

Daiichi Elektronik Sustainability Report 2023



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“As Daiichi Elektronik, we are pleased to present our first sustainability report to our stakeholders.”

About the Report

As Daiichi Elektronik, we have been working with the vision of becoming a global player in the infotainment systems industry by making the value we create sustainable not only for customers, but also for our employees, business partners and all other stakeholders, since our establishment in 2002. In the collaborations we have developed with global companies that have a large-scale impact on the automotive industry, we stand out with our synergy we have in the company culture and our industry-specific professionalism, and we reinforce our culture of continuous improvement and innovation with our sustainability approach.

Our Daiichi Elektronik Sustainability Report, which we published for the first time as of this year, covers only our operations in Türkiye covering the period January 1, 2023, to December 31, 2023, and the scope of the report will be expanded in the coming years. This report includes our environmental, social and governance performance, sustainability targets, stakeholder engagements and the material topics we have developed based on company priorities, industry-specific recommendations of **Sustainability Accounting Standards Board (SASB) standards**, and stakeholder survey. Our report has been prepared in accordance with the **Global Reporting Initiative (GRI) Core Standards**. All activities, which we share transparently in the report, serve the **United Nations Sustainable Development Goals (UN SDGs)**, which came into force to protect our world and ensure common peace and prosperity.

For GRI Standards, please refer to **GRI Index** section in the **Annex**.

For all your opinions and suggestions about our sustainability and reporting activities, please contact us via info@daiichi.com

Message from the CEO



Dear Stakeholders,

With the awareness that we have responsibilities against the future risks which our country and our world will face, we will try to fulfill our part in the most comprehensive way. Failures such as mitigate climate change, climate change adaptation, or the risks such as natural disasters, biodiversity loss, ecosystem collapse and natural resource crisis are the most severe risk combinations in the next 10 years as disclosed through the **2023 Global Risks Report** from **World Economic Forum (WEF)**. By unifying with you, our stakeholders, we will not only increase our economic value, but also, serve to protect our environment and resources and the prosperity of our society as much as possible. At this point, the sustainability approach, which is an increasingly important concept in today's business world, refers to directing our business activities by considering environmental, social and economic impacts. Sustainability is a critical requirement both to increase the long-term success of our company and to minimize our impact on our world and resources.

The changing world and sectoral needs show that we need to re-evaluate the way we do business, our activities, and our interaction with our environment and society. For this reason, sustainability is no longer just a term, but a concept that is at the center of our business strategy. We, as the Daiichi Elektronik, are happy to state that we consider sustainability as our top priority in line with the general expectations of our customers, investors, and society.

In this context, we carried out our **2023 Focus Group Studies** in order to address the concerns felt within the company and to create a clearer strategy by setting short- and medium-term goals that will enable us to continue our development where we are already strong. Thus, we will continue to turn our company into a global electronic systems supplier for the automotive industry in a much stronger way as we mentioned in **our company vision** while improve our engineering and management infrastructure and promote continuous improvement and operational excellence.

While considering the scope of our activities in different countries, it is always important to us enhancing employee satisfaction and commitment by creating human-centric workplace. As Daiichi Elektronik, we believe that the company means the sum of its individual parts is greater than itself.

Being open and respectful to different ideas always gives us the opportunity to improve, review, and enhance the work being done. At this point, thanks to all our department directors' contributions, we held various workshops to create **Business Strategy Roadmap** and carried out all workflow, organizational charts, and job descriptions within the scope of budget planning. At this point, we will increase our corporate performance focusing **4** main points: understanding employees' expectations by establishing effective communication and feedback system, improving our employee experience and the opportunities offered to them, organizing trainings that will increase the competencies of employees and developing new products and services responsible to environment and society. Besides, we renewed our Code of Conduct considering regulations for Daiichi Elektronik and all our subsidiaries.

Our first Sustainability Report will guide the future of our business and help us determine how we can achieve our company's sustainability targets. This is a critical step for both the growth of our business and the preservation of our long-term competitiveness.

Before I end my message here, as Daiichi Elektronik, we once again express our condolences to the relatives of our citizens who lost their lives on February 6, 2023, Kahramanmaraş and Hatay earthquakes which left deep pain in the hearts of all of us. We would like to state that while it takes time to heal our wounds as a country, we see it as our responsibility to do our part at this point.

Dear stakeholders, we are excited to work together for a greener world and more sustainable and fair future. Based on our transparent relationships together with you, we believe in the power of achieving this very goal.

Yours sincerely,

Ömer Tunç Akdeniz
Chief Executive Officer

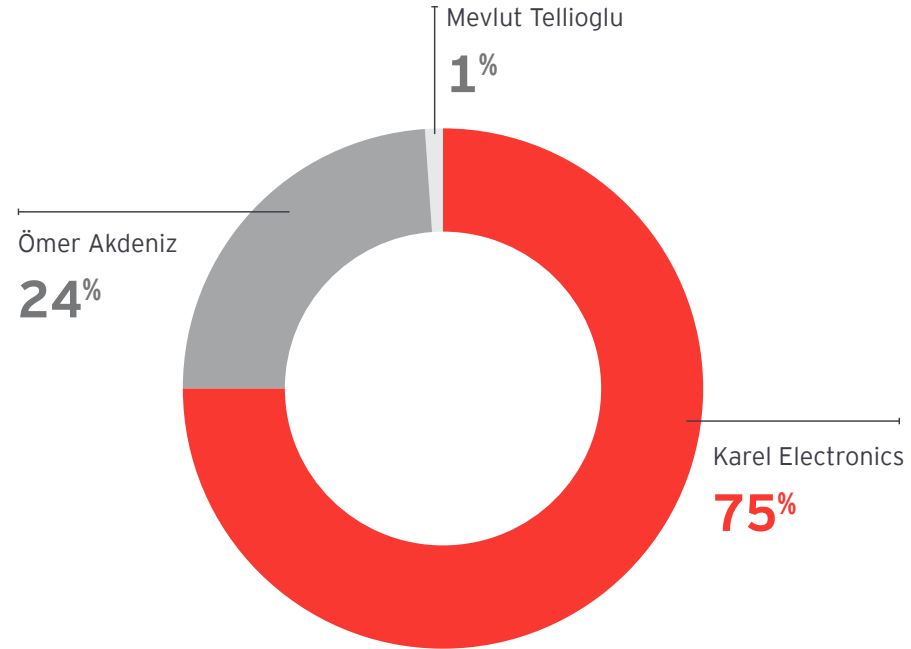
"The changing world and sectoral needs show that we need to re-evaluate the way we do business, our activities, and our interaction with our environment and society."

About Daiichi Elektronik

Our company, which is a subsidiary of Doğan Holding and was established with 100% Turkish capital, has been producing in-car multimedia systems, shark antenna, wireless/USB chargers, speakers, acoustic vehicle alerting system (AVAS), and other electronic modules since 2002 to increase the comfort and driving safety of drivers and passengers and to offer a pleasant journey with its customer satisfaction-oriented approach. Our company operations, which initially took place only within the borders of our country, have expanded on a global scale and now take place in 7 different countries, including **Türkiye, China, Italy, India, France, USA and Uzbekistan**. We offer our electronic systems, which we have developed with our synergy among our approximately **166** employees, our strong engineering infrastructure, our innovative, dynamic, and agile corporate culture, to the service of global manufacturers of the automotive industry such as Fiat, Tofaş, Ford, Hyundai, GM, Suzuki, Temsa, Karsan, BMC, Mitsubishi, Volkswagen, TOGG and Lancia.

The increased business relationships with global automotive manufacturers and the satisfaction of our drivers prove to us that the in-vehicle entertainment experience is personalized with the technology we have developed. This situation reinforces our vision of being the leading company in our sector by offering the best quality and cost products on time not only in local market but also in every market we serve.

Ownership Structure



**"To sit together,
to stand together"**



Our Vision

We aim to turn our company into a global electronic systems supplier for the automotive industry.



Our Mission

We develop software-intensive electronic systems for our customers in the automotive industry. We believe in a strong engineering and management infrastructure and promote continuous improvement and operational excellence.



Our Values



Teamwork & Respect

Coming together for a common goal, benefiting from teamwork in work, and being open and respectful to different ideas.



Synergy

A company is one where the sum of its individual parts is greater than the whole.



Customer

Creating value for customers and being customer-focused means caring for their wishes.



Professionalism & Expertise

Working in a planned, professional, and systematic manner. Improving, reviewing, and enhancing the work being done.



Continuous Improvement

Improvement of work processes and services to create an environment where individuals can maintain a balance between their work and personal life and work consistently as well as efficiently.



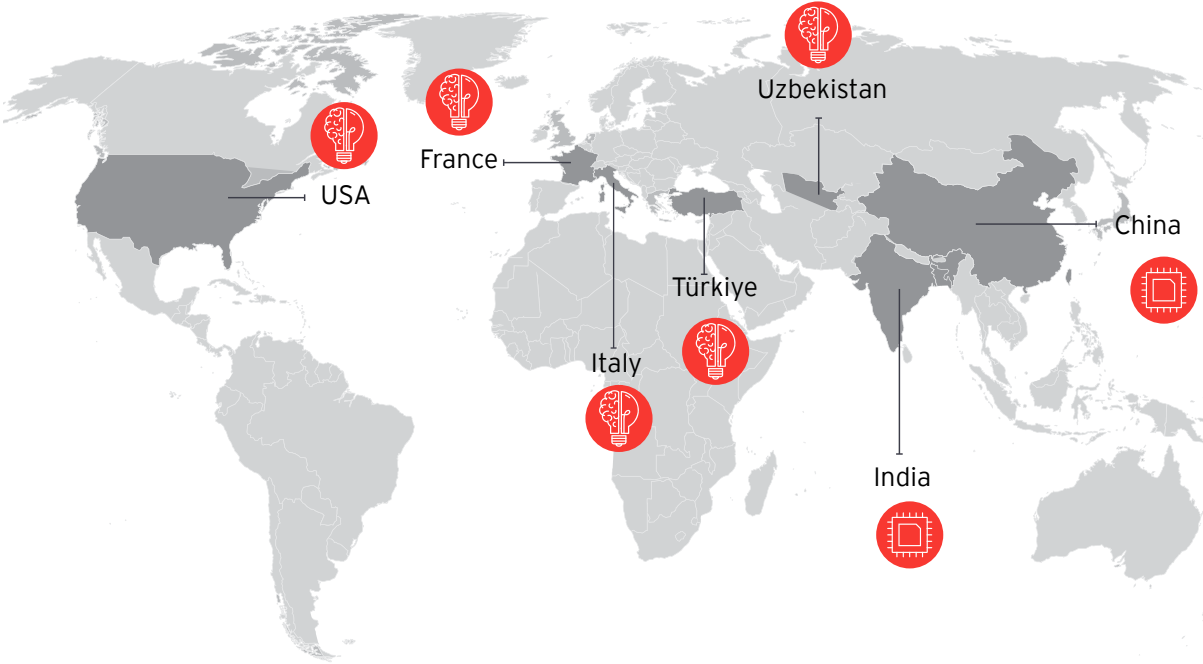
Innovation

Being enterprising and successfully implementing new ideas.



As Daiichi Elektronik, we conduct our operations in 7 countries including Türkiye, China, Italy, India, France, USA and Uzbekistan with more than 160 employees worldwide, where 84% of the employees are located in Türkiye and 16% in locations abroad. You can see our operations, which took place in Türkiye, China, Italy, India, France, USA and Uzbekistan, with the relevant icons according to the type of activity on the map.

