standardized work and continuous improvement and make them concrete examples of sustainable production.

Our production practices coordinated by the Lean Office aim to instantly eliminate any incompatibilities via on-site quality activities, increase production efficiency through line balancing, and ensure continuous customer satisfaction through supplier development activities.

To support this cultural transformation, we provided our employees with a training on the functions of the system, and we also put efforts to contribute to its continuous improvement and lean operation by means of regular daily quality and asakai meetings (where teams gather every morning to set goals, discuss challenges, and improve workflows).



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Information Technology and Security

With digital transformation gaining momentum in today's world, the top priorities for organizations include maximizing information security, and protecting confidentiality, integrity and accessibility in all data management units. For this reason, we continuously improve our information security policies to protect our customers' and business partners' data and to minimize digital risks in our business operations.

At Doğanlar Furniture Group, we manage all our information technologies infrastructure and operations within the framework of ISO 27001:2022 Information Security Management System, which plays a guiding role in a wide range of areas, from training and awareness activities to cyber security policies.

In this line, our senior management closely monitors information security management and provides support for continuous improvement, legal compliance, the effective functioning of audit mechanisms and the applicability of business continuity and disaster recovery scenarios. In addition, we continue to increase employee awareness regarding information security based on the PDPL (Personal Data Protection Law) and ISMS (Information Security Management System) by comprehensive trainings across the company.

We are continuing to fully apply the principles required by the ISO 27001:2022 Information Security Management System certification, and in this context, we appointed a representative, finalized documentations, internal audits and applied for the certificate. We expect the certification to be granted in 2025.

To effectively implement our information security policies, we also expect our third party business partners to fully comply with our information security standards. In this context, when selecting potential suppliers and subcontractors, we meticulously evaluate their level of compliance with their information security policies, and we prefer to cooperate only with those who can comply with our standards.

In 2024, Doğtaş and the Advertising and Marketing Communications Association (REPID) supported the Brandverse Awards, where Doğtaş and Kelebek won the gold and silver awards, respectively, in the category of furniture industry analytics.

Digitalization Efforts

We are determined to digitalize our business operations to make them more efficient, traceable and sustainable. With this, we aim to improve both our internal operations and customer experience by developing digital solutions in many areas from production to after-sales services.

We've consolidated our data driven management approach in all our plants, integrating production data into our Enterprise Resource Planning (ERP) system. Besides, we've incremented traceability by digitalizing all technical services. All our technical documents (product images, assembly instructions, videos, etc.) are now digitally available on our central system thanks to the master data management project we've initiated.



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Another digitalization step we've taken is the launch of our e-warranty project aimed at the betterment of customer experience. It is the system that allows customers to digitally access their warranty documents, and follow the warranty proceedings via our website or mobile app.

We've also launched the RPA (Robotic Process Automation) project to use the "SpeedyRobot" to automate repetitive tasks that are otherwise manually managed. We have joined forces with many teams across the company to continue developing automation projects and to enhance operational efficiency.

To support business continuity and manage IT infrastructure more effectively in our retail stores, we switched to the Software Defined Wide Area Network (SD-WAN) system, which enables remote equipment control and centralized network management. This has improved both network security and performance.

Rise with SAP HANA

All our digitalization efforts are centered upon an innovative approach, where we focus on adapting all our operations to today's needs. And for this, we've initiated the Rise with SAP HANA project—a milestone in our digital transformation journey and a first in the furniture industry. As such, the project has enables us to move all our business operations to the cloud, adding efficiency to the entire system while also building secure infrastructure that's capable of quickly adapting to market variables. This initiative of ours aims to generate accurate reports real-time, to provide full access to data, and to make our CRM seamless so that we increase turnover efficiency in retail. To commission the project soon, our trainings continue in the field for sales teams, as well as in our production plans and distribution centers. The project ultimately aims to establish instant decision support systems through cloud-based artificial intelligence integrations.



Development of the E-Commerce Infrastructure

In today's circumstances, where consumer behaviors change rapidly, the importance of digital sales channels has been growing more than ever. So, we aim to offer a user-friendly experience, while also making our digital platforms more accessible by updating our e-commerce infrastructure.

We also re-designed our website and technical infrastructure to improve the user experience (UX). At the same time, we enabled end-to-end monitoring of orders thanks to its full integration with our ERP system. With all these efforts, we are putting great effort to increase both operational efficiency and customer satisfaction.



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- [Human Resources Management](#)
- [Employee Engagement and Well-being](#)
- [Employee Development](#)
- [Equality, Diversity and Inclusion](#)
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- [Customer Experience and Satisfaction](#)
- [Community Impact](#)

**As the sea breathes, it leaves
its voice to the shore.**



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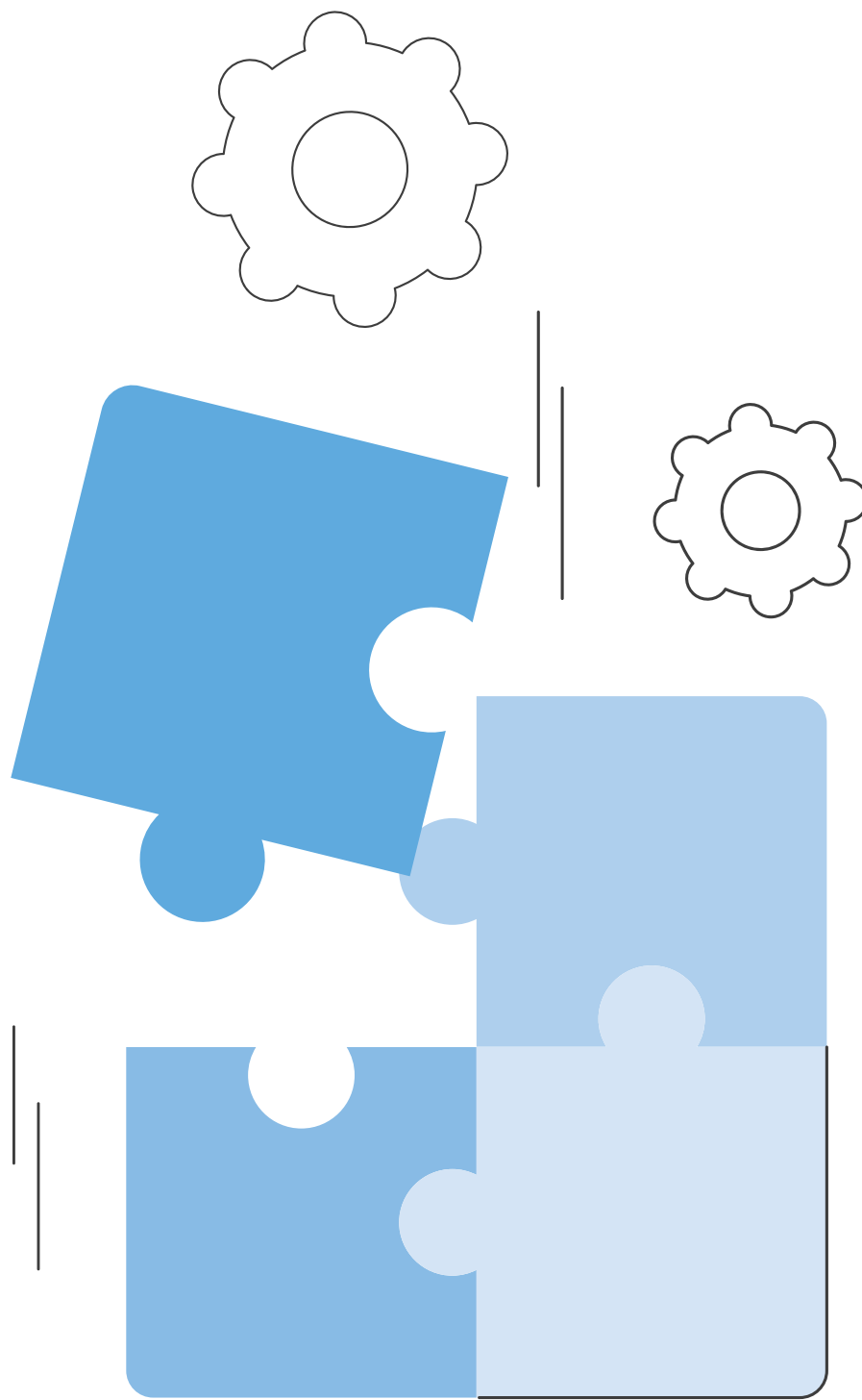
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Shared Value with Stakeholders

Stakeholders grow along with the furniture of the future.

We support the welfare and development of our employees. Likewise, we contribute to society through our social responsibility activities. We aim for the highest standards for customer experience and we place a high value on feedback. By growing together, we increase our lasting and positive impact.



SDG Contributions:



CURRENT STATUS	GOALS
Employee Engagement and Well-Being Employee Turnover Rate: 36.6% Employee Engagement Rate: 61.32% Keeping the average in-class training hours per employee 4,52	Employee Engagement and Well-Being Keeping employee turnover rate below 30% Keeping employee engagement rate above 75% Keeping the average in-class training hours per employee above 7 hours
Diversity, Equality and Inclusion Ratio of Female Managers: 17%	Diversity, Equality and Inclusion Increasing the ratio of female managers to 25% by 2027
Customer Experience and Satisfaction Shopping Experience: 92 Delivery Service: 76.1 Repair/Maintenance Service: 82.9 Overall Satisfaction Score: 85.62	Customer Experience and Satisfaction Maintaining customer satisfaction rate at least 80% every year Ensuring that 25% of marketing campaigns are sustainability-oriented campaigns



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Human Resources Management

Our Human Resources approach aims to foster our work culture that is centered upon meaning and purpose. We closely follow human resources trends, and both support the development of our employees and aim to increase their contributions to the company by establishing a sustainable balance between their individual goals and company goals.

Our Human Resources team formulates its work around three main strategies:

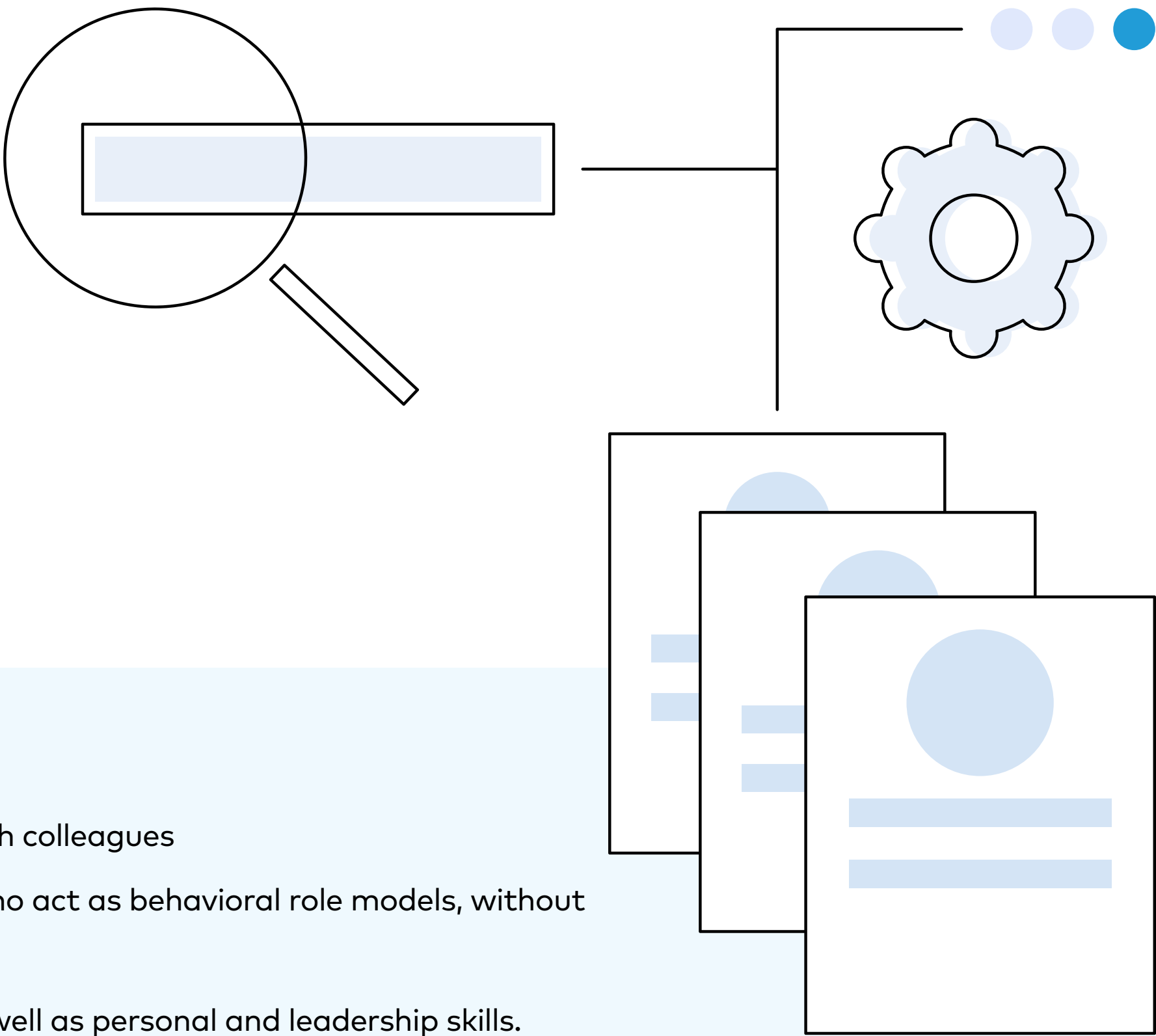
- 1 Increasing the organizational competency level
- 2 Designing an experience for employees where they are happy and engaged
- 3. Building a strong employer brand

Aligned with these strategic focuses, we continue to offer a people-oriented working environment, and we’ve made plans in this regard for the period between 2024 and 2027. Our aim is to create an innovative and agile human resources model that contributes to employee engagement and supports their development.

Doğanlar Furniture Group Employee Rights Policy is available [here](#).

Doğanlar Furniture Group's Human Resources Principles

- We believe in open communication and support it at all levels.
- We offer an environment where employees are happy and proud to work, and are at peace with colleagues
- We provide equal opportunities to everyone, who is equipped with know-how and skills, and who act as behavioral role models, without discrimination or privilege in career and talent management.
- We provide employees with training and development activities to improve their expertise, as well as personal and leadership skills.
- We have recommendation and reward systems in place to encourage innovative ideas that will improve the business.
- We encourage high performance and achievement, and reward successful results.





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Employee Profile

We continue to maintain our success in the industry with our people-oriented approach. We see our employees as our most valuable asset. Thanks to their talents, determination and commitment, we are growing stronger every day.

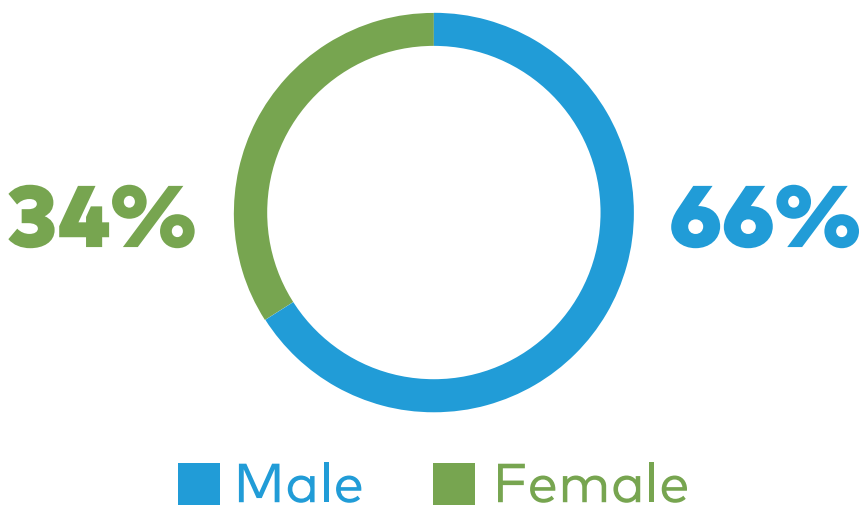
As of 2024, we have a total of 2,553 employees. Of these employees, 1,132 work in white-collar and 1,421 in blue-collar positions. In addition, 1,233 employees work under collective labor agreements. All our employees work full-time. Consisting of individuals from different age groups and areas of expertise, our workforce enhances our organizational diversity. Of our workforce, 34% are female employees and 66% are male employees. 39% of our employees are 30 years of age or younger, 55% are between 30 and 50, and 6% are 50 years of age or older.

This diversity not only strengthens internal interactions but also helps us provide more agile and creative solutions to the changing needs of our customers. Thus, our organization quickly adapts to changing market conditions and maintains its leading position.