DAIICHI INFOTAINMENT SYSTEMS	Employee Distribution	
	Total Number of Employees	Ratio of Total Employees in Locations
Türkiye	139	84%
China	16	10%
Italy	7	4%
India	4	2%



Full compliance with customer expectations



Production Capacity

Our production activities are carried out in our China locations, which is established on an area of **6.400 m²** and with our **500,000** production capacity per month.



Sales & Marketing Activities

Our sales and marketing activities are carried out within the **Türkiye, China, Italy, France, U.S.A and Uzbekistan** offices, reinforcing our vision of being a leading company in our local market.



Market Share

Our company has been maintaining its brand reputation for 21 years with a share of **58%** in tractor sector and **6.6%** in the infotainment systems sector in Türkiye.



Product Quality

With our way of doing business on the basis of customer satisfaction approach, we offer the best quality and cost products to our customers in all markets we serve.

"We will start local production in our Türkiye operations in 2025."



2023 Highlights




Social

We invested more than **14 million TL** in our employees.

We increased training hours per session by **40%.**

We have **no complaints about discrimination.**



Environment

We calculated our **Scope 1, 2 and 3 GHG emissions** for the first time.



Governance

We almost doubled our payments to suppliers as **68,700,414.50 USD** compared to last year.

We published our **first Sustainability Report.**

We have increased our **retained economic value 8 times** in the last 3 years.



Innovation

We started **construction for our new local production facility,** which will support the country's economy and increase local employment.

We invested **70.5 million TL** in R&D, an increase of **231%** compared to previous year.

Ethics and Corporate Governance

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Corporate Governance at Daiichi Elektronik



At Daiichi Elektronik, our commitment to corporate governance is deeply rooted in our history and core values. We believe that strong corporate governance is essential to achieving our mission of promoting continuous improvement and operational excellence. We understand that corporate governance is not just about compliance with regulations; it reflects our dedication to excellence, integrity, and accountability in all our operations.

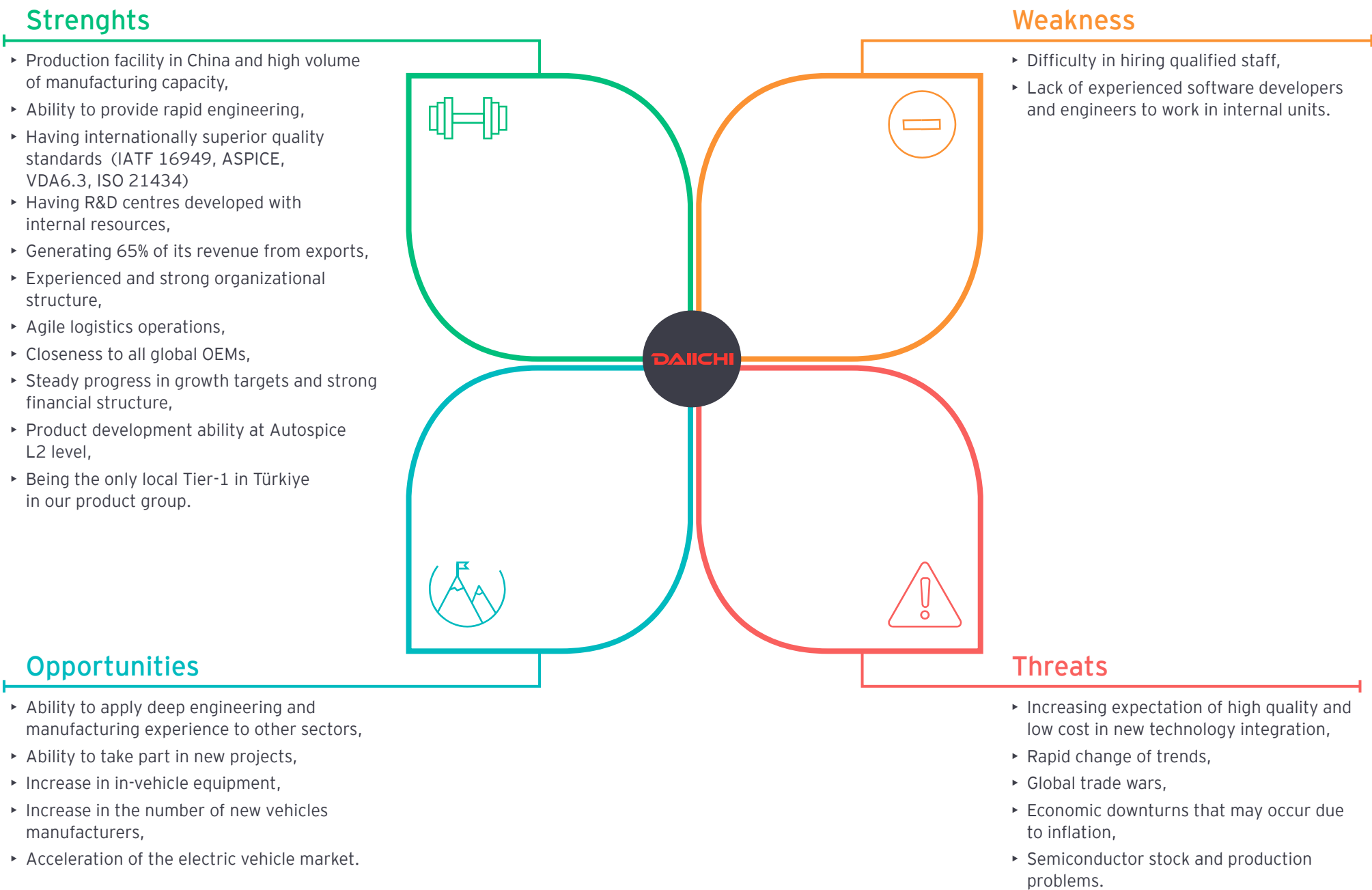
Our corporate governance practices are aligned with our vision, as we diligently work towards transforming our company into a global electronic systems supplier for the automotive industry. As a company, we follow many developments in the OEM sector, such as interior

and exterior developments in the vehicle, updates on autonomous driving, integration of new systems into vehicles and artificial intelligence developments, and we are progressing and constantly improving as a leader in our country. Considering this knowledge, we started our strategy work in 2019 to determine our corporate strategy within the company. With the inclusion of new young talents in 2023, we reduced our focus areas from 6 to 4 which are **People (HR), Customer (Business Development and After Sales), Operational (Logistic, Projects and Finance) and Product Portfolio (R&D)**. Our corporate governance is in line with our strategic themes cultivating robust stakeholder relationships and reinforcing employee commitment.

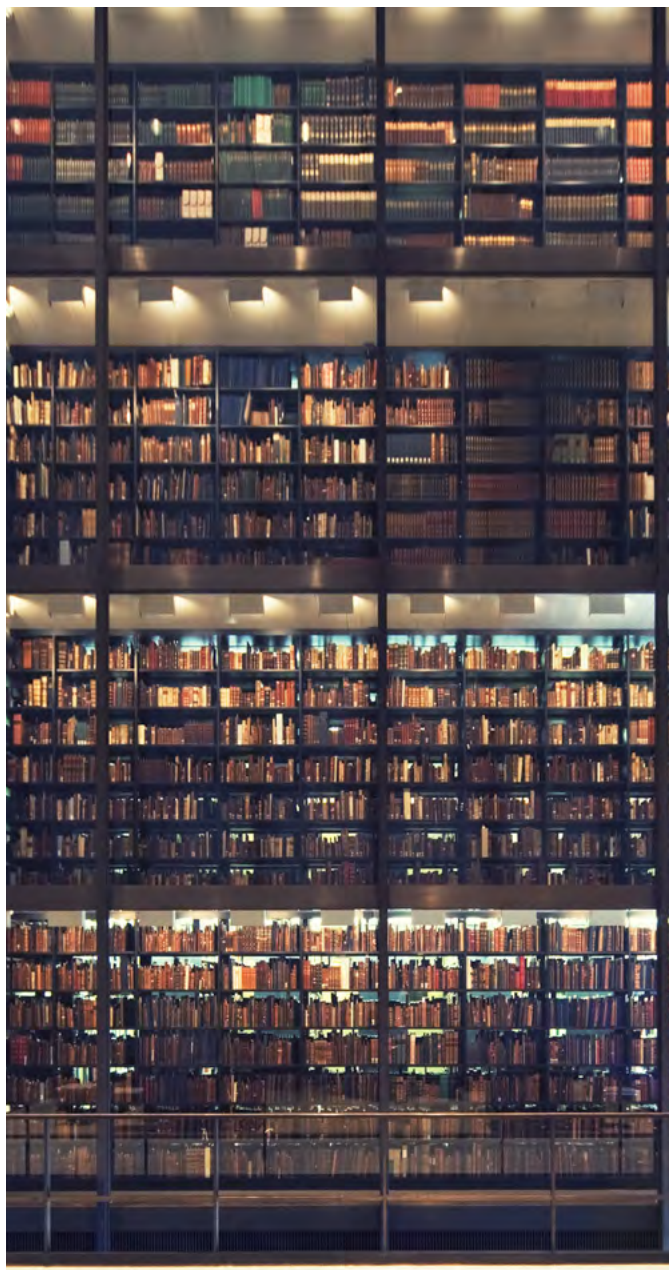
As a part of our corporate governance strategy and to create a holistic approach to safeguarding the well-being of our workforce and ensuring the resilience of our operations, at Daiichi Elektronik, we utilize SWOT analyses and risk analysis planning to identify process-specific risks and opportunities. We follow all developments in competition such as supply problems, global logistics problems, the formation of new competitors and the widespread use of new operating systems and create action plans against them. For more detailed information about our work to ensure the continuity of our supply chain and to prevent disruption of our operations globally, please refer to **Supply Chain Management** section of our report. Also, to address a range of risks, including equipment failures, external interruptions, natural disasters, fires, service interruptions, labor shortages, infrastructure disruptions, and cyberattacks, we maintain robust contingency plans. We integrate these analyses into our Quality Management System (QMS) processes, where risks are assessed. Our top management, with the support of a multidisciplinary team, conducts an annual review and updates our emergency response plan, with clear documentation and authorizations for revisions. This governance ensures that we effectively manage risks while upholding our commitment to customer satisfaction and product integrity.



SWOT Analysis



Corporate Governance



As Daiichi Elektronik, we have established responsibilities and authority in the following areas:

- ▶ Maintaining a strong focus on customer-centric practices throughout the entire organization.
- ▶ Implementation, execution and maintenance of all activities concerning the Occupational Health and Safety, Environment, Education.
- ▶ Ensuring strict compliance with QMS requirements.
- ▶ Guaranteeing that processes consistently yield the desired outcomes.
- ▶ Reporting on operation performances and identifying areas for improvement to senior management.
- ▶ Safeguarding the integrity of the corporate management during the planning and execution of changes.