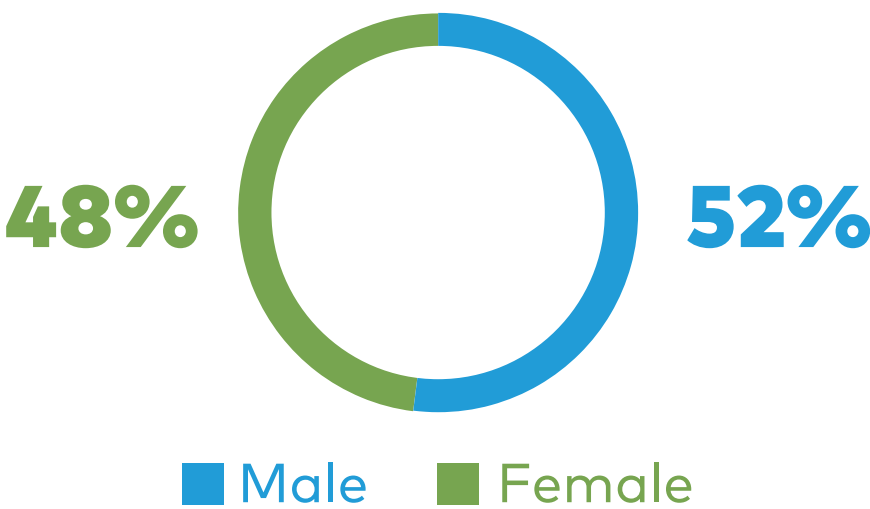
Employees by Category	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
White-collar employees	558	645	577	641	542	590
Blue-collar employees	249	1,078	330	1,189	325	1,096

Employees by Length of Service	2022	2023	2024
0-5 years	1,909	2,199	2,072
5-10 years	278	263	249
10 years and above	343	275	232

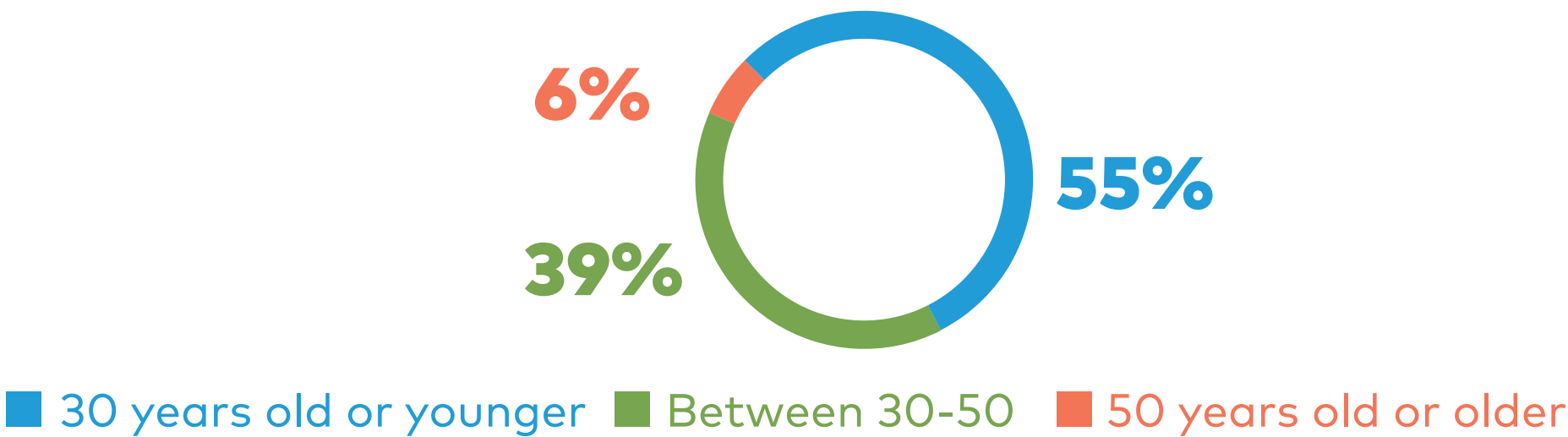
Employees by Gender (2024)



Employees by Gender (White Collar)



Employees by Age





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Employee Engagement and Well-being

Employee satisfaction directly affects both their personal development and the overall performance of our company. With this in mind, we regularly monitor employee engagement and satisfaction and strengthen our practices to improve them every year.

We try to understand the needs and expectations of our employees through annual employee engagement and satisfaction surveys by independent research companies. In these surveys, we assess their engagement, leadership, performance culture and overall employee experience. In 2024, the satisfaction rate was 61.32%. In line with this rate, which has decreased compared to previous years, we focus on areas for improvement and develop new strategies to enhance employee experience.

Also, to increase our employees' motivation, we use a system of recommendations for improvement. They can share their individual or team ideas on this system, and we put into actions the improvement ideas that are applicable. The system both encourages employee engagement and raises awareness of innovation in our corporate culture.

Supporting work-life balance is also seen as a key element of employee satisfaction. At Doğanlar Furniture Group, we attribute great importance to observe this balance, and thus, we offer employees the opportunity to work remotely a day a week with the approval of managers and mutual consent. This flexible working model allows our employees to spend more time on their private lives.

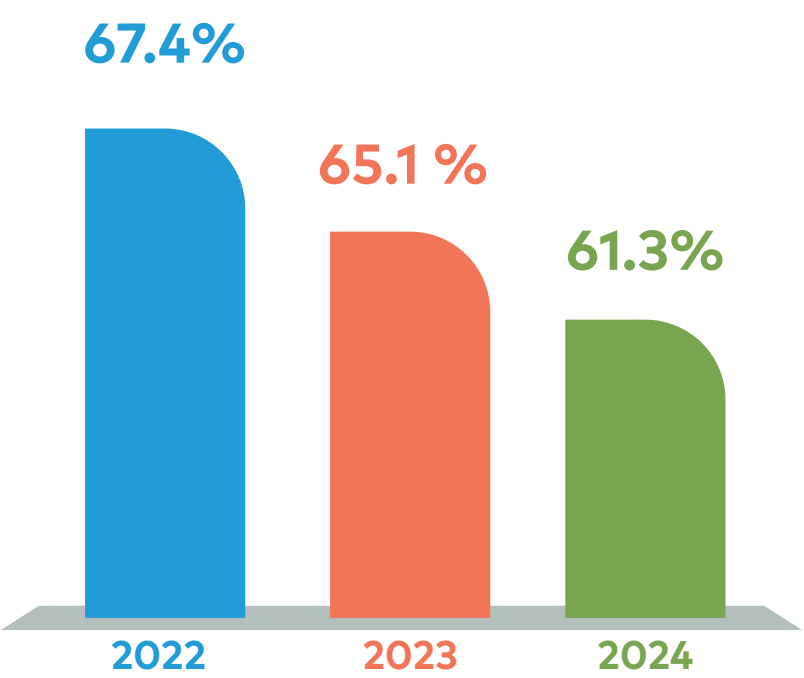
Throughout 2024, we regularly monitored the employee turnover rate and meticulously analyzed the data. Although 36.6% turnover rate points to an increase in voluntary resignations, this provided us with the opportunity to better understand and develop our human resources. In this context, we focused on more inclusive, sustainable and employee-oriented human resources practices to increase employee engagement and support workforce continuity.

In addition, we provide our employees maternity and parental leaves, as a sign of how much we care about their family lives. In 2024, 40 female and 88 male employees benefited from this leave. The rate of return to work after leave was 50% for female employees and 100% for male employees.

An independent organization known as the Happy Place to Work completed a study under the title, "Happiest Workplaces in Türkiye", and its scientific board evaluated our human resources practices. They included Doğanlar Furniture Group in the list of Happiest Workplaces in Türkiye again this year, and on top of that, we were elected, for the fourth time, as the happiest workplace in the 'furniture' industry.

Employee Turnover	2022	2023	2024
Employees who resigned voluntarily	462	568	627
Employee turnover rate	27.1%	35.9%	36.7%

Employee Engagement Rate



Maternity/Parental Leave	2024	
	Female	Male
Employees who benefitted from maternity/parental leave	40	88
Employees who returned to work after the maternity/parental leave	20	88



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Employee Development

We are aware that our employees are one of the cornerstones of our sustainable success. And for this reason, we develop comprehensive strategies to support their development and improve their satisfaction. We aim to maximize the potential of each employee with opportunities in career management, recruitment, training and development programs, and merits-based performance management.

In 2024, we addressed our employees' training needs according to our strategic priorities, and launched various development programs. We continue to strengthen our learning culture through digital contents, leadership development journeys, our updated orientation program and competency-based technical trainings. Our total investment in employee development amounted to TL 605,496.

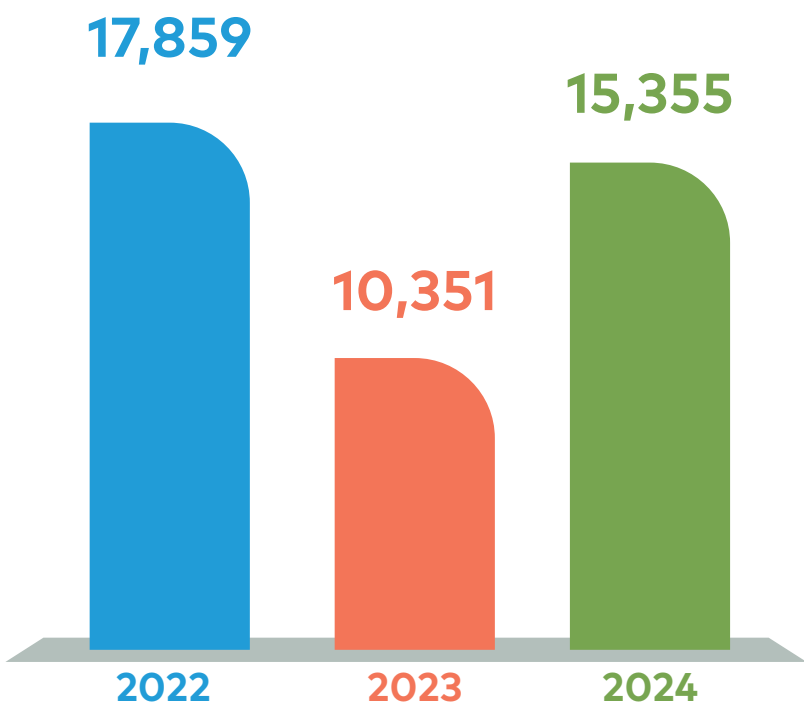
Recruitment

We aim to recruit candidates who can adopt our values and corporate culture at Doğanlar Furniture Group, in addition to being equipped with the necessary skills for the vacant position. For each position, we set specific criteria to asses candidates' educational background, technical know-how, skills, experience and general competency. Furthermore, we use other recruitment tools such as personality inventory, general aptitude and assessment center measurements to objectively evaluate candidates.

We observe fairness and equal opportunity when processing applicants, and pay particular attention to the principle of confidentiality. We adopt a transparent, inclusive and people-oriented approach throughout the process.

We have a unique-in-the-sector Digital Orientation Program, called the Happy Workplace, "From Sketch to Reality", which supports new employees to rapidly and seamlessly adapt to the organization. This orientation training is made up of five easily understandable modules introducing employees to our corporate culture and departments. These modules, titled "Who Are We?", "Our Brands", "Our Brand Departments", "Our Shared Service Departments" and "Our Production Facility Departments", include videos, reading and voice-over texts and gamified learning methods. The frequently asked questions provide quick access to the information users need. In addition, our head office teams directly learn about corporate strategies at monthly breakfast meetings with our CEO, while separate introduction meetings are also held for the newly recruited in manager and higher positions so that we support their adaptation.

Total Training Hour (Person*Hour)



Number of Recruitments by Age and Gender	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
30 years and younger	181	229	207	265	282	459
Age 30-50	125	201	153	373	133	323
50 years and older	5	10	4	41	11	21



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Employee Development

Career Management

At the beginning of each year, we meticulously do human resources planning as per our company's strategic goals, and here, we prioritize in-house employees, who exhibit great potential for a higher position. In this regard, we support career paths by offering opportunities for promotion, rotation and reassignment through horizontal or vertical transitions.

We analyze employees' competence and contribution to business goals by means of annual performance evaluations. Depending on the results of these evaluations, we draft individual development plans. Thus, we help employees to effectively make use of in-house career opportunities, while also enhancing employee engagement and internal mobility.

Performance Management

We conduct our performance management in line with objectives and measurable performance indicators that are aligned with company strategies. Each department becomes a part of this structure by setting its own goals.

This process not only monitors individual performance, but also serves to improve the way teams work, increase organizational efficiency and make the business value they create visible. We keep the process dynamic through regular reviews, and promote a development-oriented feedback culture.

Training and Development

At Doğanlar Furniture Group, we see employee development as a critical element for the sustainable success of our company. Under the umbrella of Academy-D, our Training and Development unit offers inclusive development opportunities to all our employees with need-based and value-centric solutions in line with our strategic goals.

In 2024, a total of 8,939 person*hours of training was provided to nearly 1,690 people, including head office employees, enterprises, domestic and international dealers. The Academy-D Development Platform completed 6,416 hours of online training. Our training satisfaction rate was over 95%.

Corporate Academy Transformation and Academy-D Development Platform

We launched the Academy-D Development Platform in 2023 as part of our Corporate Academy Transformation project, and we are constantly improving its content. We take vast amount of needs analyses as basis for drafting the contents of training including but not limited to Corporate Development, Personal Development, Professional Development and Leadership.

Among the training contents on the platform are topics that respond to current needs such as Earthquake Awareness, Positive Attitude, Office Programs, Courtesy and Etiquette, Data Analysis and Artificial Intelligence. In order to encourage self-learning among employees, as well, we continue to regularly share selected content through the "Training of the Month".

In 2024, we increased our
total training time by 48%
compared to the previous
year to 15,355 person*hours.



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In addition, in order to encourage entries to the Academy-D Development Platform and to create synergy among employees, we organize the I Know Quiz Show at the academy every month and award our winning teammates.

Retail School Development Journey

The Retail School Development Journey, developed specifically for our merchandising teams, was re-designed in 2024 with the priority of sales training. The program is a hybrid one incorporating various modules such as the "Furniture Vision", "Product", "Customer", "Sales" and "System", offering both in-class and online learning experience. The training courses, supported by gamified content and supportive assignments, contribute directly to customer satisfaction by adding power to employees' sales and communication skills.

Sales Channel Trainings and Digital Content

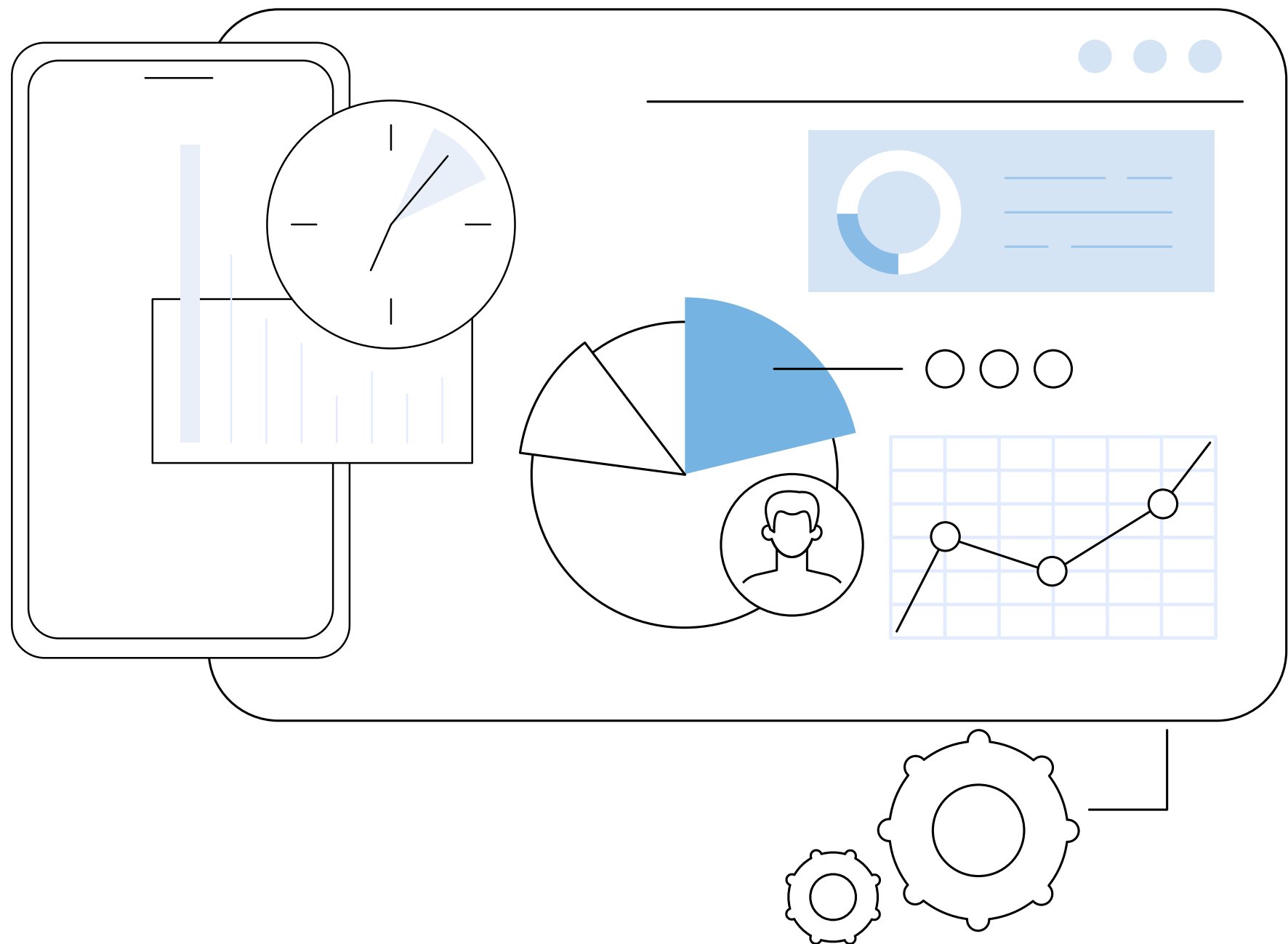
Digital training catalogs were prepared for our sales channel through training needs analyses. Product information, sales tips and customer communication training courses were integrated into the Academy-D platform. Topics such as artificial intelligence, data analysis and feedback were also added to the digital content portfolio. This helped us to enhance field teams' access to information and support their performance efficiency.