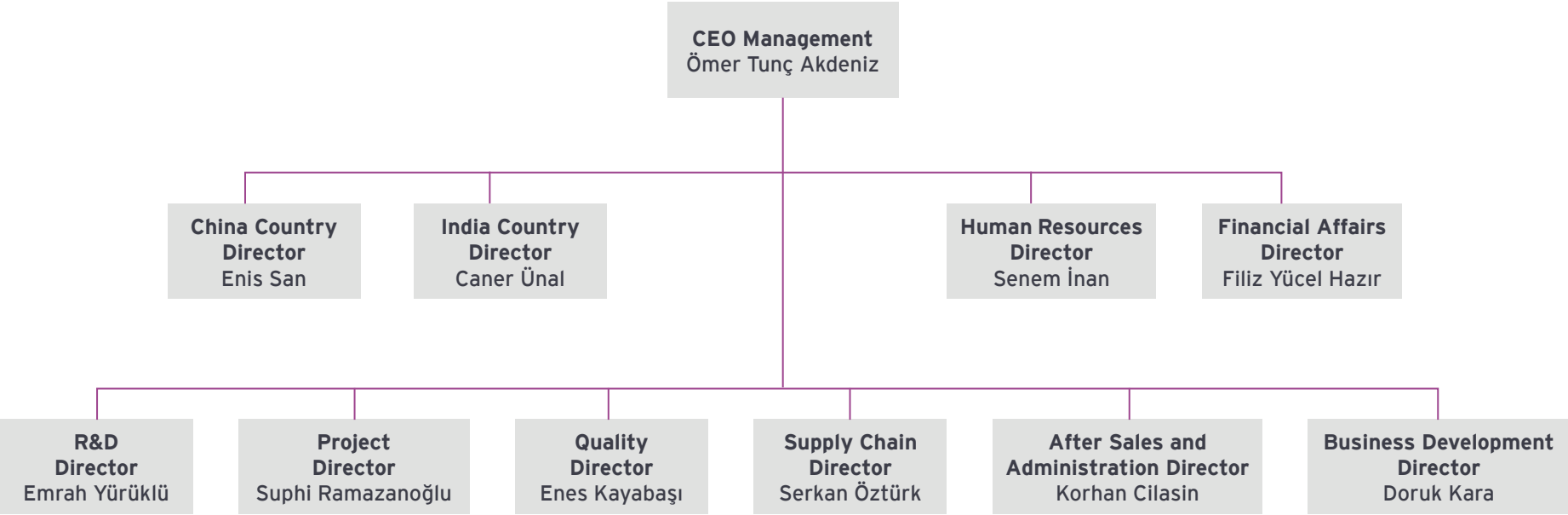
The responsibilities of all individuals who oversee, execute, and validate tasks related to interrelated relationships and their impact are documented in the "Quality Handbook", and communicated within our organization. Senior management has delegated the necessary authority and responsibilities to the Quality Director to ensure these requirements are met. Similarly, the roles and responsibilities related to occupational health and safety (OHS), environmental management, and education are outlined in our "Procedure Occupational Health and Safety". The duties of key Department Managers, OHS Professionals, Human Resources, and Unit Managers. Senior management has strategically delegated authority and responsibilities to the OHS Director, requirements across OHS, environmental practices, and educational initiatives. Human Resources Director is entrusted with the responsibility of managing HR affairs, ensuring alignment with the broader organizational goals set by Board of Directors which is fully authorized to develop, approve and update the organizations' purpose value or mission.

Our senior management has identified key personnel responsible for specific aspects of operations. Additionally, they have provided detailed job descriptions to outline the expectations for each position. These roles and their corresponding responsibilities are outlined in our Organization Chart. In the event of any changes in senior management or designated customer representatives, we promptly communicate these alterations to our customers within 10 business days.



Key Roles and Responsibilities

This table outlines key roles and responsibilities.
Each role is defined by its unique responsibilities and contributions to ensuring high-quality products and processes.



Remuneration for the members of the Board of Directors is evaluated and determined by the major and minor shareholders of the company. Considering the general economic indicators of the country and also the company's P&L, remuneration budget is set up by the top management. Salary surveys from third party institutions are also considered. Final individual remuneration offers by the department heads are presented to the top management's approval.

“Our ratio of the annual total compensation for the organization’s highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 4% according to the data compiled through the annual increase rate tables and the payroll records.”

Risk Management



Our parent company, Doğan Holding, monitors the financial, operational, strategic, information technology, occupational health and safety, and compliance risks of Group companies in line with profitability and sustainability targets, and makes recommendations to Group companies in light of the data obtained. Financial compliance and operational risks, tax, commercial law, and capital market compliance risk management are monitored by the Executive Boards of the Holding and its companies. If necessary, audit and financial audit firms are also included in this risk management process. Doğan Holding and its subsidiaries' risk management function operates as a structure under the Board of Directors. Risks are rated by assessing the impact and likelihood criteria and presented to the Board of Directors through the Committee for Early Detection of Risks along with risk responses. All subsidiaries use Doğan Holding's risk assessment methodology and report their risk responses by updating them to Doğan Holding's Deputy Chairmanship of Audit and Risk Management, and risk management is operated as a standard and holistic function.

Potential risks, current controls, and action plans are also evaluated by the Holding's Executive Board and shared with senior management of Group companies, and the actions taken are followed up. In addition, the Committee for Early Detection of Risks, established by the Board of Directors of Doğan Holding pursuant to Article 378 of Turkish Commercial Code No. 6102, aims to diagnose risks early, to implement necessary measures regarding identified risks, to conduct studies for managing risks, and to review risk management systems at least once a year. Through the Deputy General Directorate of Audit and Risk

Management, established within Karel Inc. in September 2023, the effectiveness, dynamism, and proactiveness of the risk management function is aimed to be increased in Karel and its subsidiaries, including Daiichi. In this context, the risks evaluated by the Upper Management of all business lines and/or functions have also started to be followed by the Deputy General Directorate of Audit and Risk Management.



Global Trends and Updates

We closely follow current developments and trends to adapt our operations to future technologies and to be able to produce solutions beyond our customer's expectations. The trends we gather from research relevant to our industry are as follows:



► The new car developments and production companies are raising along with the development of electric motor technology



► Developments inside and outside the vehicle

- Increase in popularity of digital clusters (in all passenger and commercial vehicles)
- Increase in spread of external mirror camera and screen systems (side camera and display)
- The use of AVAS systems with the proliferation of electric and hybrid vehicles
- Increase in use of wireless chargers, as wireless connectivity features become more common



► Comfort and connectivity

- Connection to Google Assistant and other home applications
- Being able to benefit from service network services through voice commands (access to email, creating a meeting, integration with voice systems)
- Accelerated developments in displays and chipsets for wideband needs and high resolution
- High RAM capacity and high-speed processors



► Autonomous driving (ADAS)

- Vehicle-vehicle connection and information exchange with all connected devices in the vehicle environment for autonomous driving
- AI, artificial intelligence software developments
- Work to enrich driver/infotainment applications with phone applications (driver safety, sleep warning system, receiving body data and ensuring comfortable driving)
- Easy transition to new trends due to HPC structure
- Simplification in device modules



Our Financial Performance



As Daiichi Elektronik, in addition to our activities that serve environmental and social sustainability, we evaluate areas that will increase our development in order to provide sustainable economic value. In this way, we aim to both increase the financial success of our company and contribute to the sustainable economic growth of our country.

	2020	2021	2022	2023
Revenue (Net Sales) - USD	19,053,260.85	43,380,895.76	51,223,888.39	95,068,699.66
Distributed Economic Value - USD	17,002,653.65	37,280,123.59	43,242,392.87	78,796,950.27
Operating Expenses	(1,647,262.54)	(4,966,735.20)	(3,336,803.79)	(4,639,591.73)
Cost of Sales (Payments to Suppliers)	(13,603,119.46)	(30,402,755.02)	(35,333,228.39)	(68,700,414.50)
Employee Expenses and Benefits	(590,874.24)	(1,144,516.01)	(1,456,788.21)	(3,064,331.23)
Bank Interest Expenses (Net)	(521,144.32)	1,547,335.61	(600,242.76)	2,249,064.41
Payments to the Government	(640,253.09)	(2,313,452.97)	(2,515,329.71)	(4,641,677.24)
Retained Economic Value - USD	2,050,607.20	6,100,772.17	7,981,495.52	16,271,749.37



Business Ethics and Transparency

As Daiichi Elektronik, we are following Doğan Holding's ethical principles and policies, and committed to maintaining the highest standards of business ethics. In addition, in our work on the control and restructuring of policies, procedures and regulations with Doğan Holding for the 2024 operating year, we, as Daiichi Elektronik, identified our current situation gaps and talked about the improvements to be made. Apart from our compliance with Doğan Holding umbrella policies (Human Resources, Supply Chain Management, Anti-Bribery and Anti-Corruption Policies, etc.), as Daiichi Elektronik we will create and publish all our necessary policies in the coming years, starting from our material topics.

Our dedication to ethical conduct is embodied in the Daiichi Elektronik Code of Business Ethics, a comprehensive framework that extends to all our stakeholders, including employees, Board Members, Shareholders, Customers, and Suppliers. Rooted in the principles of integrity and responsibility, this code serves as our guideline to ensure ethical interactions with stakeholders. We recognize the importance of a unified approach in fostering ethical behavior. Therefore, every member of the Daiichi Elektronik team, from employees to Board Members, is entrusted with the responsibility of implementing and upholding the Code of Business Ethics in their daily activities.

As Daiichi Elektronik, we follow Doğan Holding's ethical line and principles. All of our employees and stakeholders can report and consult on ethical issues they encounter through the Ethics Line via email (etik@doganholding.com.tr). For further information about the principles and policies we are committed to, please refer all Doğan Holding Policies at the corporate website.

In 2023, we did not receive any notifications regarding to compliance issues via ethics line.

Human Rights & Non-Discrimination Policies

Compliance with both universal and local laws and regulations is integral to our operations. We are committed to conducting all activities in accordance with applicable rules, promoting a culture of legality and accountability. In alignment with universal human rights declarations, we support the United Nations Universal Declaration of Human Rights, the Social Resolution Against Forced Labor, and the International Labor Organization's basic standards. We uphold responsibilities towards our employees by fostering the discrimination-free environment, supporting human rights declarations, providing a safe working environment, and respecting personal and family privacy. We ensure fair recruitment processes, confidentiality of employee information, and adherence to personal rights.

We explicitly prohibit discrimination based on factors such as age, race, gender, belief, language, religion, nationality, marital status, sexual orientation, seniority, political opinion, or disability. This non-discriminatory stance is applied consistently throughout the employment life cycle. The commitment to fair recruitment processes is underscored by our dedication to avoiding favoritism. Selections are made based on the current recruitment criteria, ensuring transparency and fairness in hiring practices.

Employee Well-Being

In alignment with our commitment to ethical business practices and employee well-being, we place paramount emphasis on fostering healthy working conditions. This dedication is reflected in our comprehensive policies that regulate various aspects of our employees' professional lives, ensuring a balanced and supportive work environment. These initiatives include flexible working hours, breaks, annual paid leave, excused leave, and measures to support health during sickness, pregnancy, and maternity.

*For more detailed information about our employee's well-being activities, please refer to **Caring Our Employees section.***





Confidentiality and Trust

We prioritize safeguarding the confidentiality and privacy of employee and customer information. We share such details only within specified authorities and for company purposes. Sharing commercial information with competitors or third parties for personal gain is deemed unacceptable. Departing employees are expected to return all relevant documents obtained during their tenure.

Confidentiality of employee information is another key aspect of our commitment to workforce. We prohibit the sharing of sensitive information, such as salary details, social and fringe benefits, and contract conditions, with third parties without the explicit consent of the employee. This commitment to confidentiality extends to protecting the private and family life of employees, emphasizing a culture of trust and respect within the organization.

As Daiichi Elektronik, we place a strong emphasis on respecting the personal and family privacy of its employees. Personal data is stored and processed in accordance with relevant legislation, notably the "Law on the Protection of Personal Data No. 6698". We ensure that private information is not shared with third parties without the explicit consent and knowledge of the employee, except in cases mandated by legal obligations.