Leadership Development: Team-Empowering Leadership Program

We integrated the Team-Empowering Leadership Program into our manager and director appointment schedule, and applied together with the evaluation center. This six-month development journey included in-class and online training courses as well as coaching, mentoring, development assignments and a final Development Action Presentation. The aim was to have the participants deepen their leadership competencies.

Brand Based Development Programs

In 2024, we launched specific programs for our brands. Among them are: Sales Consultant, Interior Designer, Store Manager and Dealer Development programs. These programs were designed as hybrid trainings combining on-site practice, digital learning and classroom training. These development journeys, consisting of five modules, aim to strengthen the customer experience by increasing the knowledge and skills of field teams.





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Equality, Diversity and Inclusion

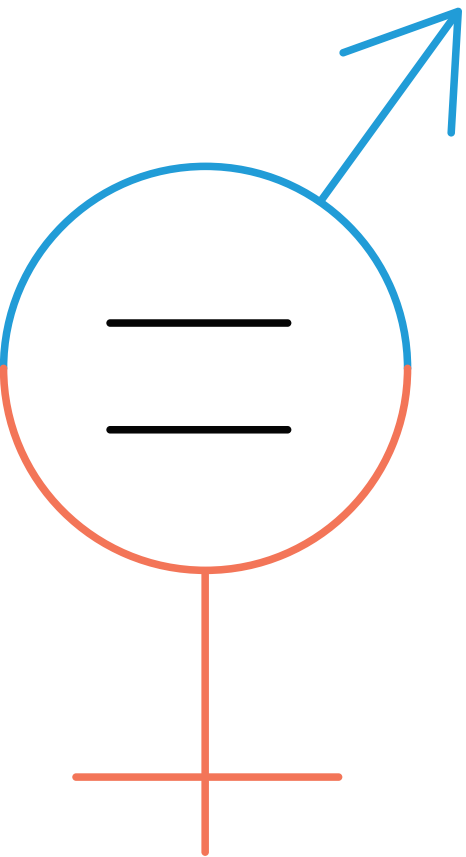
As of 2024, 48% of our white-collar employees are women.

At Doğanlar Furniture Group, we adopt a zero-tolerance policy against any discrimination and unequal opportunity. Accordingly, we are committed to providing a fair, equal and inclusive working environment for all our employees regardless of any discrimination such as gender, age, race, ethnic origin, religion, sexual orientation or disability. In case of a discrimination or inequality case, our employees can confidentially report their complaints; and these reports will be meticulously evaluated and the necessary measures will be taken quickly. As of 2024, there are no reported cases of discrimination in the organization.

Our recruitment and compensation policies are based on the qualifications and performance criteria required by the vacant position. Wage equality is ensured between employees doing the same job, regardless of their gender. In our company, compensation is based on the principles of equality and fairness, and gender discrimination is strictly prohibited. We greatly care about pay equality between male and female employees doing the same job. However, since individual wage data is considered a "hygiene factor" for employees, details of wages are not publicly disclosed.

In line with our strategic goal to increase the representation of female employees, we aim to increase the ratio of female managers from 17% to 25% by 2027. Accordingly, while 3 female members continue to serve on our Board of Directors, there are a total of 16 female managers, directors and C-level executives. In 2024, the ratio of female executives in C-level, director and manager positions was recorded as 17%. To raise this ratio even further, we continue to focus on programs to support women's leadership, and predominantly offer equal opportunities.

Likewise, the rate of white-collar women employees reached 48% by 2024. There are 35 women and 82 men in STEM (science, technology, engineering and math) positions. Besides, we observe both physical and digital accessibility conditions to ensure that people with disabilities work on equal terms. As of the end of 2024, we have a total of 87 employees, of which 17 are female and 70 are male.



**As of 2024, 35 women
have been working
in STEM positions.**

We have also signed the United Nations Global Compact (UN Global Compact) and the Women's Empowerment Principles (WEPs), declaring our commitment to global principles of human rights, labor standards, environment and gender equality.

We believe that equality, diversity and inclusion enrich our corporate culture and make us stronger; thus, we aim to make this understanding sustainable by integrating it into all our human resources policies.



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Occupational Health and Safety

At Doğanlar Furniture Group, we always consider the health and safety of our employees as our top priority. We act with the goal of zero occupational accidents in all our operations and we are determined to create a safe and healthy working environment for them. In line with our Occupational Health and Safety Policy, we support employee welfare and continuously improve our operations to minimize risks.

Doğanlar Furniture Group OHS Policy is available [here](#).

In 2024, we set targets to increase the number of corrective and preventive actions, to increase the closure rates of opened CPA (Corrective and Preventive Action) and to expand the scope of work environment inspections, all as part of our efforts to improve our OHS performance.

Our priorities include increasing the training time per person across our plants, growing the number of hazard and near-miss notifications, reducing occupational accidents and resulting time losses, and achieving the goal of zero fatal work and environmental accidents. At the same time, we plan to have a greater emergency response capacity by increasing the number of first aiders in the field, and we continue to raise awareness through training courses and practices to improve our occupational safety culture.

In line with our OHS approach:

- We create safe working conditions by adopting the approach to ensure a zero work accident and zero occupational disease.
- We identify hazards and risks in the working environment, take proactive measures and eliminate risks.
- We maintain communication activities on OHS by understanding the expectations of our employees and all relevant parties.

- We take measures by planning for probable emergencies.
- We provide OHS training and closely monitor their effectiveness.
- We monitor the OHS performance of our contractor companies and put in place improvement actions.
- We identify OHS-related opportunities and integrate them into our operations.
- For a successful OHS performance, we set quantitative targets, create action plans and monitor the realization level of these plans.
- We provide the necessary resources to internalize an understanding of safe work culture.
- We act in compliance with national and international legal regulations, collective labor agreements and other applicable obligations.
- We ensure the participation of all employees from all levels in our OHS activities, and adopt a continuous improvement approach for all.

As part of the ISO 45001 Occupational Health and Safety Management System, we prioritize the health and safety of our employees and aim for zero occupational accidents in all our operations. We regularly monitor regulatory requirements, proactively take necessary actions and constantly update our risk assessments. We plan corrective actions for the hazards and near-misses we identify, and we meticulously do daily inspections in the field. Also, we monitor occupational safety daily with our employee representatives from each unit, and we address potential risks at an early stage with our monthly occupational safety preliminary committee meetings. We continuously improve our processes through regular board meetings as well.

In 2024, we continued our training programs to raise awareness on occupational health and safety. While we provided basic OHS training to our new recruits, we also added to the preparedness of our existing units by department-specific training contents such as



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firefighting, rescue and protection with emergency scenarios. We contributed to the knowledge and competencies of our employees in a wide range of areas: Vocational Qualifications Authority (MYK) training courses, environmental training, technical content teaching how to use lifting equipment, as well as periodic refreshment training courses. We expanded our common safety culture to our entire workforce by including subcontractor teams in our training scheme.

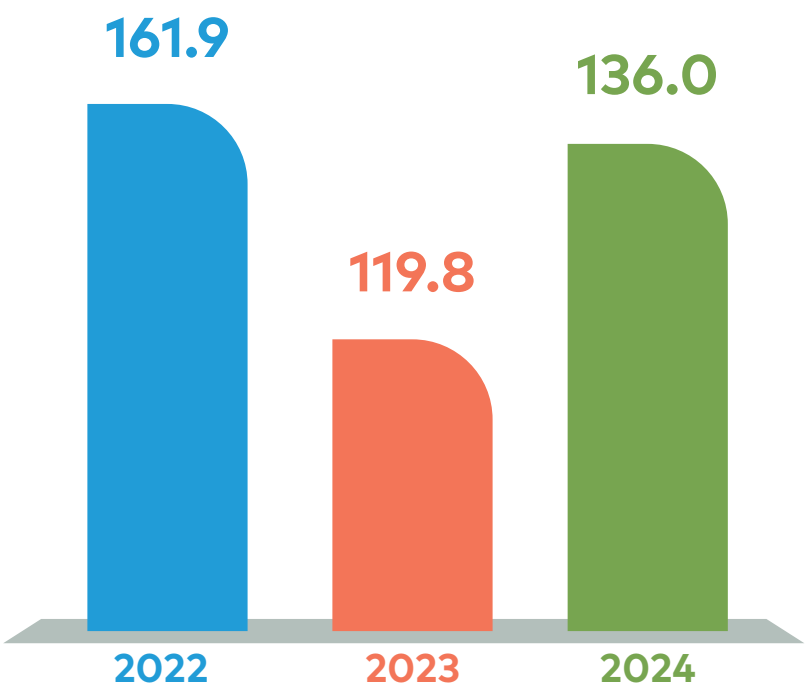
In 2024, we continued to manage occupational health and safety risks effectively. Our OHS committee worked to systematically shorten intervention times in case of any hazard by monitoring hazard and near-miss notifications. In this context, we took measures to eliminate risks faster and focused on department-specific improvements. By increasing the number of training courses, we improved the awareness and know-how of our employees.

Throughout the year, our risk management practices included updated civil defense plans, emergency plans and the reports on regular drills. With these efforts, we both fulfilled our legal obligations and became more prepared against possible emergencies.

OHS Trainings	2022	2023	2024
OHS training hours provided to employees and subcontractors	2,105	6,997	6,072

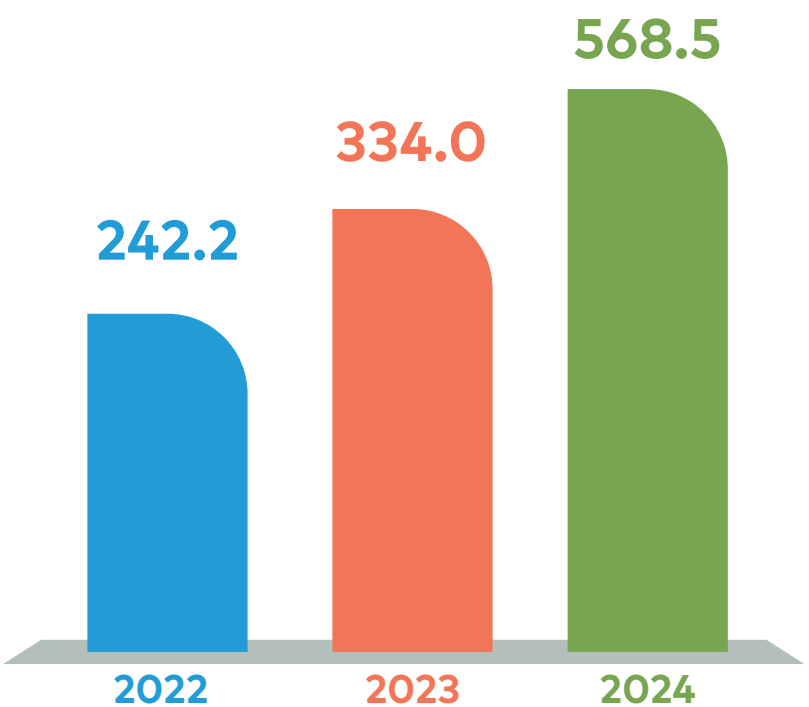
In 2024, a total of 6,072 person*hours of training was provided to our employees to increase OHS awareness.

Accident Frequency (Employees*)



*Includes consolidated data for Biga and Düzce plants. Total number of accidents *1,000,000 / Total working time (hours)

Lost Days (Employees**)



**Includes consolidated data for Biga and Düzce plants. Lost days due to accident* 1,000,000 / Total working time (hours)

Lost Days (Subcontractors***)



Accident Frequency (Subcontractors***)



***Includes consolidated data for Biga and Düzce plants.



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Customer Experience and Satisfaction

At Doğanlar Furniture Group, we consider keeping customer satisfaction and health at the highest level among our main priorities. To fulfill this task, we carefully analyze all feedbacks at every stage to better understand the customer experience and shape our improvement and development efforts according these feedbacks.

To regularly monitor customer satisfaction, we apply three main surveys:

Shopping Experience Survey: One day after the sale, we call our customers to get feedback about their shopping experience.

Delivery Experience Survey: One day after the delivery, we contact our customers via IVR (Interactive Voice Response) to inquire about their delivery experience.

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

The surveys are conducted every weekday without interruption. In 2024, 73,707 customers participated in the shopping experience survey, 45,409 in the delivery service survey and 14,109 in the service survey. Customer satisfaction scores were 92% for shopping, 76.1% for delivery and 82.9% for service.

All customer complaints are recorded in the CRM system, directed to the relevant units and resolved as soon as possible. A total of 80,175 complaints were received in 2024, of which 59,916 were resolved. Our Customer Services team continues to work in line with the principles of accessibility, speed and information in the solution processes. At the same time, we aim to respond to our customers within 48 hours on average via Solution Teams. In addition, we are continuing to train our customer relations team in order to empower their competence. In 2024, 61 hours of training were provided, and 28 employees participated in the training. Provided

We aim to maintain our customer satisfaction rate minimum at 80% every year. Our overall customer satisfaction score was 85.62% in 2024.

weekly, the content of the training is determined by our quality experts in line with the ISO 10002 Customer Satisfaction Management System Certificate. To make the customer experience better, we focus on customer satisfaction with our employees serving at two locations across our five brands in Türkiye. Every day, we continue to improve our efforts to provide more accessible and solution-oriented services to our customers.

Customer Relations Trainings	2022	2023	2024
Customer relations training hours (per person) ¹⁴	75	73.5	61
Employees attending customer relations training	38	38	28

Customer Satisfaction	2022	2023	2024
Customer satisfaction score	Shopping Experience: 82.9 Delivery Service: 76.2 Repair/Maintenance Service: 77.5	Shopping Experience: 91.6 Delivery Service: 75.4 Repair/Maintenance Service: 81.4	Shopping Experience: 92 Delivery Service: 76.1 Repair/Maintenance Service: 82.9
Number of participants in customer experience survey	Shopping Experience: 62,897 Delivery Service: 42,919 Repair/Maintenance Service: 20,070	Shopping Experience: 27,081 Delivery Service: 12,092 Repair/Maintenance Service: 4,437	Shopping Experience: 73,707 Delivery Service: 45,409 Repair/Maintenance Service: 14,109

(14) Represents the total annual training hours per customer service representative.



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Community Impact

At Doğanlar Furniture Group, we employ numerous projects to contribute to our country's social development and continue to benefit the society. We develop corporate social responsibility projects together with our shareholders, managers and all our employees across the company, and maintain our environmental and social sensitivity, support gender equality and quality education with each of our projects.



Guest Paw Project

We care about encouraging the adoption of stray animals with our Doğtaş brand. To this end, we launched the "Guest Paw" project, which encourages each of our stores to host a stray animal. We support our pawed friends to live in a safe environment with the special kennels we place in our stores.



Paw Insurance

We took another for our animal friends that goes beyond adoption: We developed our "Paw Insurance". For customers who purchase upholstered products, we offer a one-year free fabric replacement warranty for any damage caused by their pawed friends. As of 2024, 8 customers benefited from this service.