Non-Compliance

We believe that our employees work honestly, represent the company positively, adhere to laws and internal regulations, and maintain respectful behavior. When other incidents occur, they may result in disciplinary penalties, including termination of employment due to violation of our Code of Business Ethics. We want our employees to feel empowered and safe to voice their concerns regarding any unfair or irregular situations that may affect their performance or violate our established ethical standards.

Employee Complaint Reporting Process

We encourage our employees to report any concerns promptly and expect them to share complaints as soon as they become aware of potential misconduct or unfair practices. The reporting process is designed to be fair and impartial, with the best interests of both the individual and the company in mind. Employees who believe they have been victimized by their job, another employee, or any unfair behavior are recommended to follow these steps:

- ▶ Discuss the situation with the immediate supervisor. If the complaint is related to the supervisor, the employee can apply to a higher authority within the company.
- ▶ The company is committed to addressing complaints promptly and thoroughly, ensuring a fair investigation process.

To maintain a culture of integrity and compliance, we have established disciplinary regulations to address non-compliance with ethical standards. These regulations include a range of disciplinary actions based on the severity and repetition of the non-compliance. These encompass measures for maintaining a peaceful work environment and safeguarding both our interests and the well-being of our personnel. The method for disciplinary penalties involves notifying Human Resources, conducting investigations, and recording penalty details in the personnel file. Specific situations that warrant written warnings, wage deductions, or even termination are comprehensively outlined. We also recognize the significance of personal data protection and information security. The disciplinary procedure on Personal Data Protection Law and Information Security covers breaches related to the Information Security Management System. Termination may be considered in cases of serious violations, such as unauthorized data sharing or creating vulnerabilities in data security.



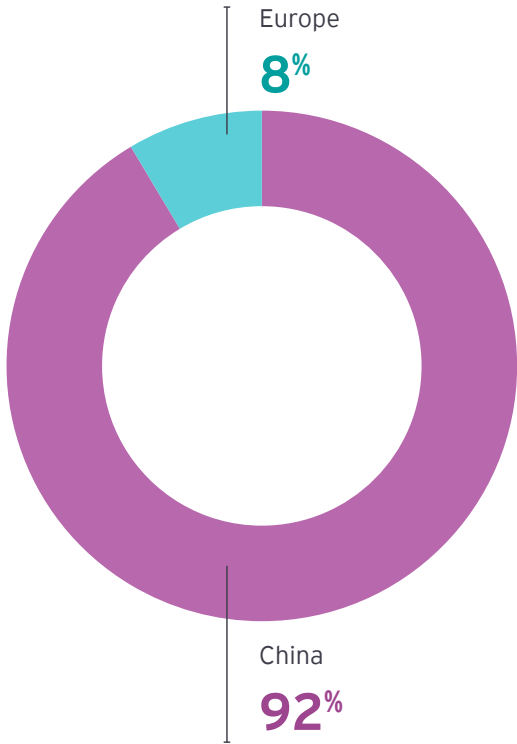
Supply Chain Management

At Daiichi Elektronik, we recognize the profound impact that our supply chain practices can have on both the environment and society. As we embark on our first year of sustainability reporting, our commitment encompasses environmental concerns, social responsibility, governance, and human rights throughout our supply chain. We actively collaborate with our suppliers to enhance their practices, ensuring that our supply chain aligns with our values. We understand the importance of continuous improvement and are committed to evolving our practices, guided by ongoing assessments, audits, risk management, and effective communication with our suppliers. As we move forward, we remain dedicated to achieving a balance that not only minimizes our environmental footprint but also upholds the highest standards of social responsibility and ethical governance.

Responsible procurement practices are a significant part of our value chain, embracing both upstream and downstream operations. This commitment extends from the sourcing of raw materials to the transportation of our products.

“We have 78 suppliers within our global supply chain.”

Cost of Procurement by Geographic Region



“In 2023, we secured goods and services from suppliers amounting to 57.5 M €, reflecting an increase from the 33.2 M in 2022.”

	2021	2022	2023
Cost of Procurement (EUR)	26.5 M	33.2 M	57.5 M
Cost of Transport and Insurance of Supplies (EUR)	2 M	1.8 M	1.6 M

The major portion of our total procurement volume is attributed to the acquisition of raw materials. When we consider the key inputs for the manufacturing of automobiles and auto parts, such as semiconductors, radio, speaker, camera etc., and factor in both our direct raw material purchases and those made by our suppliers, the cost of these materials represents approximately 72% of the final product cost. Beyond their immediate impact, these raw materials play a crucial role in determining the pricing of component groups that heavily rely on these foundational elements.

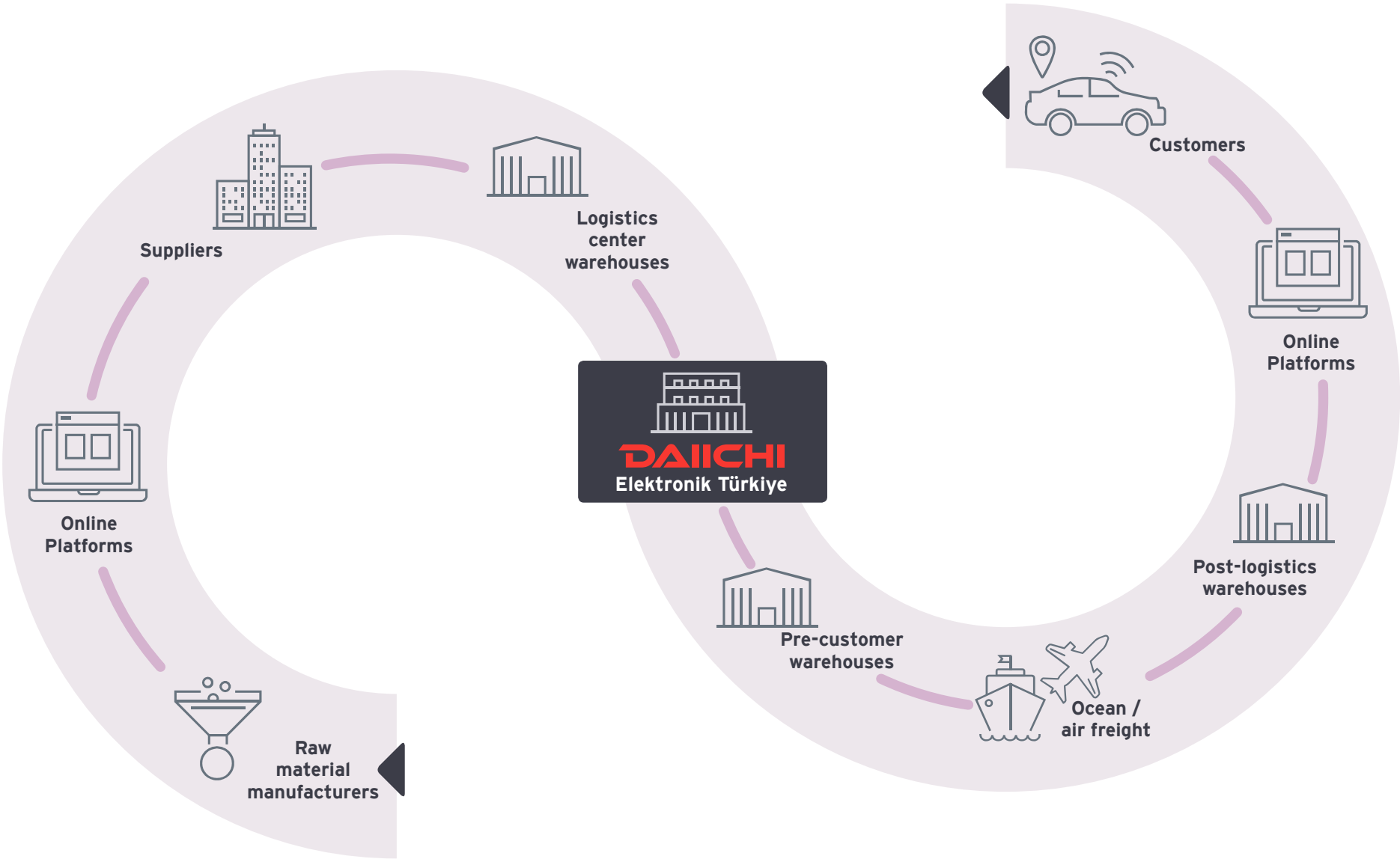
In the year 2023, the breakdown of raw material procurement rates was 62% AV high radios, 15% base radios, 11% antenna and microphone, 9% speaker, and 3% others. This insight underscores the diverse nature of our raw material acquisitions and emphasizes the vital role these elements play in our production processes.



Our Supply Chain Diagram

We guaranteed production with our suppliers scattered in different locations in our supply chain and deliver products on time with our effective ocean and air freight planning. Our online platforms help us understand the wishes of our customers and

make relevant plans for our products and services; it also allows us to follow our supplier evaluations and KPIs defined for suppliers.



Our Understanding of Supply Chain Management While Managing Risks



In recent years, when risks such as pandemic, critical raw materials, chip crisis and global supply chain disruptions have intensified, it has become very difficult to supply with the prediction of 3-4 months offered only by customers in our planning and supply chain management. In order to overcome the difficulties experienced especially during the Pandemic period, with the approval of the management, the 1-year order of critical components was placed in advance, and the average order amounts were calculated based on the order quantities realized until that period, and in this way, production was guaranteed. In addition, safety stocks up to 1 month have been attached to the suppliers in the warehouses of the relevant country.

Customs risks, which are another risk area, include processes such as the withdrawal time of the products coming to the customs to the Turkish warehouse, the number of penalties paid at the customs and the customs clearance processes. **As Daiichi Elektronik, thanks to our effective shipment planning, there is no customs penalty that has been happening in the fiscal year 2023.**



Supplier Engagement

Our commitment to responsible business practices underscores a thorough assessment of our suppliers. We prioritize the evaluation of the labor and human rights practices as well as environmental impacts within our supply chain. By focusing on these critical aspects, we aim to ensure that our procurement activities align with sustainable and ethical standards, contributing to a responsible and resilient global business ecosystem.