Butterfly Scholarship for Girls

Following the earthquake disaster in 2023, we launched the "Butterfly Scholarship for Girls" project in cooperation with the Turkish Education Foundation (TEV) to support girls who had difficulty continuing their education. In our project, we provided scholarships to female students who lost their parents in the earthquake. In the 2023-2024 academic year, more than 200 students were awarded with this scholarship, while almost 250 donors contributed to the project.



Women's Volleyball Team Sponsorship

Our Kelebek brand cares about supporting women in sports, and thus sponsored the Bahçelievler Municipality Sports Club Women's Volleyball Team, which was promoted to the Sultans League in the 2024-2025 season. We are proud to contribute to women's access to equal social, economic and cultural opportunities.



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Community Impact



Breast Cancer Awareness Project

In October, during Breast Cancer Awareness Month, we ran an awareness campaign in cooperation with journalist and author Ece Vahapoğlu and the Life Without Cancer Association. We published video series on Kelebek social media accounts, and we raised awareness on the importance of early diagnosis, home health checks and the recovery process after surgery.



Dragon Festival

In 2024, we participated in the Dragon Festival, one of the three largest festivals organized in 76 countries around the world, with all our brands. 48 companies competed in the event and we ranked 6th in the "Fun Sport" category. We celebrated our team spirit and internal energy together.



National Swimmer Defne Bahar's Sponsorship

Our Kelebek brand supports our national swimmer Defne Bahar, who competes for Çanakkale Belediyespor. We meet all the needs of our athletes and stand by them in every competition. Defne Bahar won a bronze medal at the Balkan Open Water Championship, ranking 6th in the Balkans individually and 3rd in the Balkans in the team race.

Tiny Butterflies Drawing for the Republic

The Butterfly Kids Painting Contest, which has turned into an annual tradition, welcomed children between the ages of 6 to 13 under the theme "Tiny Butterflies Drawing for the Republic" this year. While the little ones freely expressed their love for the Republic in their works, 23 paintings were selected by the jury and exhibited in Kelebek Furniture stores. From first to fifth place, children are supported with prizes to award their creativity.



Butterfly Effect on Nature Photo Contest

The Butterfly Effect on Nature photo contest, run with the motto "Each photo is a sapling", gives the photos that capture the beauties of nature back to nature. Participants donate a sapling and send photos of nature. The top three works selected by the jury win a Butterfly Garden gift voucher worth TL 50, 000.



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**Every ear of grain that the wind
touches turns into a word.**



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About the Report

This report provides information on Doğanlar Furniture Group's (the Company) sustainability initiatives and climate impact for the period from January 1, 2024, to December 31, 2024. The report, prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS), was based on legislation published by the Public Oversight, Accounting and Auditing Standards Authority (KGK). The report focuses solely on climate-related risk and opportunity information in accordance with **TSRS 2 – Climate-Related Disclosures Standard** as part of the transition exemption. The report also takes **TSRS 1 – General Provisions for Disclosure of Sustainability-Related Financial Information** into consideration. The content of the report includes Doğanlar Furniture Group's production and management centers in Turkey, as well as its foreign subsidiaries, which are included in the consolidated financial statements:

- Doğtaş Cyprus – Doğtaş Kelebek Furniture Cyprus Ltd.
- Doğtaş Senegal – Doğtaş Kelebek Furniture Senegal Ltd.
- D'Afric Senegal – D'Afrik Senegal Furniture S.A.
- Doğtaş America – Dogtas Furniture USA Inc.
- Kelebek England – Kelebek Furniture UK Limited
- Doğtaş Furniture Marketing Trade Inc. ("Doğtaş Marketing")
- Doğtaş Bulgaria Eood ("Doğtaş Bulgaria")
- Doğtaş Holland B.V. ("Doğtaş Holland")
- Doğtaş Germany GmbH ("Doğtaş Germany")
- 2K Living Room Sets Construction and Contracting Industry and Trade Inc. ("2K")
- 3K Furniture Decor Industry and Trade Inc. ("3K")¹

For climate-related financial disclosures, the organizational boundary is aligned with the financial consolidation boundary. The report therefore covers all operational activities of Doğanlar Furniture Group, including its controlled subsidiaries and the processes related to consolidated financial statements. In preparing the report, the sector-focused annex of TSRS 2, "Volume 3 - Building Products and Furnishings" was taken into consideration. Disclosure topics and metrics relevant to the furniture sector were assessed for their applicability to the company's activities, and the appropriate ones were adopted. In addition, SASB standards published by the International Sustainability Standards Board (ISSB) were also utilized.

(1) Doğtaş Germany, Doğtaş Holland, and Doğtaş Bulgaria are inactive.

Data Sources and Methodology

The data used was obtained from the company's internal reporting systems, greenhouse gas emission inventory studies, climate risk analysis reports, verifiable information provided by group companies, and national/international scenario datasets. Data reliability was ensured through internal checks and external consultancy support. Additionally, as part of the risk assessments, the outputs obtained from the 'ClimaTech4Industry – Improving the Adaptation Capacity of Climate Change-Vulnerable Industrial Sectors through Risk Assessment' project, financed by the European Union and the Ministry of Environment, Urbanization, and Climate Change of the Republic of Turkey, and conducted in partnership with TÜBİTAK MAM, have also been taken into account.

Independent Assurance

The report has been subject to a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000 Revised) and International Standard on Assurance Engagements 3410 (ISAE 3410).

Transition Exemptions

In this report, Doğanlar Furniture Group has utilized certain transition exemptions specified in Articles E3, E4, E5, and E6 of TSRS 1, and Articles C3, C4, and C5 of TSRS 2. The transition exemptions implemented by the company are described below:

- In the first reporting period, only information regarding climate-related risks and opportunities was provided; disclosures on other dimensions of sustainability issues were excluded from the scope.
- Comparative information for previous years was not provided.
- Sustainability-related financial disclosures were prepared and shared after the publication of Doğanlar Furniture Group's financial statements. No changes have been made based on the information obtained during the reporting period.



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Governance

Doğanlar Furniture Group, aware that sustainability is a process requiring integrated and systematic management at all corporate levels, has established a multi-layered governance structure centered on its sustainability strategy. This structure is based on a model in which the entire organization is engaged in the processes of defining, implementing, and monitoring strategies, as well as tracking goals across the organization, with clearly defined responsibilities.

Decision-making processes regarding the management of climate-related risks and opportunities are carried out by the Sustainability Board, which operates under the supervision of the Executive Board and the leadership of the CEO. This board is responsible for approving sustainability strategies, clarifying goals, and monitoring high-level performance. The Sustainability Committee, operating under the Board, coordinates operational implementations through senior managers, while the Task Forces carry out the function of developing actions and projects at the unit level. Through this structure, coordinated by the Strategic Planning department, the governance framework has been integrated into all company processes. This system facilitates the distribution of corporate responsibility across various levels, while distinctly separating the functions of oversight, guidance, implementation, and monitoring, thus enhancing the accountability and effectiveness of decision-making processes. The governance structure begins with the Board of Directors’ highest-level oversight role, continues with the CEO’s direction and oversight functions, and becomes an integrated system with the Sustainability Board’s strategic decision-making responsibility, the Sustainability Committee’s task force direction function, and the Task Forces’ implementation and reporting roles.

The Doğanlar Furniture Group Sustainability Governance Structure was established in 2024, with the foundational structures created and training processes completed within the same year. As of 2025, application-oriented efforts have been initiated to enhance the system’s functionality.





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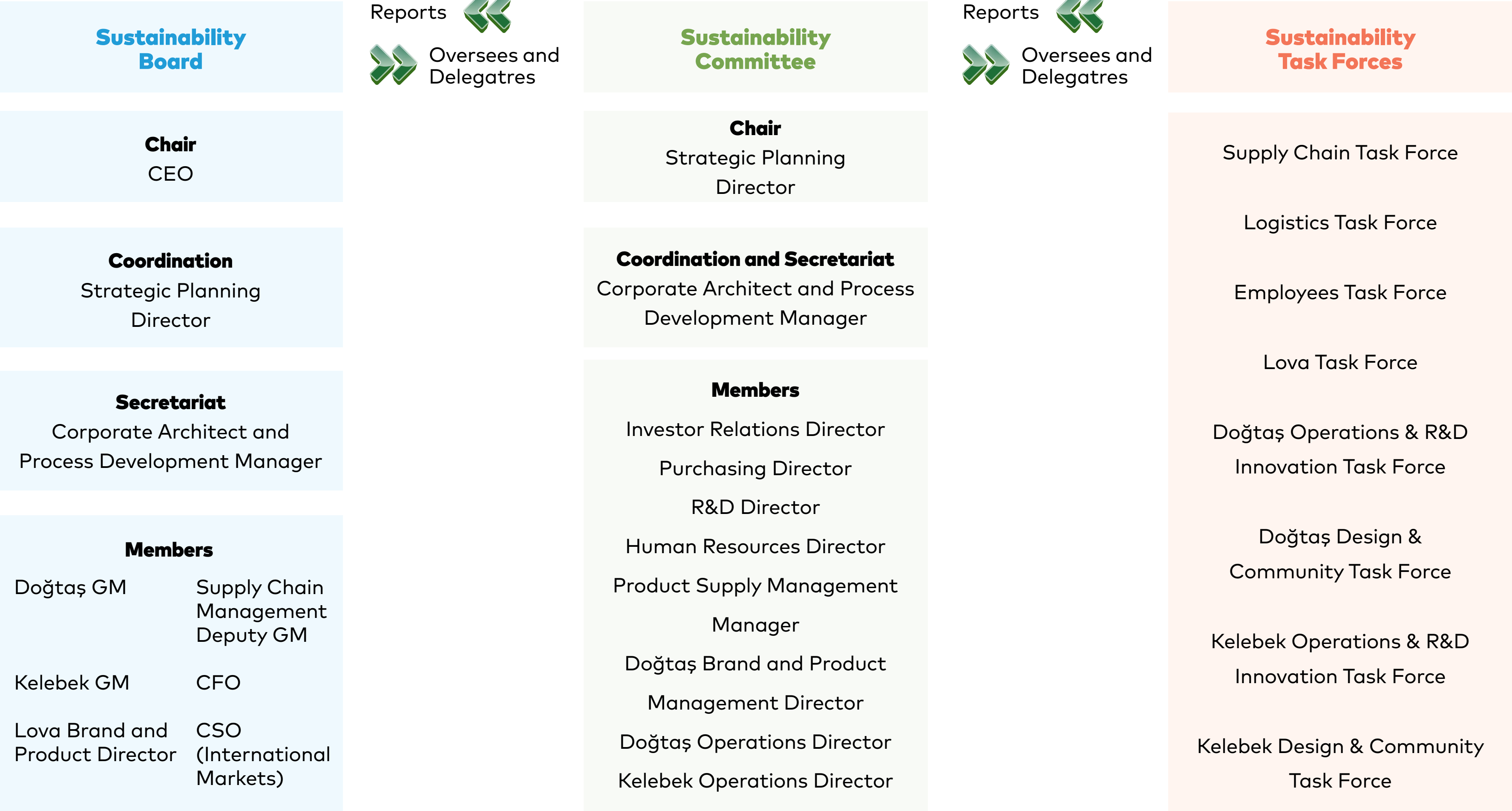
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Doğanlar Furniture Group Sustainability Governance Structure





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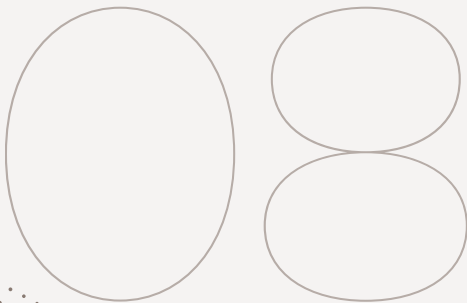
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Sustainability Board	
Coordination	
Chair:	CEO
Coordinator:	Strategic Planning Director
Secretariat	Corporate Architecture and Process Development Manager
Members	
Doğtaş GM	CFO
Kelebek GM	CSO
Lova Brand and Product Director	Supply Chain Management Deputy GM
Reporting Structure	
Board of Directors	
Affiliated Structure	
Sürdürülebilirlik Komitesi	

Sustainability Committee	
Coordination	
Chair:	Strategic Planning Director
Coordinator and Secretariat:	Corporate Architecture and Process Planning Manager
Members	
Procurement Director	Doğtaş Brand and Product Management Director
R&D Director	Doğtaş Operations Director
Human Resources Director	Kelebek Operations Director
Product Supply Management Manager	
Investor Relations Director	
Reporting Structure	
Sustainability Board	
Affiliated Structure	
Sustainability Task Forces	

Sustainability Task Force Structure	
Coordination	
Coordinator:	Corporate Architecture and Process Development Manager
Members	
Supply Chain Task Force	Logistics Task Force
Employees Task Force	Lova Task Force
Doğtaş Operations & R&D Innovation Task Force	Kelebek Operations & R&D Innovation Task Force
Doğtaş Design & Society Task Force	Kelebek Design & Society Task Force
Reporting Structure	
Sustainability Committee	
Affiliated Structure	
None. Task forces can create sub-project structures within themselves when necessary.	

The Board of Directors' Oversight Role

The Board of Directors, in charge of integrating strategic sustainability approaches into corporate decision-making processes and managing the implementation and auditing of these initiatives, serves as the highest governing body for sustainability management. All sustainability and climate-related activities undertaken by the Sustainability Board, led by the CEO, are reported to the Board of Directors at least annually, thus institutionalizing the link between strategy and risk management at a high level. All sustainability and climate-related activities undertaken by the Sustainability Board, led by the CEO, are reported to the Board of Directors at least once a year, thus solidifying the connection between strategy and risk management at the highest level. The Board of Directors also monitors how climate-related risks are reflected in the company's financial planning, investment decisions and resource allocation and offers guidance when they deem necessary.

The CEO's Leadership and Coordination Role

The CEO acts as a link between the Board of Directors and sustainability governance, leading sustainability efforts and guiding the process as Chair of the Sustainability Board. The CEO ensures that company strategies align with climate goals and that sustainability activities are carried out effectively. As a member of the Board of Directors, the CEO also represents sustainability matters to the Board.



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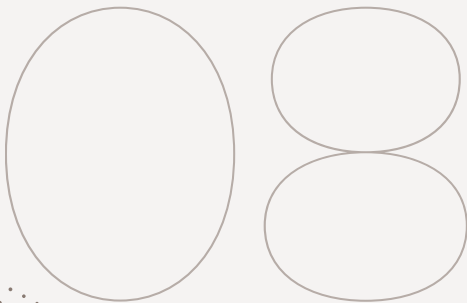
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The Sustainability Board's Strategic Decision-Making Responsibility

The Sustainability Board was set up to create the company's sustainability strategy, set climate goals for the short, medium, and long term, oversee their progress, and monitor overall sustainability performance. The Board, led by the CEO, meets at least twice a year to evaluate and approve strategic decisions. The Board includes senior executives such as the CFO, CSO, General Manager of Doğtaş, General Manager of Kelebek, Brand and Product Director of Lova, and Deputy General Manager of Supply Chain Management. The sustainability training carried out in 2024 enabled the Sustainability Board to approach climate change issues more strategically.

The Sustainability Committee's Coordination and Monitoring Role

The Sustainability Committee ensures the implementation of strategic decisions and the effective management of sustainability objectives at the operational level. The Committee, led by the Strategic Planning Director, is composed of senior executives from key functional areas including R&D, Human Resources, Purchasing, Production, Logistics, and Brand. Every committee member oversees the activities of the Task Forces under their responsibility. The Committee convenes at least twice annually to review activities, provide progress updates to the Sustainability Board, and make sure strategies are revised according to the latest developments. The Committee also closely observes the national and international sustainability agenda and develops internal compliance strategies related to legislation, market demands, and industry trends.

The Implementation and Reporting Role of the Sustainability Task Forces

Task Forces are thematic teams, composed of members from various business units, that serve as the implementation pillar of the sustainability strategy. These structures, which began operating in 2025, carry out their work under the coordination of the Strategic Planning Department. Task Forces, formed in focused areas like Operations & R&D, Innovation, Supply Chain, Logistics, Employees, and Design & Society, create projects aimed at advancing sustainability objectives within their domains. Task Forces report to the Sustainability Committee at least twice a year and periodically meet with consultants to review their roadmaps. These groups not only fulfill their assigned tasks but also promote employee involvement through voluntary participation mechanisms.

The Role of the Strategic Planning Department in Sustainability Efforts

At Doğanlar Furniture Group, the Strategic Planning Department is responsible for the strategic coordination of sustainability efforts, ensuring the effective operation of the governance structure, and the systematic monitoring of climate risks and opportunities. The department plays an active role in all processes, from preparing climate-related disclosures required under TSRS 2 to integrating sustainability reporting. It also chairs the Sustainability Committee and coordinates the Task Forces. The Strategic Planning Department acts as

an operational bridge between internal control mechanisms, management systems, and sustainability goals. It also directs the flow of technical data between the Board and the Committee, ensuring that decision-making processes are guided by accurate and timely information.