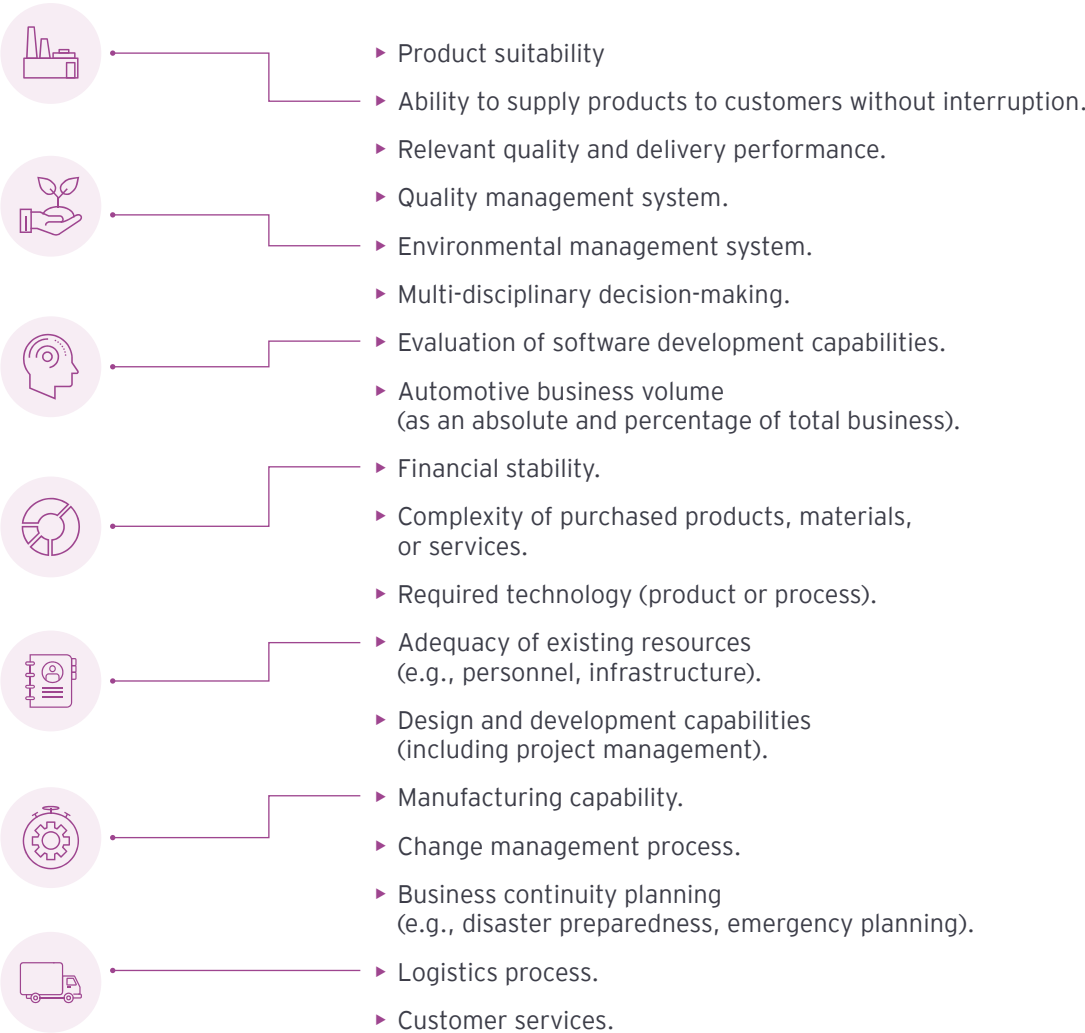
In line with Daiichi Elektronik Employee Regulations, our supplier categorization includes:

- **Approved Supplier:** Suppliers evaluated and deemed sufficient for inclusion in the Approved Seller/Manufacturer List.
- **Candidate Supplier:** Suppliers not yet on the Approved Seller/Manufacturer List, undergoing evaluation or considered for future collaboration.

In the **supplier selection process**, the Business Development department leads, participating in on-site visits or utilizing the Supplier Information Card. We typically obtain three quotes for price comparison, but flexibility exists based on specific needs or strategic considerations. Decision-making authority lies with the General Manager and Business Development.

Criteria for selection suppliers include product suitability, delivery performance, quality and environmental management systems, multidisciplinary decision-making, financial stability.

The following criteria are taken into consideration during the supplier selection process;



In terms of legal and regulatory compliance, the Project department communicates customer-defined legal requirements to suppliers. Special checks are applied during the product introduction stage, and critical raw material suppliers undergo scrutiny by Project Managers using the "IMDS" system.

For supplier development, manufacturing suppliers impacting the product must hold the IATF 16949:2015 certificate, with compliance with ISO 9001 being mandatory. In the absence of IATF 16949, audits are conducted for ISO 9001. Subcontractors need ISO 14001:2015 certification or are evaluated through the Daiichi Elektronik Corporate Social Responsibility Survey to foster development through certification and compliance.

The Daiichi Elektronik Corporate Social Responsibility Survey incorporates a comprehensive set of questions to evaluate and ensure the commitment of suppliers and subcontractors to environmental, health, and safety standards. Key inquiries encompass the attainment of ISO 14001 and ISO 45001 certifications, the existence of established rules and procedures for Environmental Health and Safety, the conduct of root cause analyses after work accidents, and the observance of sustainability requirements. The survey delves into supplier selection processes, emphasizing the examination of certificates demonstrating compliance with environmental and occupational safety standards. Additionally, it explores the presence of dedicated departments or responsible individuals for Environmental Health and Safety issues, the implementation of educational activities to promote awareness, and the regularity of audits to monitor compliance. The survey further addresses risk analysis for Occupational Health and Safety, the utilization of internal audits to ensure legal compliance, and the establishment of teams for investigating work accidents and hazardous situations.

Continuous scrutiny of supplier performance occurs with reports generated every six months. While analyzing the performance of the suppliers, we evaluate them from the perspective of "deadline, damage and documents" by looking at whether they are delivered on time, whether any damage has occurred and whether the integrity of the relevant documents is ensured. The Quality and Sustainability, Logistics, and Planning Department and Project team collaborate on Supplier Performance Evaluation Reports. Service providers undergo annual evaluations using a designated form.

Evaluation scores guide the course of action: inadequate suppliers face termination, those in the middle range undergo negotiations for improvement, while high-scoring suppliers continue collaboration:

- **A Group Supplier:** The expected and desired level of performance is audited annually in accordance with the Audit Plan (F8.01-1D), as per IATF 16949:2016 and customer requirements.
- **B Group Supplier:** On-site process/system monitoring is conducted, or a detailed action plan is requested from the supplier. Audits are performed every 6 months, aligning with IATF 16949:2016 and customer requirements outlined in the Audit Plan (F8.01-1D).
- **C Group Supplier:** It is not recommended to engage with new projects as a supplier. Instead, alternative suppliers are explored. Audits are conducted, in accordance with IATF 16949:2016 and customer requirements specified in the Audit Plan (F8.01-1D), at a maximum interval of 4 months, including product and process validation. Suppliers are given a maximum of 4 months to improve their scores. If not, and if there is no alternative supplier, a supplier search is initiated. If an alternative supplier exists, all orders are transferred to the alternative supplier. This decision is documented in a meeting record.

“In 2023, 34 % of our suppliers are A group suppliers, 42 % are B group suppliers and 24 % are C group suppliers”

Supplier Selection and Development Process



Customer Relations and Product Quality



We are committed to delivering top-quality products through our supply chain and providing exceptional service to our customers. Our continuous improvement initiatives for quality and service are guided by valuable insights gathered from conducted surveys, which include EcoVadis, SAQ, and internally prepared assessments.

For more detailed information, please refer to the **Customer Satisfaction** chapter for details on customer satisfaction and the **Product Quality** section for comprehensive information on product quality.



Sustainability Approach

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Stakeholder Engagement

As Daiichi Elektronik, we are dedicated to meeting the needs and expectations of a diverse array of stakeholders, which include employees, executives (directors), oversea employees, upper management (c-level), suppliers, customers, shareholders & investors, financial institutions, testing and laboratory organizations, certification body, educational institutions, public authorities, NGOs, and media. We engage with these stakeholders applying 360-degree stakeholder approach, prioritizing, transparent, and open and continious communication. In a landscape marked by various challenges such as increasing inequalities, climate change, and natural disasters, effective stakeholder management has become crucial for navigating the complexities of our business environment. Our success relies on fostering collaborations and ensuring timely engagements with stakeholders relevant to our operations. We systematically identify and address their expectations, continuously assess the outcomes of our engagements against planned initiatives, and measure stakeholder sentiments through a robust management system that includes periodic surveys. We track various aspects of engagement, such as the type and frequency of engagement, to ensure a comprehensive understanding of our interactions. Our ultimate objective extends beyond organizational success; we aim to be recognized as a credible and forward-thinking partner, committed to delivering optimal solutions and making substantial contributions to shared objectives.

Stakeholder	Type of Engagement	Frequency of Engagement
Employees	Employee Opinion surveys, focus group activities, social gatherings, trainings, internal communication activities	Throughout the year
Executives (Directors)	Strategy meetings	Weekly and monthly
Oversea employees	Employee Opinion surveys, focus group activities	Throughout the year
Upper Management (C-level)	Strategy meetings	Weekly and monthly
Suppliers	Supplier Quality surveys, Social Responsibility surveys, meetings	Annual
Customers	Tech days, meetings	Twice a year at least
Shareholders & Investors	Activity reports, meetings	Throughout the year
Financial Institutions	External audits	Quarterly, annual
Testing and Laboratory Organizations	Project validation phase	On demand
Certification Body	Certification audits	Annual or biannual
Educational Institutions	Career days, trainee programs	Annual or quarterly
Public Authorities	Networking activities, meetings	On demand
NGOs	Visits, meetings	Throughout the year
Media	Press releases	On demand