Effectiveness and Improvement of the Governance Process

In the process of formalizing the governance structure, the roles and responsibilities of all components were documented, and meeting frequencies, reporting lines, decision-making processes, and monitoring mechanisms were defined. Information flow is facilitated both vertically (Task Forces → Committee → Board → Board of Directors) and horizontally, ensuring that sustainability strategies are managed in a coordinated manner across the organization. Throughout the process, the culture of sustainability was strengthened through structures that involved all stakeholders, and climate factors began to be systematically integrated into decision-making mechanisms.

Integrated Management Approach

At Doğanlar Furniture Group, all business processes are carried out within the framework of the Integrated Management System, which is actively applied to improve performance, ensure compliance with legal obligations, and promote a culture of continuous improvement. The Group has implemented various management systems, including ISO 9001, ISO 14001, ISO 50001, ISO 45001, ISO 10002, and ISO 27001. To strengthen the alignment of these systems with the corporate sustainability approach, employees receive regular training on the Quality Document Management System (QDMS), document management, and integrated systems. These efforts aim to promote the adoption of the governance structure across the organization and to increase corporate awareness.

Relation to the Remuneration Policy

Remuneration policies for senior executives are not yet directly linked to environmental, social, and governance (ESG) performance indicators. Under the current system, a company's bonus plan is determined based on job descriptions and areas of competence, and is specifically contingent on the absence of major risk events (including climate-related ones). In this context, transition exemption is being used to ensure full compliance with TSRS 2, and efforts have been initiated to integrate executive performance criteria with climate and sustainability goals, though they have not yet been completed. This process is planned to be solidified with clear targets and performance-related indicators in the upcoming period.



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Strategy

Climate-Related Risks and Opportunities

The impacts of climate change have tangible consequences across a wide range of business operations, from their operational processes to their financial performance. In this context, climate-related risks and opportunities that could impact Doğanlar Furniture Group's business areas were assessed, and the impacts of the identified components on the value chain were analyzed. The assessment process considered the timeframe for each risk and opportunity. The timeframe definitions have been made as follows:

Short Term	0-1 Years
Medium Term	1-5 Years
Long Term	5-10 Years

The following tables present the risks and opportunities deemed significant for Doğanlar Furniture Group. The significance was determined in accordance with the Turkish Sustainability Reporting Standards (TSRS) by evaluating the potential impact of risks and opportunities on the company's business model, value chain, financial position, and stakeholder expectations, in conjunction with their likelihood of occurrence. In this context, all risks were analyzed from the perspective of impact and likelihood; those with high or medium impact and likelihood scores were classified as 'significant'. In these assessments, field-based analyses conducted for Doğanlar Furniture Group as part of the 'ClimaTech4Industry – Enhancing the Adaptation Capacity of Climate-Sensitive Industrial Sectors through Risk Assessment' project were also considered. This project is funded by the European Union and the Ministry of Environment, Urbanization, and Climate Change of Turkey, and carried out in collaboration with TÜBİTAK Marmara Research Center (MAM). Within these facility-specific studies, physical risk mapping was carried out by evaluating vulnerability and exposure, and the results of these analyses directly contributed to the identification of risks.

Climate-related risks and opportunities identified during the 2024 reporting period were assessed regarding their potential impact on the company's financial position. However, due to current methodological constraints and uncertainties in measurement, calculating the impact of these factors on the financial statements was not feasible. The source of measurement uncertainty for each risk and opportunity is explained individually in the relevant sections.

Furthermore, based on the analyses conducted during the 2024 reporting period, it was determined that climate change-related risks and opportunities do not have a material impact that would lead to significant changes in the recorded values of assets and liabilities in the current financial statements. Based on current projections, no climate-related impact is expected that would require adjustments to the financial statements in the upcoming reporting period.



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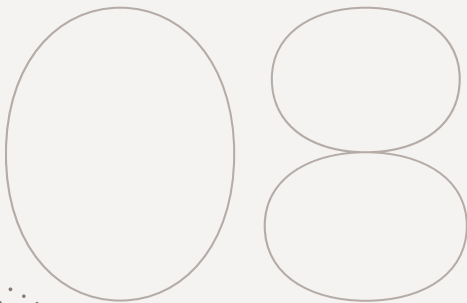
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Climate-Related Risks

Risk 1: Difficulty in Accessing Raw Materials Due to Wildfires	
Risk Type	Physical Risk (Acute)
Risk Description	Doğanlar Furniture Group depends significantly on forest-derived raw materials like MDF, particleboard, and timber, in addition to finished products with wooden frameworks, most of which are sourced from suppliers within Turkey. Since a significant portion of these raw materials depends on forest ecosystems, potential forest fires could pose a serious threat to the continuity of the supplies. According to Global Forest Watch data, approximately 14% of the total tree cover loss in Turkey between 2001 and 2024 has been caused by forest fires. It is also anticipated that forest fires in Turkey will lead to a reduction in new logging, thinning, and other related activities. Especially with the heightened fire risk during the summer months, this situation could result in shortages of raw materials, price increases, delays in product supply, and disruptions to production continuity.
Duration	Medium
Impact	High (4/5)
Likelihood	Medium (3/5)
Value Chain Stage of Risk Impact	Direct Operations & Upstream Value Chain • Purchasing • Raw Material Storage • Outsourcing • Logistics Storage
The Impact of Risk on the Business Model and Value Chain	Disruptions in the supply of raw materials may cause delays in production scheduling and prevent timely product shipments. Raw materials like MDF and coated particleboard are crucial in panel manufacturing, while lumber is indispensable for structures that demand high strength. Supply shortages can directly affect contract manufacturing, as they may also lead to disruptions with external suppliers. This can reduce operational efficiency and put production continuity at risk.
Impact of Risk on Financial Position, Financial Performance, and Cash Flow	Limited availability of raw materials may result in lower production capacity and the inability to fulfill customer demands. Due to uncertainties in supply, the company may need to increase safety stock levels, which could result in higher warehouse costs and cash flow fluctuations. Moreover, situations of high demand and low supply could drive up raw material costs, potentially causing a decrease in gross profit margins. The financial impact of this risk could not be calculated due to the magnitude of the fires, their spreading speed, the variability of the affected areas, and the uncertainty surrounding the effectiveness of alternative supply routes.
Risk Mitigation Actions	Doğanlar Furniture Group has adopted a multifaceted and proactive strategy to mitigate supply risks caused by forest fires. In this context, the total raw material stock levels have been increased, expanding warehouse capacity to meet approximately 2–2.5 months of demand. With the stock capacity of suppliers included, this period can be extended up to six months. In addition to primary suppliers, by collaborating with various manufacturers, a portfolio of alternative suppliers has been developed. This approach guarantees supply continuity while also ensuring geographic source diversification. For coated particleboard, one of the critical raw materials, the goal is to maintain uninterrupted production by ensuring the flexibility to source processed products when needed. Additionally, technical transition plans have been implemented to allow the use of alternative wood species, such as poplar instead of beech, in the event of a supply disruption for materials requiring high strength, like timber.



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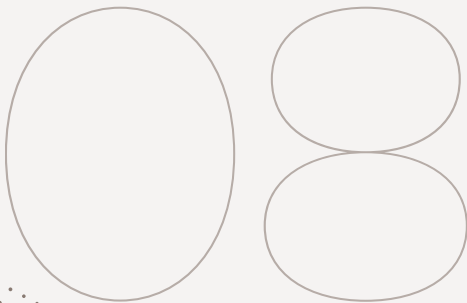
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Climate-Related Risks

Risk 2: The Impact of Extreme Weather Events	
Risk Type	Physical Risk (Acute)
Risk Description	Impact on Operations: The rising frequency of extreme weather events (such as heavy snow, ice, intense rainfall, and heatwaves) driven by climate change can interfere with Doğanlar Furniture Group's production and on-site logistics operations. Due to heavy snowfall in 2024, the Düzce factory was temporarily closed for one day to prevent any workplace accidents. The resulting loss of production was compensated for with overtime work . During the winter months, the mobility of internal logistics vehicles is reduced, delays occur in the transfer of semi-finished products, and there may be a loss in productivity in temperature-sensitive production processes (e.g., adhesive applications). The risk of deformation increases when transporting sensitive materials like foam, which can lead to quality losses. Disruptions in employee transportation due to winter weather events can result in production being carried out with a reduced workforce. Impact on the Supply Chain: The multi-layered supply chain structure, heavily dependent on local resources, is vulnerable to logistical disruptions and delays in raw material supply caused by extreme weather events. Supplier facilities located in cities such as Kastamonu, Manisa, Balıkesir, Bursa, Samsun, and Kocaeli are exposed to meteorological risks. Heavy snow and rainfall can delay the logging and transportation of forest products, resulting in supply shortages of critical raw materials like MDF and particleboard.
Duration	Short to Medium
Impact	Medium (3/5)
Likelihood	High (4/5)
Value Chain Stage of Risk Impact	Direct Operations & Upstream Value Chain • Internal Production • Logistics/Warehousing • Planning • Purchasing • Outsourcing
The Impact of Risk on the Business Model and Value Chain	Impact on Operations: Extreme weather events can reduce operational flexibility, potentially disrupting planned production and in-plant logistics. Staff absenteeism, material deterioration, and slowdowns in internal logistics can negatively impact workforce productivity, quality, and on-time delivery. Unplanned downtime and the need for rework can jeopardize production continuity and customer delivery performance. Impact on the Supply Chain: Delays in road-based transportation supply processes can disrupt raw material shipments and disrupt production plans. Weather-related disruptions in logging and transportation processes within forest product supply chains can lead to shortages of critical materials like MDF, particleboard, and lumber. This situation directly affects contract manufacturing and external supplier operations, posing a risk of delays and cost hikes across the entire value chain.



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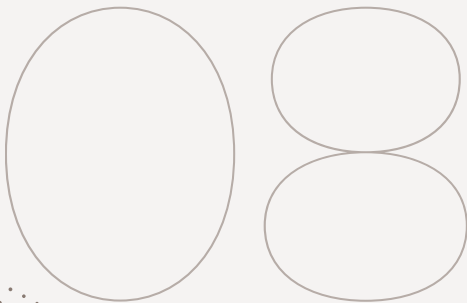
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Climate-Related Risks

Risk 2: The Impact of Extreme Weather Events	
Impact of Risk on Financial Position, Financial Performance, and Cash Flow	Impact on Operations: Elements like reduced operational efficiency, higher waste rates, rising energy and maintenance costs, and production line stoppages can cause disruptions and time losses in production processes. This situation could lead to financial penalties for missed on-time deliveries or result in order cancellations. The financial impact of this risk couldn't be assessed due to the varying frequency, intensity, and regional differences of extreme weather events, as well as the unpredictability of their effects on production and logistics processes. Impact on the Supply Chain: Shipment delays and quality losses caused by climatic conditions can result in reduced production capacity and the need for additional raw material procurement. This could lead to increased unit production costs. Additionally, operational disruptions due to extreme weather events can adversely affect cash flow by disrupting planned production and delivery schedules. The financial impact of this risk could not be assessed due to the intensity, duration, and affected locations of extreme weather events, as well as the uncertainty regarding their impact on the supply chain.
Risk Mitigation Actions	Operational Measures: The plans include installing sheds in open loading areas, creating climate-controlled spaces for critical processes, and integrating production schedules with seasonal weather forecasts. Equipment efficiency is maintained in cold weather through low-temperature adhesive formulations, a phosphating unit, and infrared heaters. In summer, roof insulation and air circulation reduce indoor temperatures by an average of 3°C. Quality losses are prevented by continuously monitoring humidity levels, and production is geographically diversified with the Biga and Düzce facilities. Flexible models are implemented in shift planning to minimize personnel transportation risks during winter conditions. Supply Chain Measures: The portfolio has been diversified with alternative suppliers located in different geographies and equipped with various logistics networks. Storage capacity has been increased, raising the total raw material inventory to 2–2.5 months, and this period has been extended to 6 months with the inclusion of supplier inventory capacity. Alternative road routes have been mapped to allow swift action during weather-related shipment delays, with road transport prioritized over sea transport to enable more flexible responses. Additionally, a supplier evaluation process based on Environmental, Social, and Governance (ESG) criteria is conducted, where environmental management systems, carbon emission tracking, waste management, human rights, occupational health and safety and ethical governance practices are monitored to classify risk levels.



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Climate-Related Risks

Risk 3: Increasing Pressure for Climate-Related Regulation	
Risk Type	Transition Risk
Risk Description	The increase of national and international regulations related to climate change is putting increasing pressure on operational processes, supply chain management, and product standards. Currently, although Doğanlar Furniture Group is not directly subject to the EU's Carbon Border Adjustment Mechanism (CBAM), regulations such as the Türkiye Sustainability Reporting Standards (TSRS), carbon pricing mechanisms, and product standards developed specifically for the sector are increasing compliance requirements in the short and medium term. At the same time, regulations like the European Union's Prevention of Deforestation Directive (EUDR), Packaging and Packaging Waste Regulation (PPWR), Eco-Design for Sustainable Products Regulation (ESPR), and the upcoming Digital Product Passport (DPP), which is set to be mandatory for the future for furniture sector, will introduce requirements such as traceability of product components, use of recyclable materials, and carbon footprint reporting. While the company's exports to Europe are just 1%, indirect exposure to EU regulations could increase through suppliers and manufacturers in the supply chain that sell to the EU. This situation may lead to additional requirements such as increases in raw material prices, changes in packaging standards, and more intensive certification processes.
Duration	Medium to Long
Impact	Medium (3/5)
Likelihood	High (4/5)
Value Chain Stage of Risk Impact	Direct Operations & Upstream Value Chain • R&D • Planning • Purchasing • In-house Production • Outsourcing • Export
The Impact of Risk on the Business Model and Value Chain	Growing climate regulations could directly shape how a company designs its products, manages its supply chain, runs its production, and develops marketing strategies. Both EU regulations (EUDR, PPWR, ESPR) and national laws are placing greater emphasis on material traceability, recyclable packaging, carbon footprint reporting, and sustainable product design. This could increase the need for requirements in certification and costs in raw material procurement and could require sustainability criteria in supplier selection. This may also affect production costs by necessitating higher R&D investments in product development. Potential new obligations on packaging and waste management in the domestic market may result in adjustments to logistics and storage operations. In the long run, this risk may alter the company's market standing by requiring a broader sustainable product portfolio; if compliance is met, it could boost both brand value and export opportunities.
Impact of Risk on Financial Position, Financial Performance, and Cash Flow	Rising regulatory obligations may drive up short- to medium-term operational costs, stemming from higher supplier prices, compliance-related investments (e.g., digital tracking systems, sustainable material transitions, packaging adjustments), and certification expenses. The short-term revenue impact of EU regulations is minimal given the low export share, but long-term goals of market diversification and supply chain integration will require stronger compliance. Investments made during this process may create short-term pressure on cash flow, but in the medium to long term, they can strengthen competitiveness through enhanced brand reputation, broader market access, and an expanded sustainable product portfolio. Given the uncertainties in scope, execution, and data availability, the financial impact is not yet quantifiable.
Risk Mitigation Actions	Doğanlar Furniture Group is working to enhance its sustainability maturity in order to manage transition risks associated with carbon pricing and climate-related legal obligations. Carbon footprint measurements have been conducted since 2022. As part of its 2050 Net-Zero goal, the company is targeting the elimination of Scope 2 emissions through solar power investments started in 2024. At the same time, it is partnering with FSC-certified suppliers to ensure a sustainable supply chain. There is a growing emphasis each year on using recyclable and traceable raw materials in packaging processes. These efforts will also support compliance with regulations introduced under the European Green Deal.



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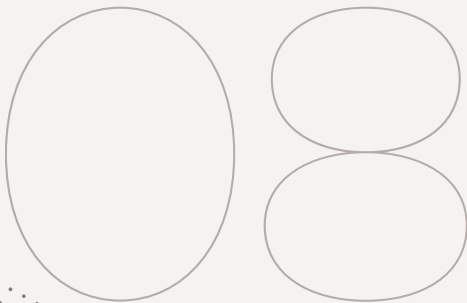
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Climate-Related Opportunities

Opportunity 1: Transition to Renewable Energy Sources	
Opportunity Type	Energy Sources
Opportunity Description	In line with Doğanlar Furniture Group's sustainable energy goals, two major solar power plant projects have been implemented at the Biga and Düzce facilities with a total investment of USD 3.38 million. With an installed capacity of 2,992 kWp in Biga and 4,956.6 kWp in Düzce, the expected annual energy production is approximately 5.2 million kWh and 5.75 million kWh, respectively. The implemented solar power plant investments will not only reduce energy costs but also help with the development of a preventive strategy against carbon pricing systems. Through solar energy production, energy supply security is enhanced, external dependency is reduced, and the process of achieving net-zero targets is accelerated. Additionally, this investment is expected to provide financial protection against regulations such as the EU Green Deal and carbon border adjustment mechanisms.
Duration	Short to Medium
Impact	High (4/5)
Likelihood	High (4/5)
Value Chain Stage of Opportunity Impact	Direct Operations • Planning • Internal Production
The Impact of Opportunity on the Business Model and Value Chain	Reliance on external energy sources across the value chain is reduced by meeting the energy needs of production facilities through solar power plant investments. Reducing carbon emissions in production processes enhances sustainability performance and aids the company's transformation towards a net-zero target within its business model. In the event of excess production, the use of energy in areas outside the group's factories (such as the head office, stores, etc.) will be considered as a means to enhance operational efficiency.
Impact of Opportunity on Financial Position, Financial Performance, and Cash Flow	The Düzce Factory Solar Power Plant investment began production in the last quarter of 2024, generating 121 MWh. This production resulted in energy savings of 398,090 TL. For 2025 (first 6 months based on actual data, second 6 months on projections), a total savings of approximately 42.1 million TL is expected. The total cost of the investments is USD 3.38 million , with an estimated payback period of around 38–40 months. With an annual energy production capacity of approximately 11 million kWh, these investments are expected to significantly reduce energy costs and positively impact cash flow by lowering operational expenses. Additionally, it is aimed to avoid additional cost pressures by providing protection against carbon pricing systems. The long-term financial impact of this opportunity could not be calculated due to fluctuations in energy prices and uncertainties regarding the long-term performance of solar power projects.
Opportunity Management	Two major solar power projects (Biga 2,992 kWp, Düzce 4,956.6 kWp) have been commissioned in 2024. The investments also covered the modernization of the energy infrastructure: transformer capacities have been increased, roof panels have been renewed, and fire safety has been improved. Energy production is monitored monthly using both projected and actual data, and in the event of excess production, energy is planned to be utilized in other units. Solar power plant investments are positioned as a 'preventive financial strategy' to reduce potential future carbon costs.



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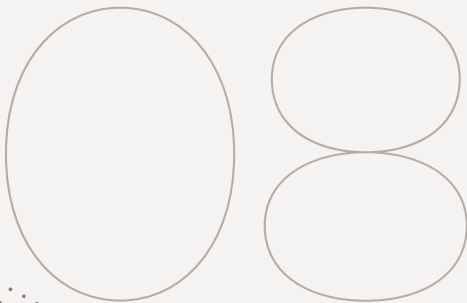
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Climate-Related Opportunities

Opportunity 2: Circular Economy and Sustainable Products	
Opportunity Type	Product and Service
Opportunity Description	Circular economy and sustainable product development strategies minimize environmental impact by reducing waste, improving resource efficiency, and creating durable product designs, all while presenting significant commercial opportunities for companies. Demand for sustainable furniture is growing, especially in markets with strict environmental regulations, such as the European Union. In this context, expanding a sustainable product portfolio could enhance export potential by easing access to the EU market. At the same time, sustainable product strategies can enhance brand reputation, acting as a key lever for accessing new customer groups and securing long-term competitive advantage.
Duration	Medium to Long
Impact	Medium (3/5)
Likelihood	Medium (3/5)
Value Chain Stage of Opportunity Impact	Direct Operations • Design • Purchasing • Internal Production
The Impact of Opportunity on the Business Model and Value Chain	Adopting sustainability and circular economy principles from the beginning of the design process requires transformation across the entire value chain. Using recycled and biodegradable materials, repurposing production waste, and designing products for repairability and modularity enhance production efficiency and extend product lifecycles, making a direct contribution to sustainability objectives. With new business models like 'Buy or Rent,' sustainable revenue streams are supported by increasing the product's reuse potential throughout its lifecycle.
Impact of Opportunity on Financial Position, Financial Performance, and Cash Flow	In the medium to long term, the increased use of recycled raw materials is anticipated to lower raw material costs, reduce waste management expenses, and enhance energy efficiency. Building a sustainable and durable product portfolio can boost customer loyalty and brand value, while also expanding export opportunities, especially in markets that prioritize sustainability criteria (e.g., the European market). It is anticipated that product differentiation through patent and design investments will support value-added sales volume. However, due to market demand fluctuations, regulatory changes, and uncertainties regarding the market acceptance process for sustainable products, the financial impacts of this opportunity have not been quantified at this stage.
Opportunity Management	The Circular Design Guide is currently under development across the Group, with the goal of creating new collections annually within this framework. By 2026, the aim is to design at least 5% of new products each year using recycled/upcycled materials, with a target of 30% sustainable raw material usage in the bedding product range by 2027. R&D and innovation projects at design centers systematically test and incorporate material alternatives, such as recycled fabrics, biodegradable chipboard, and yarns made from PET bottles, into the product development process. In addition, product lifespan is extended, waste is reduced, and resource efficiency is improved through applications like "Easy Clean" (easy-to-clean surface technology), modular product design, and digital prototyping.



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Throughout the reporting period, Doğanlar Furniture Group advanced its strategic resource allocation and financing strategies to better address climate-related risks and opportunities. Investment incentive certificates for the company's rooftop solar power plant investments have been issued by the Turkish Ministry of Industry and Technology. These incentives include support elements such as the VAT Exemption, Corporate Tax Reduction, Investment Contribution Rate (CPR), and Employer's Share of Insurance Premium Support. As of 2024, 106,631,995 TL has been allocated to R&D and innovation investments. R&D activities at the company's Design Centers are supported by incentives such as income tax relief, social security premium support, corporate tax deductions, stamp duty exemptions, and customs duty incentives. Through equity investments, financial incentives, and state-supported projects, financing flexibility is achieved, strengthening resilience to climate risks.

Scenario Analyses and Outputs

Doğanlar Furniture Group performed desk-based qualitative scenario analyses to examine the physical risks of climate change in 2025. The study used the IPCC RCP 4.5 (medium) and RCP 8.5 (pessimistic) reference scenarios as a basis. In addition, environmental parameters were supported using the World Bank Climate Change Knowledge Portal, the European Environment Agency (EEA) Climate-ADAPT, and the National Long-Term Climate Strategy (UNFCCC, 2023) published by the Ministry of Environment, Urbanization, and Climate Change.

The study aims to assess the short-term (2030), medium-term (2050), and long-term (2100) impacts of meteorological events, including extreme heat, frost, and fire, on the company's Düzce and Biga facilities, its logistics centers in Ankara, Istanbul, Izmir, Kayseri, and Bursa, and the Dakar factory in Senegal, and to incorporate these findings into the company's strategy and risk management.

Physical Scenario Analyses (Key Findings)

Extreme Temperature and Heat Island Effect

(Average Temperature and Extremely Hot Days)

Under the RCP 8.5 scenario, average temperatures in Turkey are expected to rise significantly by 2050 and beyond, particularly in the Marmara, Western Black Sea, and Central Anatolia regions. Düzce, Biga, and all logistics centers (Ankara, Bursa, Kayseri, Istanbul, and Izmir) are likely to be affected by this temperature increase. This increase in average temperature raises indoor temperatures in the facilities, driving higher cooling requirements, energy use, and associated costs. In the RCP 8.5 2050 scenario, all regions are projected to move from medium-risk to high-risk levels.

In addition, projections for "hot days" indicate a substantial rise in the number of days exceeding 35°C. This situation increases energy demand and also creates risks for employees, such as heat stress, reduced performance, and safety hazards. The heat island effect, which directly affects operational comfort and efficiency, is particularly pronounced in urban locations, especially at the Istanbul and Izmir logistics centers.

The Senegal-Dakar Plant is likely to face extended periods of extreme heat throughout the year, due to the combination of tropical climate conditions and rising temperatures. This trend requires upgrading the cooling system infrastructure and incorporating energy-efficient designs.



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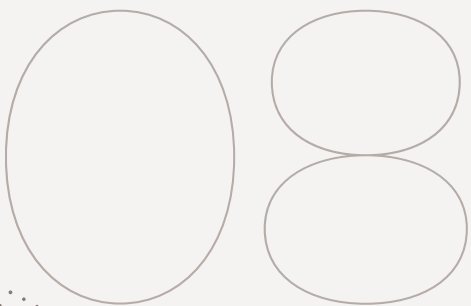
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Corresponding Physical Risks:

- *Impact of Extreme Weather Events on Operations:* Rising indoor temperatures can cause a reduction in production efficiency and compromise employee comfort.

Risk of Frost Days

Based on EEA Climate-ADAPT and IPCC SSP scenario data, the number of frost days during Turkey’s winter season is projected to decline after 2040. Under the SSP3-7.0 and SSP5-8.5 scenarios, frost days are expected to decrease by roughly 20–25% by 2080. Although the DJF (December–January–February) period will still experience a high number of frost days, a clear downward trend is apparent. This suggests that the risk of frost-related disruptions may decline in the medium to long term at locations previously affected by frost and heavy snowfall, such as the Düzce Facility, which has experienced temporary operational halts in the past.

However, the loss of the regular and predictable pattern of winter conditions introduces new uncertainties for logistics planning, outdoor inventory management, and shipping schedules. Despite the overall decline in frost events, their unpredictable nature increases the need for flexible operations and adaptive infrastructure to respond to sudden weather changes.

Corresponding Physical Risks:

- *Impact of Extreme Weather Events on Operations:* Although frost events are occurring less often, operational disruptions in internal logistics, production planning, and supply continuity may still arise due to uncertain timing and fluctuating severity.

Fire Risk (Fire Weather Index - FWI)

According to the UNFCCC’s FWI analysis, the Marmara region is expected to face a “moderate” fire risk after 2050. Furthermore, under the EEA’s “High Fire Danger Days” indicator, fire risk in western Türkiye is projected to exceed 42 days during the summer, reaching a “high risk” level. This may lead to operational disruptions and price fluctuations in the supply of forest-based raw materials, such as timber and MDF.

Corresponding Physical Risks:

- *Limited Access to Raw Materials Due to Forest Fires:* Losses from forest fires can make access to raw materials like MDF and timber more difficult and may drive up prices.

Corresponding Opportunities:

- *Circular Economy and Sustainable Products:* Transitioning to alternative raw materials can accelerate sustainable product strategies

Strategic Responses and Adaptation Actions to Scenarios

In line with climate scenarios, Doğanlar Furniture Group has developed integrated strategic responses to mitigate the impacts of physical risks and enhance climate resilience:

Energy and Heat Risk Management

Taking into account rising temperatures and energy demand under the RCP 8.5 scenario, solar power plant projects have been implemented at the Düzce and Biga facilities, with a total investment of USD 3.38 million. These investments not only secure energy supply but also play a key role in reducing carbon emissions, progressing toward net-zero targets, and managing operational costs. The solar power plant infrastructure creates a system resilient to energy supply disruptions caused by climate change. In addition,



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during the installation of the solar power plant, covering the roof's natural lighting windows and enhancing roof insulation lowered indoor temperatures by approximately 3°C. This approach serves as a tangible measure to adapt the production environment to rising temperatures.

Fire Risk and Supply Assurance:

In anticipation of rising fire risks after 2050, the supplier portfolio has been geographically diversified. Sustainable production is further supported through R&D on non-forest biomaterial alternatives, including recycled wood, bio-based panels made from agricultural waste, and synthetic composites.

Adapting to Winter Conditions and Minimizing Operational Disruptions:

To mitigate delays in internal logistics caused by the uncertain course of frosty days and winter-related operational risks, alternative shipment routes and safe transport protocols have been implemented, while shift planning has been made more flexible to adapt to winter conditions. Inventory levels of critical raw materials have been increased to maintain a 2–2.5-month safety stock.

Transition Scenario Analysis (Aligned with IEA NZE 2050 and STEPS)

To better manage climate-related transition risks, Doğanlar Furniture Group conducted a strategic analysis in 2025 based on two scenarios developed by the International Energy Agency (IEA). The study assessed how the company's business model, supply chain, and value proposition would respond under these scenarios:

STEPS Scenario - Gradual and Cautious Transition

This is a cautious scenario, assuming that existing and announced policies are implemented gradually. In this scenario, carbon prices remain at USD 160/tCO₂ by 2050, and the reach and impact of regulations remain limited. Product-level carbon

monitoring and reporting are rolled out with delays, while market demand driven by environmental and social performance develops slowly.

Key Impacts for Doğanlar Furniture Group:

Low Short-Term Regulatory Pressure:

Exports being primarily targeted to regions with low-carbon regulations, such as Africa and the Middle East, helps limit the company's operational risks from carbon regulations in the short term. This provides an advantage in terms of maintaining competitive strength.

Slower Consumer Demand and Investment Payback:

This scenario expects lower carbon prices and delayed regulations. Incentives for sustainable products, traceability systems, and bio-based materials may take longer to develop. This slower pace allows Doğanlar Furniture Group to implement its preparations more systematically over time. In addition, the gradual evolution of consumer demand provides flexibility in product development processes.

NZE 2050 Scenario (Net Zero Emissions) – Rapid and Stringent Transition

The scenario envisions a rapid and orderly transition aimed at limiting global temperature rise to 1.5°C. Carbon prices are projected to reach USD 250/tCO₂ after 2030, global adoption of practices such as CBAM is expected to accelerate, and product-level carbon monitoring and reporting will become mandatory. Sustainable raw materials, low-carbon product design, and traceability requirements are also expected to increase quickly. In the energy sector, the share of renewable energy in total production is expected to rise quickly, alongside widespread investment in energy efficiency measures.



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Key Impacts for Doğanlar Furniture Group:
The Need for Rapid Compliance with Challenging Regulations: Adherence to European Union rules such as the DPP, EUDR, and ESPR becomes critical. Product component traceability, carbon footprint calculation, and adoption of low-carbon materials represent decisive factors for competitive advantage. Despite limited direct exports, engagement in European integrated supply chains elevates the company's indirect exposure to regulatory requirements. Managing these risks is supported by using recycled materials, working with FSC-certified suppliers, and investing in solar power plants. Current operational practices, such as the use of bio-based materials, modular product architectures, integration of recycled content, and SCADA-based energy monitoring, are consistent with these regulatory expectations.

Circular Design and Low-Carbon Production: In the NZE 2050 scenario, customer demand is increasingly directed toward products that account for environmental and social impacts. Particularly in the European Union and advanced markets, consumers favor products with recycled content, durable designs, and low carbon footprints. By integrating circular economy principles into product development and making targeted sustainability investments, the company is expected to see faster results under the NZE 2050 scenario.

Doğanlar Furniture Group's Climate Change Mitigation Approach
Doğanlar Furniture Group pursues a comprehensive approach to addressing and adapting to climate change, implementing initiatives across operations, product development, logistics, and supply chain diversification. Although the Group does not yet have a defined climate transition plan, by 2024 it had developed its sustainability strategy, initiated the process of setting long-term targets, and placed climate-related initiatives on the management agenda. Within this framework, the Group has prioritized reducing greenhouse gas emissions and enhancing the resilience of

its operations against climate-related physical risks, in line with its 2050 net-zero emissions target. Specifically, initiatives are being implemented in renewable energy investments, energy efficiency, climate-resilient infrastructure, and projects aimed at minimizing environmental vulnerabilities across the supply chain.

Emission Management and Reduction Practices
Doğanlar Furniture Group takes a comprehensive approach to managing greenhouse gas emissions, consistently monitoring Scope 1, 2, and 3 sources and implementing reduction projects. Diesel forklifts are being replaced with electric models, electric vehicle infrastructure is being expanded, and energy use in production facilities is actively monitored through digital systems. In logistics, which accounts for a significant portion of Scope 3 emissions, digitalization-driven improvement projects are being implemented to reduce the carbon footprint and enhance operational efficiency. At least 50% of the logistics fleet is targeted to be zero-emission by 2030. Fuel use is optimized through route-planning algorithms, while digitalized warehouse operations improve process efficiency and traceability.

Energy Management and Renewable Energy Applications
Energy efficiency and renewable energy investments form the core elements of Doğanlar Furniture Group's climate strategy. In 2024, the Biga and Düzce rooftop solar power plant projects were implemented with a total investment of USD 3.38 million, bringing the total annual renewable energy generation capacity to 10.9 million kWh. The plants were commissioned in the last quarter of 2024, producing a total of 121 MWh during the year. The Biga PV project is designed for an annual output of 5,223,300 kWh, and the Düzce PV project for 5,750,000 kWh. The Group plans to achieve 100% renewable energy use by 2030, with total investments in renewable energy expected to reach USD 4 million. A SCADA-based Energy Monitoring System has been implemented to track and manage energy consumption. This system provides



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real-time monitoring of energy use in production areas, analyzes consumption per kWh, and supports the development of efficiency-enhancing measures.