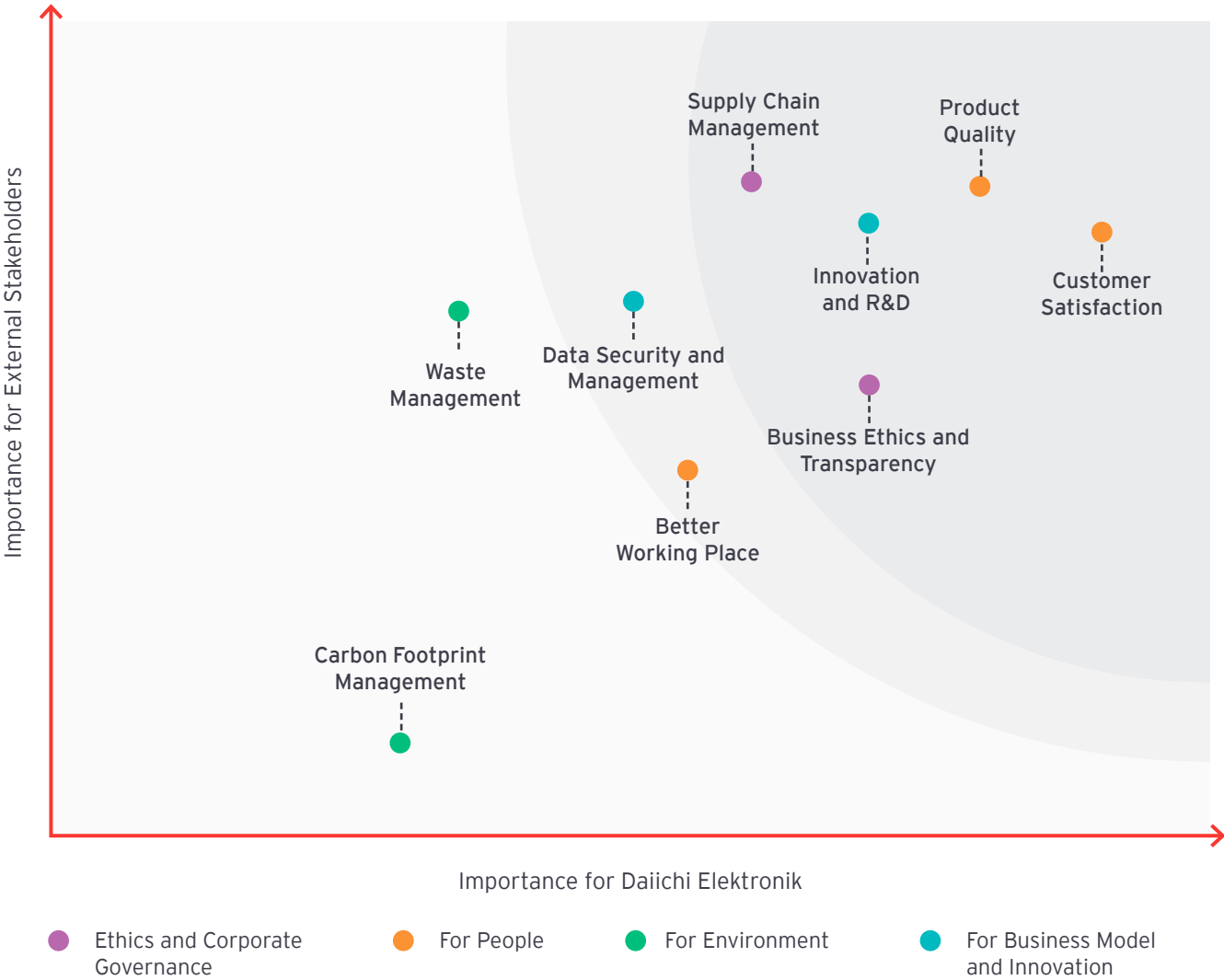


Materiality Analysis

As Daiichi Elektronik, we are excited to share our Materiality Matrix along with our first sustainability report. By tracking prominent trends, risks and opportunities in the industry, stakeholder expectations, and staying informed about updated regulations and directives, we have identified 10 material topics across 4 main themes. In determining these topics, we have also included sector-specific sustainability related topics recommended in **SASB Standards**. While establishing the order of importance for these topics, we have taken into consideration the valuable input of our stakeholders. Through surveys we conducted with all our stakeholders, we received a total response of 74% from our employees, 83% from our executives, 100% from our upper management, 26% from our suppliers, 75% from our customers, 50% from financial institutions, 29% from testing and laboratory organizations and 33% from certification bodies. As an outcome, we have gained insights into the opinions, expectations, and needs of our external and internal stakeholders regarding these topics. We will continue our efforts to increase survey responses and stakeholder feedbacks for our matrix, which we plan to update over the coming years through surveys.

Following the analyses and survey findings, we have identified and shared the material topics of our company in the **2023 Materiality Matrix**.

Daiichi Elektronik Materiality Matrix




Annual Sustainability Targets



Social


Employee satisfaction rate
> 80%

Monthly training per person
> 3.5 hours



Environment

Total water consumption < 52 m³	Monthly water consumption per person < 1 m³
Monthly paper usage per person < 0.08 box	Monthly electricity usage < 5,700 kWh
Packaging material usage per unit < 0.06 kg	Monthly electronic waste < 75 kg
Monthly metal waste < 25 kg	Monthly plastic waste < 10 kg
0 Environmental accident	0 Environmental complaint



Quality

Minimum
6
internal auditors

Ratio of product failure cost to revenue
< 1%



For People

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Ethics and Corporate Governance

Sustainability Approach

For People

For Environment

For Business Model and Innovation

Annex

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS



Caring Our Employees

As Daiichi Elektronik, in line with one of our strategic themes **"People (HR)"**, we care about the synergy of both individuals and working groups in terms of the team spirit created, and we support employees in revealing their full potential thanks to our effective talent management. Thus, we prioritize creating a **human-oriented business environment** in our way of doing business.

*For more detailed information about the age, gender and blue-white collar etc. numbers of our employees, please refer to **Social Performance Indicators** tables in **Annex**.*

We continue to maintain our sector leadership in our local economy with the dedication of our experts who come together for a common purpose and our dynamic engineering culture. For this reason, it is one of our most important responsibilities to provide a working environment where all our employees feel comfortable, safe and happy. It is among our duties to create and offer equal opportunities to our employees without any discrimination, to support them from the recruitment processes and to manage all processes in accordance with legal regulations. Similarly, the well-being of employees, people and communities is the most meaningful part of our Earth's sustainability journey. For this reason, we believe that the new business practices and understandings we will develop within the scope of the concept of sustainability will also contribute to the happiness of our employees, **who are our most valuable assets**.

Providing human resources and recruiting contributes to Daiichi Elektronik by ensuring we have the right capabilities at the right time. **An impartial and equal approach is shown to all candidates. There is no discrimination in terms of age, gender, nationality, physical disability or similar conditions.** Individuals are selected and evaluated based on their values and skills for the job involved. Hired personnel are subject to an 8-week probationary period. After the probationary period, we implement job-specific Orientation Program in order to adapt the recruited personnel to the workplace.

Annual paid leave is given to our personnel who have worked at least one year from the day they started to work, including the trial period. Annual paid leave periods are applied as follows according to the employment dates of the employees and the period of service they have completed; 14 working days for those who have completed 1-5 full years of seniority, 20 working days for those who have completed 6-14 full years of seniority and those who have 15 full years of seniority, or more are given 26 working days of annual paid leave. Paid excused leave is given to our personnel, to be limited to the reasons of marriage of the personnel 3 consecutive calendar days, 5 consecutive calendar days in case the spouse of the personnel gives birth, and 3 consecutive calendar days in case of the death of the mother, father, sibling, spouse or children of the personnel. In case of pregnancy and maternity, we act according to the Labor Law. In 2023, all of our employees who took parental leave, returned to work life at Daiichi Elektronik.

Benefits are applied same for all our employees. There is no difference on practices. As Daiichi Elektronik, we aim to increase our employees' performance, attract, retain and motivate talent with our remuneration principles. Our total salary increase budget is determined by our Board of Directors at the beginning of each year, considering the general economic situation of the company and the country and becomes effective in January of the following year. Depending on the achievement of our financial and strategic goals, the Company Management may apply a bonus system to all or some of the personnel within the framework of the principles it has determined, according to the performance results of the personnel.

Personnel (including spouse and children) who complete the 2-month trial period are included in the supplementary health insurance. An extra 1 day of paid leave is given to the staff on their birthdays. The staff can use this leave on their birthday or later, whenever they see fit. During religious holidays (Ramadan, Sacrifice) and New Year's Eve, we give our employees shopping/gift checks in an amount to be determined by our Management according to the conditions of the day. As Daiichi Elektronik, in 2023, we paid a total of **14,367,724 TL** to our employees, including New Year's checks, religious holiday checks, R&D performance payment, complementary health insurance, service and meal benefit fees.

The Daiichi Elektronik Personnel Regulation document defines our HR processes, policies and principles and is mandatory for all our employees to comply with.

"We spent a total of TL 14,367,724 for our employees in 2023. "



Talent and Career Development

Being people-oriented, we prioritize the well-being, motivation, and overall experience of our employees, recognizing them as individuals and as part of a collective whole. Our commitment extends to developing their full potential, managing talent effectively, and creating a human-centric workplace that fosters growth.

Employee Training and Development

As one of our strategic themes at Daiichi Elektronik, our focus on people (HR) involves, Training and Development initiative that aims for cultivating and refreshing skills and capabilities. The acquisition of the right capabilities at the right time and continuous adaptation to our ever-evolving business environment are vital components of our success. We remain committed to a policy that encourages our employees to engage in internal and external training programs, aligning with the institution's objectives. As part of our commitment to continuous learning and development, The Board of Directors may, at their discretion, grant Paid/Unpaid Leave to our employees seeking time off for educational purposes.

Aligned with our corporate culture, strategies, and Human Resources policies, training and development needs are identified within the framework of individual performance and competency evaluations and in line with the evolving demands of our roles. Our employees are encouraged to actively participate in training and development practices aimed at elevating their knowledge and skills, thereby enhancing performance and competencies. This commitment is a shared responsibility between Daiichi Elektronik, department supervisors, and our valued personnel. To ensure transparency, records related to the training and development of our personnel are recorded, either electronically or in the Personnel File, depending on their nature.

Performance Evaluation for Continuous Improvement

After setting annual targets and development activities for each employee, we monitor target realizations at 6 and 12-month intervals. The "Performance Evaluation" and "Performance Monitoring Interview" take place take place informally by the department heads at least once a year, fostering open communication and alignment with our sustainability goals.

By the end of January each year, department managers engage in face-to-face meetings with their personnel to assess the previous year, setting the stage for collaborative goal setting for the upcoming year. Agreed-upon targets are documented in the Performance Evaluation Form, signed, and approved by both the Department Supervisor and the employee, fostering a culture of accountability. With a mid-year evaluation, we allow for a reflective assessment of performance targets, enabling corrective measures or target revisions if needed. We communicate the results of the performance evaluation period transparently with our employee, influencing salary increases, personal development planning, transitions to new duties, and the continuation of employment contracts. We reward and appreciate the performance of our employees that provides measurable benefits and savings to support our goals, increases commitment, motivation and productivity in line with our policy.

"As Daiichi Elektronik, we are ensuring our employees the opportunity to take certification in scope of project management giving by Project Management Institute as an active participant."

Within the scope of our Talent Management, we made performance evaluations for a total of 26 people in 2023, including General Manager, Directors and Senior. **The ratio of employees who received performance evaluation to total employees is 34.58%.**

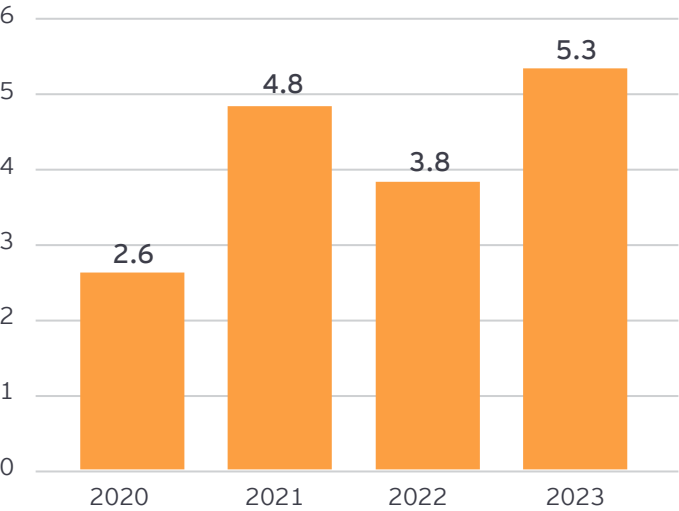
While designing training plans to be provided for individual development, we continue to work with Doğan Holding Training Directorate and Baltaş Group. With the pilot study prepared within the scope of the 2024 Talent Management targets, training cards will be created on a company-wide, departmental and individual basis.

In 2023, our training initiatives have been increased and with a 40% increase, everyone now benefiting from 5.3 hours of training per session.

"For 2024, we aim to conduct performance evaluations for all our subsidiaries."