Circular Design and Sustainable Product Development

To address climate change, Doğanlar Furniture Group places circular economy principles at the core of its product development processes. At all stages, from design to production, the company aims to use resources efficiently, minimize waste, and extend product lifecycles. This approach supports the development of low-carbon production models with reduced environmental impact. As of 2024, the company is increasing its investments in sustainable raw materials and expanding the use of recycled, organic, and biodegradable materials throughout production processes. In mattress production, replacing silicone wadding fibers with recycled fibers reclaimed approximately 11 million PET bottles, equivalent to around 120 tons, for use as raw material. The integration of 1,000 meters of recycled fabric further added roughly 35,000 PET bottles to the circular system. These measures increased the share of sustainable raw materials in the mattress product line to 18% by the end of 2024.

In the collections, materials such as recycled fabric, bio-based chipboard, cotton-infused textiles, and recycled yarn are prioritized. Additionally, pilot projects have been initiated to increase the use of bio-based particleboard. Product designs are built around modularity, enabling users to add or remove components to suit evolving needs. This approach promotes extended product lifespans, minimizes resource consumption, and helps prevent end-of-life waste. In addition, waste materials generated during the production process are repurposed in different product modules, minimizing raw material loss.

Risk Management

The role of climate-related risks and opportunities within Doğanlar Furniture Group's overall risk management process, along with the activities undertaken in this context, are outlined below. The explanations presented here outline how the processes of identifying, assessing, prioritizing, and monitoring risks and opportunities are integrated into the company's overall risk management framework, as well as the extent of information provided on these processes.

General Risk Management Structure

Risk management activities at Doğanlar Furniture Group are overseen by the Audit Committee and the Early Risk Detection Committee (REC), both reporting to the Board of Directors. Although a dedicated corporate risk management unit for the systematic monitoring, assessment, and prioritization of risks is not yet in place, the Group aims to establish a formal risk management system and organizational structure in the near future, guided by external consultancy support.

Doğanlar Furniture Group's risk management approach is structured within a holistic framework that encompasses strategic, operational, financial, environmental, social, and governance (ESG) risks. Financial risks such as credit, liquidity, and exchange rate are closely monitored, while environmental and climate-related risks are also evaluated within the scope of RESK's responsibilities as part of the overall risk management process. The Committee submits the evaluations arising from these processes to the Board of Directors and provides recommendations on risk management. In addition, one member of RESK holds specific responsibility for climate-related risks and opportunities, overseeing their integration into the Company's strategies as well as their reporting.



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Internal audit activities at Doğanlar Furniture Group are carried out under a quarterly audit plan prepared by the Audit Department. The core objectives are to safeguard the company's tangible and intangible assets, ensure compliance with internal and external regulations, and strengthen processes through effective, efficiency-focused internal controls. Following the audits, reports are shared with the relevant stakeholders and addressed through Corrective and Preventive Action (CPA) Meetings. During these meetings, responsibilities, timelines, and required actions are clearly defined, enabling effective monitoring of progress. The Audit Committee and the Board of Directors periodically review these processes and evaluate them as part of a comprehensive risk management approach.

Risk Monitoring Processes

RESK conducts qualitative assessments of the potential impact and likelihood of risks and opportunities on the Company, and reviews them in its regular meetings. While a matrix-based quantitative prioritization model is not yet in place, risks assessed as high-impact are subject to closer monitoring at the committee level. In 2024, these monitoring activities were addressed across six RESK meetings, with updates on risk-related developments regularly reported to the Board of Directors.

Process for Identifying Climate-Related Risks

The initial assessment of climate-related risks at Doğanlar Furniture Group was carried out within the scope of the 2023 Sustainability Report, published in 2024. Led by the Strategic Planning Team, this desk-based analysis considered global and national developments as well as the Company's current business model and operational structure to identify potential climate risks. While it covered both physical and transition risks, the work only served as a preliminary assessment due to its limited scope and dataset.

In 2024, a technical field study was initiated in collaboration with the Istanbul Chamber of Industry and TÜBİTAK MAM to build on the preliminary work and enrich it with field-based data. As part of the "Improving the Adaptation Capacity of Climate Change-Sensitive Industrial Sectors through Risk Assessment" project, on-site assessments were carried out at Doğanlar Furniture's Çanakkale Biga facility. Production lines and infrastructure systems were analyzed, and climate risks were evaluated based on facility-specific criteria, including sensitivity, exposure, and adaptive capacity.

During the field study, multiple factors such as extreme rainfall, temperature fluctuations, power outages, supply chain disruptions, and impacts on employee health were assessed, and scenario analyses were conducted to estimate potential financial losses from production line interruptions. The assessment highlighted specific risk elements, such as cold weather potentially causing equipment failures in flooring and panel lines, and warehouse conditions leading to quality losses in semi-finished products. In addition, the facility's internal logistics, raw material supply, and energy infrastructure were incorporated into the risk analysis.

In this context, scenario analysis practices have started to be integrated into risk processes to enable more effective management of climate-related uncertainties. These analyses assess how physical and transition risks, under varying severity levels, may impact business continuity. Further details on the scenario analyses are provided in the [Strategy](#) section of this report.



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Metrics and Targets

As part of its efforts to combat climate change, the Doğanlar Furniture Group has created a set of quantifiable metrics and targets that can be evaluated over time. This section presents the Group's climate performance information, including energy consumption, greenhouse gas emissions, and related reduction targets, as well as the disclosures required under TSRS 2. The GHG Protocol Corporate Accounting and Reporting Standard (2004) serves as the foundation for all disclosures, which also include the calculation methodology, assumptions, reference sources, and the specific allocation of targets.

As part of the Group's approach to measuring, evaluating, and continuously improving environmental performance, a comprehensive emissions inventory has been prepared, critical emission sources identified, and long-term carbon reduction targets set. Calculations were classified as Scope 1 and Scope 2 and analyzed for each specific activity. In addition to emission data, operational targets for reducing these emissions have been integrated into the strategic planning process.

Emission Boundaries and Calculation Approach

Doğanlar Furniture Group has adopted a control-based approach in calculating its greenhouse gas emissions, assessing all direct (Scope 1) and indirect (Scope 2) emissions from operations under its control.

Since 2022, Doğanlar Furniture Group has been regularly calculating Scope 1 and Scope 2 emissions. However, previous calculations excluded foreign subsidiaries (UK, Cyprus, USA), the factory and store operations in Senegal, and store operations across Turkey. Therefore, past data are not fully consistent with the current scope, and only 2024 emission data are presented in this report.

Scope 1 and Scope 2 greenhouse gas emissions have been calculated from the sources described below:

- **Scope 1:** Stationary combustion (natural gas, LPG/LNG, generators), mobile combustion (on-road and off-road vehicles, handheld tools), refrigerant leaks, and fire extinguisher refills.
- **Scope 2:** Purchased electricity consumption (location-based approach).

Emission Calculation Approach

Emissions were calculated in CO₂ equivalent (CO₂e) for each source using activity data. The applied emission factors and global warming potential (GWP) coefficients were based on references from recognized institutions according to the emission source:

- IPCC 2006 Guidelines for National Greenhouse Gas Inventories: Served as the primary reference for direct emissions, including stationary combustion (natural gas, LPG, generators), mobile combustion (vehicles and equipment), refrigerant gases, and fire extinguishers.
- DEFRA 2024 Conversion Factors: Conversion factors for vehicle fuel consumption and mobile combustion sources have been obtained from this source.
- Ministry of Energy and Natural Resources: Türkiye-specific electricity generation emission factors were used to calculate indirect emissions from purchased electricity.

Because direct electricity consumption data could not be obtained for about 2,000 retail locations in Turkey, an estimation was made. Electricity-related emissions for store consumption were calculated by first deriving kWh values from TL-based expenditures, using an average kWh/TL factor estimated from a sample of 100 stores across different provinces.



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2024 Doğanlar Furniture Group's GHG Emission Data

Greenhouse Gas Emissions (ton CO ₂ e)	2024
Scope 1	2,172.97
Stationary Combustion	299.30
Mobile Combustion	1,873.67
Scope 2 (Location-based)	13,087.20
Total	15,260.17

As of 2024, Doğanlar Furniture Group's total greenhouse gas emissions were calculated at 15,260.17 tons of CO₂e. Of this amount, 85.76% was generated by indirect emissions (Scope 2), while 14.24% came from direct emissions (Scope 1). Within Scope 1, the vast majority (86%) resulted from mobile combustion, mainly fossil-fuel vehicles. The predominance of Scope 2 emissions highlights the critical role of renewable energy in the Group's climate strategy. The high share of Scope 2 emissions within total emissions reinforces the importance of the transition to renewable energy for Doğanlar Furniture Group. Since renewable energy certificates have not yet been obtained, "market-based" factors could not be applied, and only "location-based" results are reported for this period.

Energy Consumption

Energy Consumption	2024 (MWh)	2024 (GJ)
Vehicles-Fuel	7,009.26	25,233.33
LPG / LNG / Propane	948.97	3,416.31
Generator	67.56	243.23
Natural Gas	223.91	806.09
Electricity Consumption	29,609.04	106,592.56
Total Energy Consumption	37,858.76	136,291.53

In 2024, total energy consumption reached 136,291.53 GJ. The distribution of this energy consumption is as follows:

- Purchased electricity: 106,592.56 GJ
- Fuel-based consumption (vehicles, LPG, natural gas, generator): 29,698.96 GJ

Electricity represented nearly 80% of total energy use.

Internal Carbon Price

In the reporting period, Doğanlar Furniture Group does not implement an internal carbon price within its decision-making processes.

Vulnerable Assets to Climate Risks

Doğanlar Furniture Group evaluates factors under the scope of physical risks from climate change, including rising temperatures, forest fires, extreme weather events (e.g., heavy snow and rain), and water stress. The analyses concluded that forest fires and extreme weather conditions pose a certain risk to production facilities and raw material supply chains, particularly during summer months. However, these risks do not create financial vulnerability thanks to existing infrastructure improvements and supplier diversification measures.

Activities Aligned with Climate Opportunities

Doğanlar Furniture Group aims to create environmental value through a business model based on sustainable product development processes and circular economy principles. Its strategies in renewable energy investments, waste management, and sustainable material use allow the Group to capture revenue opportunities aligned with the transition to a low-carbon economy.



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Climate-Related Targets

Strategic Goal Setting Approach

As of 2024, Doğanlar Furniture Group has systematically developed its sustainability strategy and defined its sustainability targets across four main focus areas. The Group's climate-related targets have been shaped in alignment with Turkey's national climate policies and the Paris Climate Agreement. The targets were developed through close collaboration with relevant business units, with topic-focused workshops conducted and the resulting proposals formalized upon approval by the Executive Committee. For each target area, baseline analyses were conducted to establish a clear starting point, ensuring that targets are realistic, measurable, and aligned with the Group's operational capacity. Throughout this process, alignment with global climate commitments was taken into account, establishing the net-zero emissions target for 2050 in line with the Paris Agreement.

Task Forces responsible for implementing, monitoring, and reporting on these targets have been organized under the company's sustainability governance structure. The targets have been defined in accordance with the TSRS 2 Standard, including scope, type of target, base year, time frame, and monitoring mechanisms, making them fully trackable. 2024 has been designated as the baseline year, reflecting both the first-time expansion of comprehensive emission calculations to include all domestic and international consolidated operations and the holistic structuring of the targets. In the coming period, interim targets are planned to be developed for strategic reduction priorities, particularly focusing on net-zero and energy-related goals.

Monitoring, Review and Verification

The sustainability targets set by Doğanlar Furniture Group were developed by Task Forces consisting of relevant expert teams and integrated into the corporate strategy with the approval of the Executive Committee. The monitoring of these targets is conducted directly by the Task Forces, and the outcomes are reported to the Sustainability Committee through responsible managers. Following the Committee's assessments, progress updates are forwarded to the Sustainability Board; therefore, progress is tracked at the highest level, and the decision-making process is enhanced. So far, no carbon offsetting mechanisms, such as carbon credits, have been used in reports regarding the net-zero carbon emission goal. Doğanlar Furniture Group's main strategy has focused on directly reducing emissions to reach its net-zero target. In the future, policy alternatives for utilizing carbon credits may be explored to align with emission reduction objectives.

Doğanlar Furniture Group's Climate-Related Targets

Objective	Purpose	Greenhouse Gas Emission Scope	Duration	Base Year	Objective Type
Net-zero carbon emissions by 2050	Reduction	Scope 1-2	Long-Term	2024	Net
100% renewable energy use by 2030	Reduction	Scope 2	Long-Term	2024	Absolute
50% of logistics fleet to be zero-emission by 2030	Reduction	Scope 1	Long-Term	2024	Absolute
60% of waste to be recycled by 2027	Alignment	-	Medium-Term	2024	Intensity
50% reduction in total waste by 2027	Reduction	-	Medium-Term	2024	Absolute
30% share of sustainable raw materials in mattress product range by 2027	Reduction	-	Medium-Term	2024	Intensity
Publishing the Circular Design Guide (2025)	Alignment	-	Short-Term	-	Qualitative
Developing one collection each year based on circular design principles (2026+)	Alignment	-	Short-Term	-	Qualitative



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Appendix 1: Sustainability Disclosure Topics and Metrics
(TSRS 2 – Annex, Volume 3 – Building Products and Furnishings)

Topic	Metric	Data	Unit of Measure
Energy Management in Manufacturing	Total Energy Consumed	136.291,53	Gigajoule (GJ)
	Percentage of Grid Electricity	100	Percentage (%)
	Percentage of Renewable	0	Percentage (%)
Product Life Cycle Environmental Impacts	Description of efforts to manage product life cycle impacts and meet demand for sustainable products	Doğanlar Furniture Group adopts a circular economy-based approach to manage product life cycle impacts. As of 2024, the use of recycled, biodegradable, and organic materials has been increased, and modular design principles have been implemented to encourage longer product lifespans. Efforts related to product life cycle management and sustainable products are detailed in the Strategy section of this report.	
	Weight of material recovered	Amount of plastic waste sent to licensed recycling company: 44.1 Amount of cardboard waste sent to licensed recycling company: 121.9	Metric tons (t)
	Percentage of recovered materials recycled	Waste is sent for recovery, but the exact percentage actually recycled is unknown.	Percentage (%) by weight
Wood Supply Chain Management	Total weight of wood fiber materials purchased	Doğtaş: 24,016.43 tons particleboard/MDF-derived Doğtaş: 1,422.55 tons wood/solid/raw wood-derived Kelebek: 28,819.72 tons particleboard/MDF-derived Kelebek: 1,910.17 tons wood/solid/raw wood-derived	Metric tons (t)
	Percentage from thirdparty certified forestlands	Doğanlar Furniture Group works with FSC-certified suppliers. However, in 2024, no FSC-certified products were purchased from these suppliers.	Percentage (%) by weight
	Percentage certified to other wood fiber standards	Not available.	Percentage (%) by weight
Activity Metrics	Annual Production	Biga Factory (Production Capacity) 2,400,000 m²/year panels, 96,000 units/year upholstery, 75,600 units/year mattresses Düzce Factory (Production Capacity) 1,920,200 m²/year panels, 53,500 units/year upholstery Senegal Factory (Production Capacity) 220,000 m²/year panels, 15,000 units/year upholstery, 25,000 units/year mattresses	Unit / m²
	Üretim tesislerinin alanı	Biga Factory: 247,075 Düzce Factory: 159,500 Senegal Factory: 52,800	m²



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Independet Audit Report



LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

To the General Assembly of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Türkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Türkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2024.

Our assurance engagement does not include the information related to prior periods and other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2024, has not been prepared in accordance with the Türkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M).

We do not provide any assurance conclusion regarding the information related to prior periods and any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Türkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

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Those Charged with Governance is responsible for overseeing the Group's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and reporting our conclusion to the Group Management.
- Risk assessment procedures have been performed to understand the internal control structure and to identify and assess the risks of material misstatement in the sustainability information, due to error and fraud, rather than to express an assurance conclusion on the effectiveness of the Group's internal control.
- Procedures have been designed and implemented to identify areas of the Sustainability Information that could be materially misstated, and to address these areas. Because fraud can include collusion, forgery, intentional failure to record transactions, intentional misrepresentations to the auditor, or a breach of internal control, the risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error.

Misstatements can be caused by error or fraud. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of the Sustainability Information based on them.

Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements "3410 Assurance Engagements on Greenhouse Gas Statements", issued by POA.

Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors, issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and

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multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information,

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to review and assess the sustainability related information.
- The disclosure and presentation of sustainability-related information have been evaluated.
- Through inquiries, we obtained an understanding of Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, we did not obtain evidence about their implementation or we did not test their operating effectiveness.
- The appropriateness and consistency of the Group's estimation development methods were evaluated. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.
- The processes for identifying risks and opportunities that are identified as financially significant, along with the Group's sustainability reporting processes, are understood.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The responsible auditor who conducted and concluded this sustainability limited assurance is Ersel DEMİRCİ.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL
İstanbul, 19 Ağustos 2025



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**Every fall is an echo
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Achievements and Awards

As Doğanlar Furniture Group, we crowned our achievements with major awards this year as we do every year:

- In the list of Türkiye's Top 500 Industrial Enterprises (ISO 500), we moved up 17 places to 260th place. We are 235th in net sales and 78th in employment.
- We were named "Türkiye's Happiest Workplace" as a result of the Happy Place to Work survey.
- According to the 2023 data of the R&D 250 research; we ranked first in the "top 50" design registrations received in the R&D center.
- We were included in the S-500 list of the 'Sustainable 500 - Green Traceability' survey organized by InBusiness Magazine for the third time this year.

Doğtaş Furniture was presented:

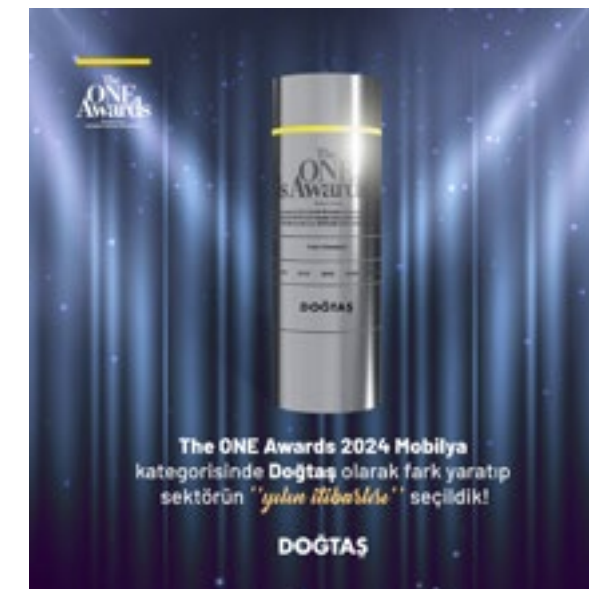
- 4 awards including 1 Silver, 2 Bronze and 1 Iron at A' Design Awards & Competition Awards organized in Como, Italy,
- "The Most Reputable Furniture Brand of the Year" award in the furniture category at The ONE Awards Integrated Marketing Awards,
- And the gold award in the category of best social media usage in furniture, and data analytics in the industry at the Brandverse Awards supported by the Advertising and Marketing Communications Association (REPID).

Kelebek Furniture was presented:

- The "Furniture Brand of the Year" award at Bride and Groom Magazine 2024 awards.

Lova Bed was presented:

- The Diamond Award in the mattress category at A.C.E. Awards Ceremony.





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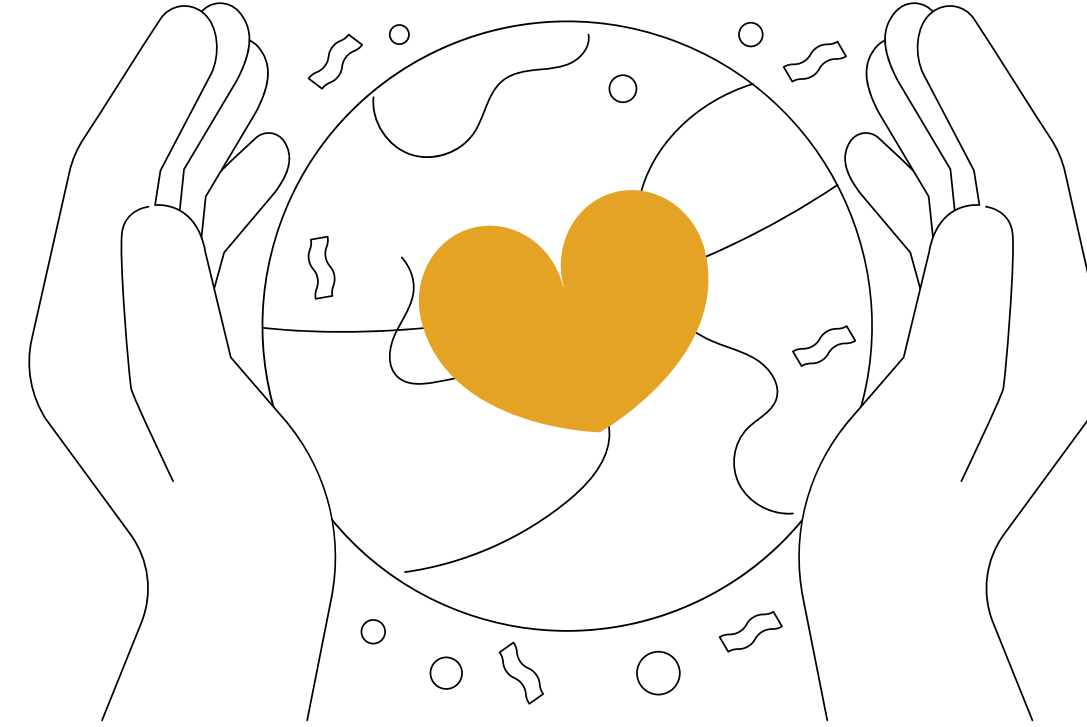
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Collaborations and Memberships

- UN Global Compact (UNGC)
- Women's Empowerment Principles (WEPs)
- Furniture and Mattress Manufacturers Association (MOYSAD)
- The Turkish Education Foundation (TEV)
- Cancer Free Life Association





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Environmental Performance Indicators

Greenhouse Gas Emissions (tons CO ₂ e) ¹⁵	2022	2023	2024
Scope 1	3,030.3	1,796.5	2,173.0
Scope 2	5,229.1	6,191.9	13,087.2
Scope 3	4,087.7	6,758.0	6,725.4
Total	12,347.2	14,746.4	21,985.6

Category-Based Scope 3 Emissions (tons CO ₂ e)	2022	2023	2024
Category 1 - Purchased goods and services	86.5	55.7	440.1
Category 4 - Upstream trans- portation and distribution	356.9	347.8	94.9
Category 5 - Waste generated in operations	57.7	71.8	27.9
Category 6 - Business travel	184.7	694.9	923.1
Category 7 - Employee com- muting	207.7	309.6	462.7
Category 9 - Downstream transportation and distribution	3,194.3	5,278.2	4,776.6

Water Management (m ³)	2022	2023	2024	Biga (2024)	Düzce (2024)
Amount of groundwater with- drawn	29,966.5	33,397.5	66,743	45,743	21,000
Amount of mains water withdrawn	0	0	964	964	0
Amount of water withdrawn from water stressed areas	17,319.3	18,450.8	45,743	45,743	0
Amount of groundwater dis- charged	29,966.5	33,397.5	66,743	45,743	21,000

(15) Scope 1, Scope 2, and Scope 3 emissions have been calculated in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard using the operational control approach. In the calculations, the CO₂ equivalent factors of CO₂, CH₄, and N₂O gases were applied. Global Warming Potential (GWP) coefficients from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report and the United Kingdom DEFRA 2024 Emission Factors were used, and the aggregate CO₂-e value was calculated by multiplying with the relevant coefficients.

Recycled Waste (tons)	2022	2023	2024	Biga (2024)	Düzce (2024)
Amount of plastic waste sent to li- censed recycling companies	35.8	21.0	44.1	35.8	8.3
Amount of paper waste sent to li- censed recycling companies	107.8	96.2	121.9	97.6	24.3

Non-Hazardous Waste Disposed (tons)	2022	2023	2024	Biga (2024)	Düzce (2024)
Amount of disposed non- hazardous waste	570.7	2,240.5	1,926.5	1,793.5	133

Hazardous Waste Disposed (tons)	2022	2023	2024	Biga (2024)	Düzce (2024)
Amount of disposed hazardous waste	81.9	107.3	94.9	6.9	88

Environmental Training (person*hour)	2022	2023	2024
Employees and subcontractors trained	737	1,178	1,568



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Social Performance Indicators

Employees by Category	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of employees	807	1,723	907	1,830	867	1,686
Total number of employees	2,530		2,737		2,553	
Number of white-collar employees	558	645	577	641	542	590
Total number of white-collar employees	1,203		1,218		1,132	
Number of blue-collar employees	249	1,078	330	1,189	325	1,096
Total number of blue-collar employees	1,327		1,519		1,421	

Employees by Employment Type	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of full-time employees	807	1,723	907	1,830	867	1,686
Number of part-time employees	0	0	0	0	0	0

Employees by Education Level	2022	2023	2024
Primary education	750	776	697
High school	1,064	1,186	1,139
University and above	716	775	717

Employees by Age	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
30 and younger	362	615	419	670	397	604
Between 30-50	396	1,002	440	1,041	427	977
50 and older	49	106	48	119	43	105

Employees by Length of Service	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
0-5 years	682	1,227	1,435	764	725	1,347
5-10 years	55	223	200	63	69	180
10 years and above	70	273	195	80	73	159

Employees with Disabilities	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of employees with disabilities	11	62	12	69	17	70

Other Equal Opportunity Indicators	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of employees in STEM positions	35	79	37	86	35	82



Social Performance Indicators

Managers by Age	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
30 and younger	7	5	6	3	11	3
Between 30-50	15	38	24	49	30	81
50 and older	1	6	1	4	0	8

Managers by Management Level	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Board of directors	3	4	3	4	3	4
C-level	0	6	0	7	0	6
Director	3	19	3	23	2	20
Manager	15	57	15	62	14	62

Employees by Contract Type	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Employees under indefinite duration contracts of employment	807	1,723	907	1,830	867	1,686
Employees under definite du-ration contracts of employment	0	0	0	0	0	0
Total number of employees under the Collective Bargaining Agreement	232	970	285	998	297	936

Training Indicators	2022	2023	2024
Total training hours (per-son*hour)	17,859	10,351	15,355
Leadership training hours (person*hour)	-	610	977

Training Costs (TRY)	2022	2023	2024
Total training cost	597,000	448,000	605,496

Maternal / Parental Leave	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of employees to enti-tled maternal / parental leave	11	57	14	75	40	88
Number of employees return-ing to work after maternity / parental leave	8	57	10	75	20	88

Employee Satisfaction Survey Results	2022	2023	2024
Employee satisfaction rate	67.3%	65.1%	61.3%



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Social Performance Indicators

Number of Hires by Age and Gender	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
30 and younger	181	229	207	265	282	459
Between 30-50	125	201	153	373	133	323
50 and older	5	10	4	41	11	21

Number of Employees Leaving by Age and Gender	2022		2023		2024	
	30 and younger	Male	Female	Male	Female	Male
30 and younger	169	234	226	285	236	278
Between 30-50	129	269	176	481	190	459
50 and older	6	27	10	52	16	42
Number of voluntary departures	179	283	218	350	243	384

Employee Turnover	2022	2023	2024
Employee turnover rate	27.1%	35.9%	36.7%

Supply Chain	2022	2023	2024
Total number of suppliers	492	665	813
Total number of local suppliers	491	664	645
Total number of new suppliers	25	142	209
Training hours provided to suppliers (person*hour)	4	4	-
Number of suppliers trained	6	5	-
Number of suppliers audited	0	70	108

Occupational Health and Safety Perfor-mance	2022	2023	2024
Total working hours	2,216,865	2,380,515	2,441,670
Number of lost days due to accidents (Employee)	537	795	1,388
Number of accidents (Employee)	359	284	332
Number of lost days due to accidents (Subcontractor)	-	-	38
Number of accidents (Subcontractor)	-	-	9
Number of fatal accidents	0	0	0
Number of occupational diseases	0	0	0
Fatal accident rate ¹⁶	0	0	0
Occupational disease rate (ODR) ¹⁷	0	0	0
Incident rate (IR / Employee) ¹⁸	161.9	119.3	136.0
Lost Day Rate (LDR/ Employee) ¹⁹	242.2	334.0	568.5
Incident rate (IR / Subcontractor) ²⁰	-	-	32.3
Lost Day Rate (LDR/Subcontractor) ²¹	-	-	136.4

OHS Trainings			
Total OHS training hours provided to em-ployees and contractors (person*hour)	2,105	6,997	6,072

(16) Total number of fatal accidents * 1,000,000 / Total working hours (hours)
(17) Total number of occupational diseases * 1,000,000 / Total working hours (hours)
(18) Total number of incidents* 1,000,000 / Total working hours (hours)
(19) Number of lost days due to injuries * 1,000,000 / Total working hours (hours)
(20) Total number of incidents* 1,000,000 / Total working hours (hours)
(21) Number of lost days due to injuries * 1,000,000 / Total working hours (hours)



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GRI Content Index

Statement of use	Doğanlar Furniture Group has reported the information cited in this GRI content index for the period 01.01.2024-31.12.2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	About Doğanlar Furniture Group
	2-2 Entities included in the organization’s sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	This information does not exist in the report
	2-5 External assurance	No external assurance has been obtained within the scope of this report
	2-6 Activities, value chain and other business relationships	About Doğanlar Furniture Group
	2-7 Employees	Human Resources Management, Social Performance Indicators
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance
	2-11 Chair of the highest governance body	Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-13 Delegation of responsibility for managing impacts	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management
	2-15 Conflicts of interest	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-16 Communication of critical concerns	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-17 Collective knowledge of the highest governance body	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-18 Evaluation of the performance of the highest governance body	2024 Doğanlar Furniture Group Annual Report, p.128-131
	2-19 Remuneration policies	DGNMO Compensation Policy
	2-20 Process to determine remuneration	DGNMO Compensation Policy
	2-22 Statement on sustainable development strategy	Sustainability Strategy
	2-23 Policy commitments	Corporate Governance



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GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Corporate Governance
	2-25 Processes to remediate negative impacts	Corporate Governance
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance
	2-27 Compliance with laws and regulations	Corporate Governance
	2-28 Membership associations	Partnerships and Memberships
	2-29 Approach to stakeholder engagement	Materiality Analysis
	2-30 Collective bargaining agreements	Shared Value with Stakeholders
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis
	3-2 List of material topics	Materiality Analysis
	3-3 Management of material topics	Materiality Analysis, Sustainability Analysis
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance
	201-2 Financial implications and other risks and opportunities due to climate change	2024 DGNMO TSRS-Compliant Sustainability Report
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain
GRI 204:Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Supply Chain, Social Performance Indicators
Anti Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance
GRI 205: Anti Corruption 2016	205-1 Operations assessed for risks related to corruption	Doğanlar Furniture Group Anti-Bribery and Anti-Corruption Procedure
	205-3 Confirmed incidents of corruption and actions taken	Doğanlar Furniture Group Anti-Bribery and Anti-Corruption Procedure
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Resource Use; R&D, Innovation and Design
GRI 301: Materials 2016	301-2 Recycled input materials used	R&D, Innovation and Design
	301-3 Reclaimed products and their packaging materials	Responsible Resource Use
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Management



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GRI 302: Energy 2016	302-1 Energy consumption within the organizationi	Energy Management
	302-4 Reduction of energy consumption	Energy Management
	302-5 Reductions in energy requirements of products and services	Energy Management
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Management
GRI 303: Su ve Atık Sular 2018	303-1 Interactions with water as a shared resource	Water Management
	303-2 Management of water discharge-related impacts	Water Management
	303-3 Water withdrawal	Environmental Performance Indicators
	303-4 Water discharge	Environmental Performance Indicators
	303-5 Water consumption	Environmental Performance Indicators
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity and Sustainable Forestry
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity and Sustainable Forestry
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Carbon Emissions
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Emissions, Environmental Performance Indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Emissions, Environmental Performance Indicators
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Emissions, Environmental Performance Indicators
	305-4 GHG emissions intensity	Carbon Emissions
	305-5 Reduction of GHG emissions	Carbon Emissions
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
	306-2 Management of significant waste-related impacts	Waste Management
	306-3 Waste generated	Waste Management, Environmental Performance Indicators
	306-5 Waste directed to disposal	Waste Management, Environmental Performance Indicators
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Engagement and Well-Being



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GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Engagement and Well-Being
	401-3 Parental leave	Employee Engagement and Well-Being
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Social Performance Indicators
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, Social Performance Indicators
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Social Performance Indicators
	403-10 Work-related ill health	Social Performance Indicators
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equality and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Equality and Inclusion; Social Performance Indicators



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Supplier Social Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Supply Chain
Consumer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Quality and Safety
GRI 416: Consumer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety
R&D, Innovation and Design		
GRI 3: Material Topics 2021	3-3 Management of material topics	R&D, Innovation and Design
Community Impact		
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Impact



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