Training Hours per Person

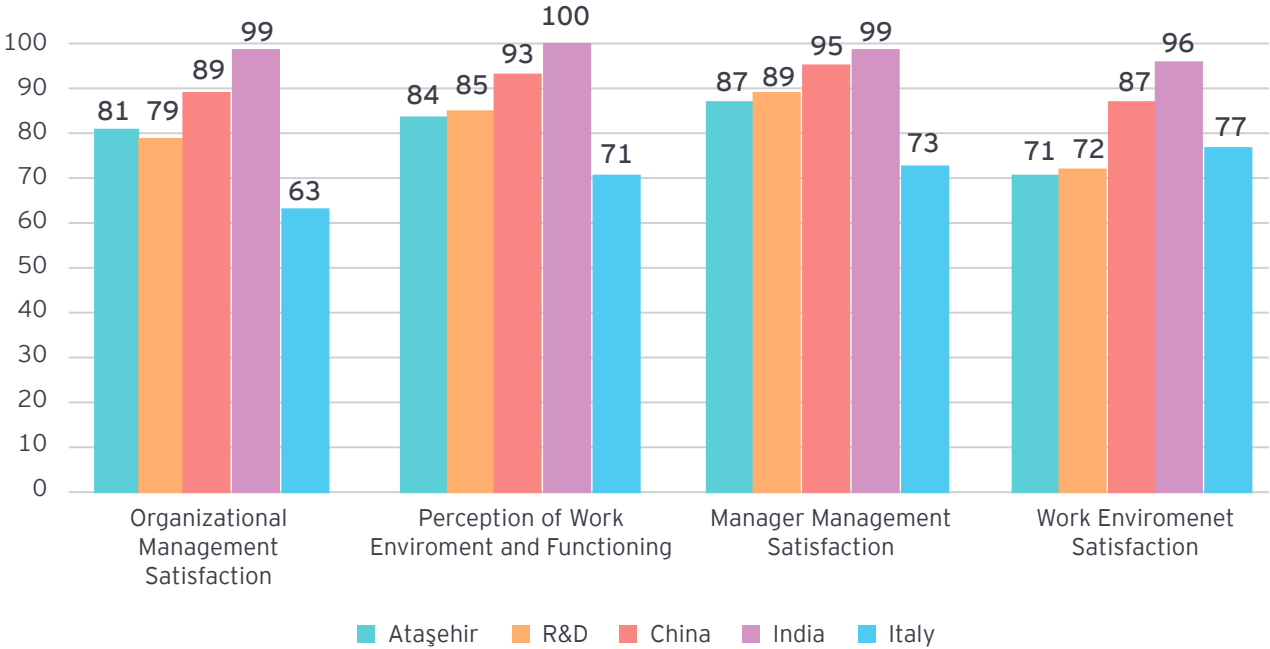


Employee satisfaction

Prioritizing employee happiness, our commitment to being an accessible employer includes fair improvement of employee rights, implementing work-life balance practices, and investing in technological infrastructure for a healthy work environment. We conduct Employee Satisfaction Surveys across our global locations, including Türkiye, China, India, and Italy. These surveys help us assess and enhance the well-being and engagement of our employees worldwide.

“There are improved results in the field of "Conditions Provided in the Workplace" and "Managerial Management Satisfaction" topic in Türkiye operations.”

Employee Satisfaction Rate



In line with our short-term plans for 2023, we have implemented measures to enhance benefits and compensations, facilitate the transition to hybrid work, and elevate overall employee satisfaction and commitment across Daiichi Elektronik and its subsidiaries.

What's Next?

2024 HR ROADMAP

1.

Team Building Events - Outdoor Activities and Town Hall Meeting
2.

Performance Evaluation System - Employee Score Card
3.

Daiichi Elektronik Engineering School - Young Talent Academy
4.

Employee Rewarding - Values Awards
5.

Social Responsibility Projects
6.

Sustainability



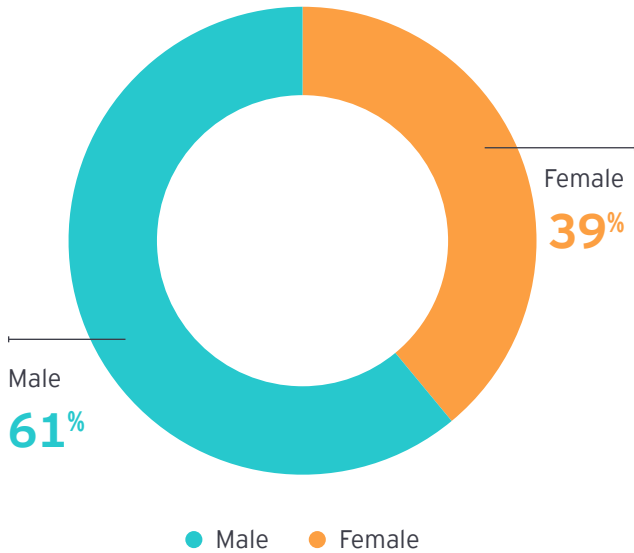
Diversity, Equality and Inclusion

At Daiichi Elektronik, we have included a policy of non-discrimination among all our employees and job applicants. We do not discriminate our employees based on age, race, gender, belief, language, religion, nationality, marital status, sexual orientation, seniority, political opinion, or disability. We apply this understanding in all conditions such as recruitment, promotion, termination, transfer, leave, wage and training. We support **the United Nations Universal Declaration of Human Rights, the Social Resolution Against Forced Labor, and the International Labor Organization's basic standards on forced labor, child labor, freedom of association and discrimination.** We do not support any activities related to modern slavery and human trafficking.

In line with our principles of creating common value and inclusion, we carry out studies to support women, men and every individual in the disadvantaged group under equal conditions and do not allow any form of verbal or physical harassment in the workplace. We believe that an employee's complaint should be dealt with promptly and fairly, in the best interests of both the individual and the company. Employees are expected to share their complaints as soon as they think or feel that there is an unfair or irregular situation that affects their performance. Although **there are no complaints about discrimination in 2023**, in case of company-wide discrimination and behavior against human dignity, our employees contact the ethics committee via the e-mail address **"etik@doganholding.com.tr"**.

In 2023, the percentage of our female employees to total employees is 39%. This year, 20 of our 68 newly recruited employees are women. In addition, percentage of female employees within the upper management team to total employees is 7% while percentage of male employees is 11%. **In the upcoming periods, we will take necessary actions to increase the percentage of female employees within the company and at the management level.**

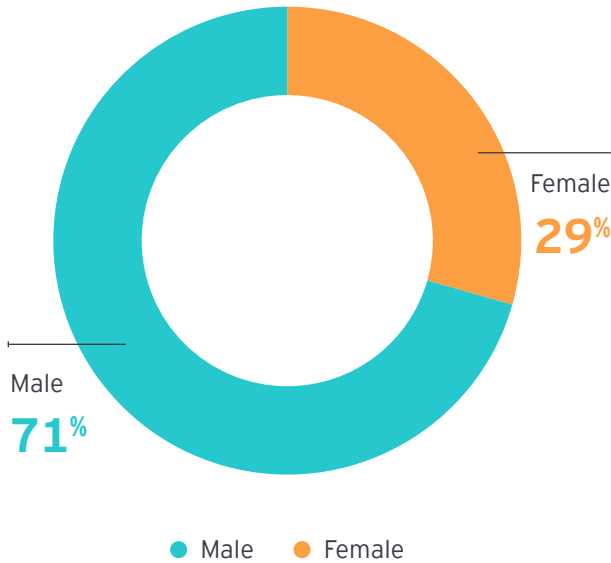
Percentage of total employees by gender



On the other hand, we have some inclusive plans to **recruit young talents** to the company and ensure their professional development, which is valuable in order to reinforcing the dynamic culture. In this direction, to promote Daiichi Elektronik by participating in career days of various universities; to organize workshops and seminars together with those who work academically and technically within our company; to stay in touch with the internship portals of universities and making long-term job offers to high-performance young talents during the internship are among our inclusive priorities.

We also prioritize the celebration of some special days in order to raise awareness of equality, diversity and inclusion culture among our employees. At this point, **for March 8, International Women's Day**, we support our employees to

Percentage of new employee hires during the reporting period by gender



conduct research on the subject by providing opportunities such as access to online resources on a global scale. As our goal for 2024, we plan to offer a **Medical Examination** package for female diseases that our female employees can benefit once a year from free of charge. For **International Women in Engineering Day**, we are ensuring to make female employees feel valued by awarding and announcing of their success within their career development. We also celebrate **Autism Awareness Day** to raise awareness and donate to charities and organizations that support individuals with autism such as **Otizmli Bireyleri Destekleme Vakfı (OBİDEV)**. Further, we are planning to support girl child education and donate **Kız Çocukları Eğitim Derneği (KIZÇEVDER)** in the upcoming periods.



Occupational Health and Safety



As Daiichi Elektronik, we care about the occupational health and safety of our employees, and we consider it one of our most basic responsibilities to create a working environment that meets all legal and corporate working conditions which the personnel are obliged to comply in all our offices and factories to ensure continuity. As detailed in our **Occupational Health and Safety Procedure**, while it is necessary as a business condition for all employees to develop and practice safe work habits, we are developing safety and health activities to prevent and eliminate hazards in cooperation with our **Occupational Health and Safety Committee and supervisors**. Our department managers and OHS professionals are responsible for implementation, execution and maintenance of all activities described in the Occupational Health and Safety Procedure and to ensure its continuity across the relevant location/department. **The Employee Representative**, who is selected from among the employees, is responsible for participating in studies related to occupational health and safety, monitoring the studies, requesting measures to be taken to make offers and to represent employees on similar issues. Also, OHS training is given to all personnel who will start their new job. These trainings are given to the relevant unit managers and employees on time by the OHS expert with a **"Training Announcement"**. We describe OHS training in 3 main categories;

- ▶ **General topics** such as OHS issues,
- ▶ **Health topics** such as occupational diseases, first aid,
- ▶ **Technical topics** such as ergonomics, electrical hazards, lifting, work accidents, explosions, chemical materials, H&S signs, PPE, evacuation and rescue.

"In 2023, we provided 232 hours of Occupational Health and Safety training to all our employees."

"In 2023, there is no fatalities as a result of work-related injury, nor high-consequence work-related injuries."

While related information is collected monthly, Occupational Health and Safety Committee meetings hold in every 2 months. In these meetings, an annual report on the health and safety situation of the workplace is prepared, the work of that year is evaluated, the issues to be included in the next year's work program and the agenda are determined according to the experience gained, a proposal is made to the employer, the execution and implementation of the planned agenda is evaluated.

All our employees have signed an OHS contract, which includes their responsibilities on OHS issues, and these contracts included in their personal files. If the employee's job requires it, we provide the appropriate Personal Protective Equipment (PPE). Failure to wear the required PPE may result in corrective action, warning, or in some cases, termination of employment. In addition, we carry out periodic checks of the machines before and after the OHS Professionals and the Related Technical Unit.

In order to promote worker health, addition to the complementary health insurance, employees put in a detailed health check in every 3 years, provided by our company.



Caring Our Customers

Product Quality

As Daiichi Elektronik, we continue our work with a wide range of products, including new target product groups in addition to our existing product portfolio in a wide geography extending from America to Europe, from China to India. We carry out the sales of our products, which are developed by our R&D teams by complying with the legal security regulations of all countries we operate on one hand and considering the market and customer expectations on the other.

In order to meet customer expectations and make customer collaborations sustainable, we develop our **Quality Management System**, which is implemented with the **'Plan-Do-Check-Take Action'** methodology and adopt a process approach that continuously improves our way of doing business. Our **International Standard for Automotive Quality Management Systems (IATF) 16949:2016** and **International Standards Organization (ISO) 9001:2015** standards guide us in all these processes. Our Quality Management System covers all our company employees, our contractors operating within or outside the boundaries of the factories, and the firms serving in our supply chain system.



By assuming responsibility for the operation of our Quality Management System, our company's upper management does not compromise on the compatibility of our **Daiichi Elektronik Quality Policy** with our quality goals and company strategy and its integration into our way of doing business. Our upper management encourages employees and improvement processes by supporting the use of a process approach and risk-based thinking. Thus, it is ensured that the performance of our company is continuously improved by increasing customer satisfaction and employee development.

At this point, we provide our company employees with the necessary trainings on the **effects on product quality, customer requirements, risks related to the product that is not suitable for the customer, and maintaining the quality culture**, and we ensure that quality awareness is spread. In addition, adhering to the conditions of global quality and environmental protection management systems and other legal responsibilities, continuously improving our understanding of quality with the participation of all our expert employees and distinguished suppliers, ensuring the creation that can measure the quality level from the customer's point of view, and periodically determining strategies and targets are the steps we have developed within the framework of our quality policy.

*For detailed information, please refer to our **Daiichi Elektronik Quality Policy.***

"In 2023, we provided 334 hours of Product Quality training to all our employees."



While planning our Quality Management System, we integrate the potential risks and opportunities that we have identified through SWOT analysis and risk analysis planning into the Quality Management System processes in order to prevent or reduce undesirable effects and to enable improvement. We create emergency plans and protective measure plans by including the results we draw from our **product analysis, product inspections, field returns and repairs, complaints, scrap and reprocessing** in risk analysis. We review our emergency plans at least once a year with the involvement of upper management and make the necessary updates.

We set our **Quality Targets** to meet the needs and expectations of the business, employees and customers for the next year. By periodically monitoring our targets within the framework of certain criteria, we investigate the differences and justifications between the actual performance and the targets. We share our findings in our regular review meetings.

As Daiichi Elektronik, we carry out the minimum number of audits per year defined by our company with the list of qualified internal auditors we have created and maintain knowledge of the relevant requirements based on internal changes (e.g., process technology, product technology) and external changes (e.g., ISO 9001, IATF 16949, basic technical manuals and customer-specific requests). In our process audits, we audit the efficiency and effectiveness of all production processes according to our Internal Audit Plan prepared by our Quality Manager, considering customer expectations. We plan our **Internal Audit Plan** on a shift basis for each production process and carry out audits on the entire shift. We carry out our product inspections at appropriate production stages by using customer special requests approaches.

IATF 16949:2016 certificate is mandatory in our OEM supplier selection. Our audit is carried out according to IATF 16949:2016 and customer requirements, and priority is given to customer special requests.

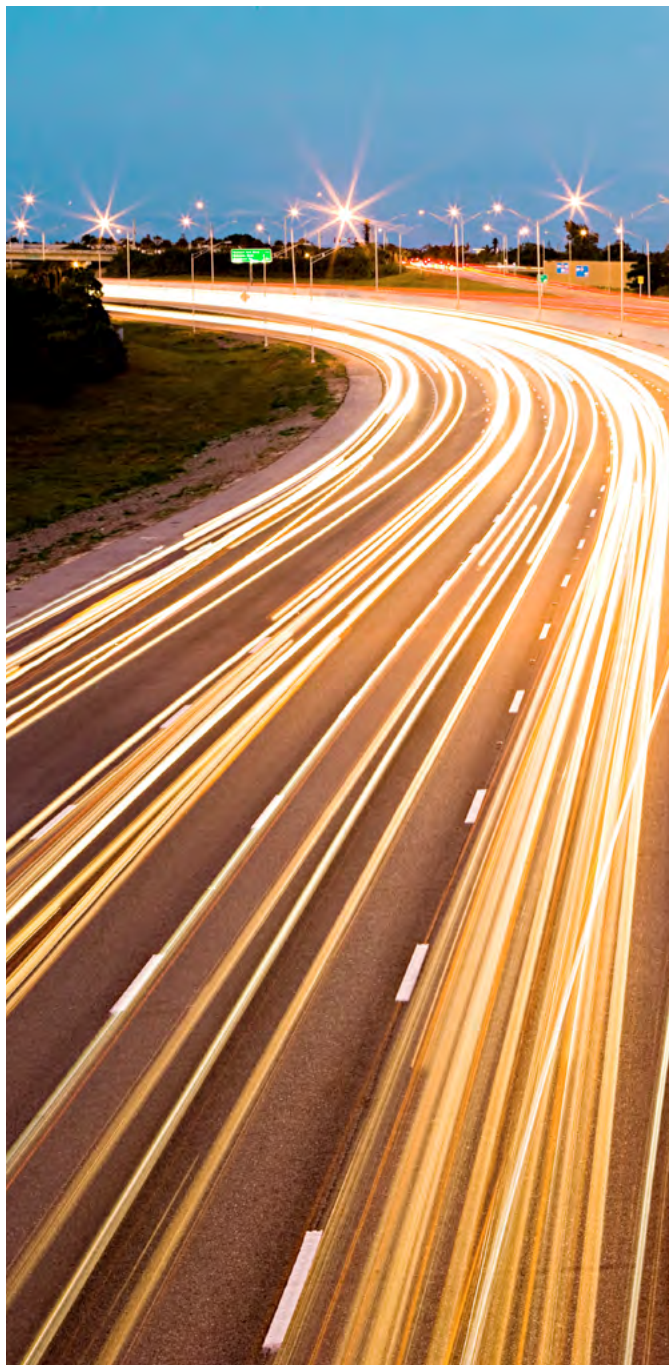
Our Supplier Audit Plan is prepared annually by our Quality Director. In our supplier evaluations, we create a supplier class by measuring product safety/regulatory requirements, supplier performance and Quality Management System certification levels. We require our automotive product and service suppliers to implement and develop an **ISO 9001 certified quality management system**, unless otherwise specified by our customers. At this point, we require compliance with ISO 9001 in line with second-party audits and, if possible, steps leading to **IATF 16949 certification**. In terms of software procurement, we request our priority suppliers to evaluate their software development capabilities themselves and maintain their evaluation documents, with the prioritization method based on risk and potential customer impact.

If there is a non-conformity in our products, services, or systems with a defined acceptance criterion we resort to temporary and instant "correction" solutions. After the "correction", we examine the situation with root cause analysis and produce a permanent solution. If we decide that the solution is sufficient and effective, we make it a standard practice. If this practice prevents the recurrence of the nonconformity we have encountered, we qualify it as a **"corrective preventive action"** (CAP).

As Daiichi Elektronik, we have set ourselves a product quality target to ensure that the ratio of costs resulting from product failure to our total revenue is less than 1%, and we continue our efforts to carry out the highest quality processes and produce products to achieve this target.

"We reduced the ratio of product failure costs to revenue by 22%, reaching 0.94% in 2023."





Customer Satisfaction

As Daiichi Elektronik, our goal is to maintain our sector leadership by unconditionally satisfying our customers in terms of **quality, logistics** and **price**. For this reason, it is one of our priorities to develop constructive relations with our customers and to fully implement customer requirements. In order to increase customer satisfaction, our company's upper management personally deals with **shipment performance, customer complaints, line and warranty returns, including extra freight charges**. In addition, we monitor the performance of production processes to demonstrate our compliance with the customer's requirements without compromising product quality and process efficiency.

Our customer-oriented approach requires us to consider the specific characteristics of the product determined by our customers. Thus, it expands our existing product portfolio and contributes positively to our company strategy for launching new products. Another effect of our customer-oriented approach is that we purchase products, materials and services from the supplier sources chosen by the customer. Thus, by expanding our Approved Suppliers List, we add new collaborations to our ecosystem.

When customer returns and customer complaints occur, we carry out the relevant tests and analyses, initiate problem-solving and corrective actions in order to prevent the recurrence of such stoppages. We transmit the results of the tests and analyses we carry out to our customers and for information purposes through reclamation boards within our company. In this way, we ensure the adoption of a culture of continuous improvement within the company, constantly improve the performance of our service and quality, and try to ensure customer satisfaction unconditionally.



Caring Our Society



As Daiichi Elektronik, we prioritize product safety and customer satisfaction as our focus areas but in addition to these, we also plan to undertake projects and collaborations that contribute to our community with a sense of social responsibility. Particularly, we place great importance on the social aspects of sustainability, such as equality, diversity, and inclusivity, and take valuable steps both within our company and externally to promote these values. In addition, we are planning to work on projects to support young people and actively striving to provide support within our company to empower them.

We operate with an awareness of social responsibility, focusing not only on economic successes but also considering our social and environmental impacts. Through these efforts, we demonstrate that we bear responsibility not just as a company but also as global citizens. In this context, we conducted our first carbon footprint calculation in 2023 to clearly assess our environmental impacts. Besides that, we are planning to start our **Business Council for Sustainable Development Türkiye (SKD Türkiye)** and **United Nations Global Compact** memberships in 2024.



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Determining Our Footprint

As the leading company in the infotainment systems sector in our country, we work with the awareness of our responsibility towards combating the climate crisis. We focus on our material environmental issues in our way of doing business and constantly improve our company strategy to adopt a responsible production approach. We aim to minimize the environmental impact that we create throughout all our activities, starting from the design of products and services. We care that our sensitivity to protect our environment and natural resources at the highest possible level is widespread within our company culture, and we try to develop the environmental awareness of our employees. In this context, we provide **Environmental Health and Safety (EHS)** and **Chemical Management** training to our employees. We fulfill our responsibilities regarding the Environmental Law or regulations. In 2023, we have no criminal proceedings or environmental accidents regarding legal compliance within the scope of the environment.

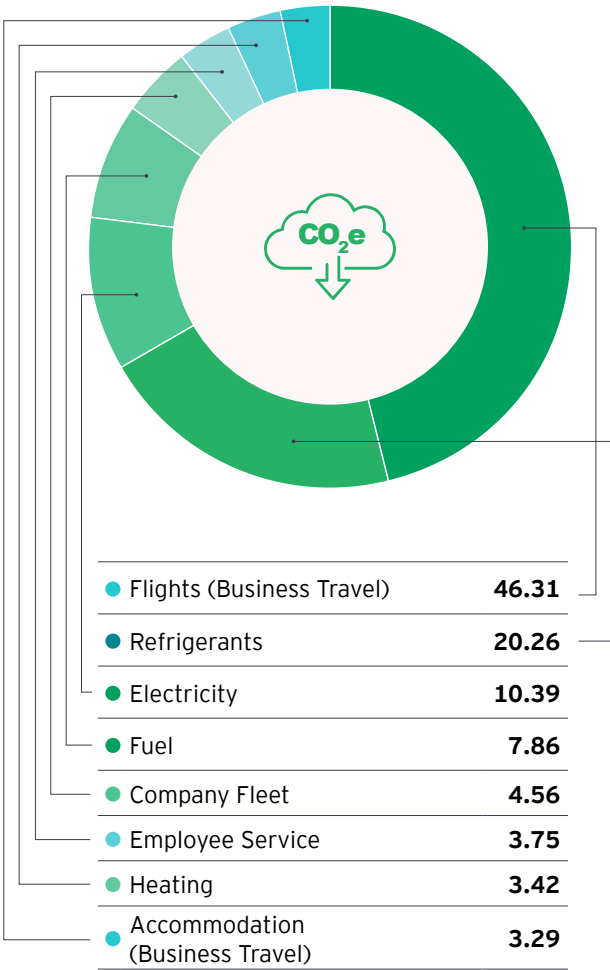
*For detailed information about our environmental sustainability approach in order to protect our environment and natural resources, please refer to our **Environmental Policy**.*

Emission Management

While creating sustainable value for the sector we operate and the local economy in which we are a leader, we prioritize monitoring our carbon footprint in our combat with the climate crisis. In this regard, in order to keep our environmental impacts under control, we calculated our carbon footprint in accordance with the Greenhouse Gas Protocol for the first time of this year. In order to make our performance more traceable and transparent, we aim to repeat our carbon footprint calculation every year starting from 2023 and achieve a decrease in emissions. We also aim to expand the scope of the calculation by taking into account current developments, data tracking opportunities and continuous improvement principles. We inform our stakeholders by sharing the data we obtain transparently.

Emission (tonnes CO ₂ e)	
Scope 1	148
Scope 2	42
Scope 3	218
Total	408

Percentage of Greenhouse Gas Emissions by Source



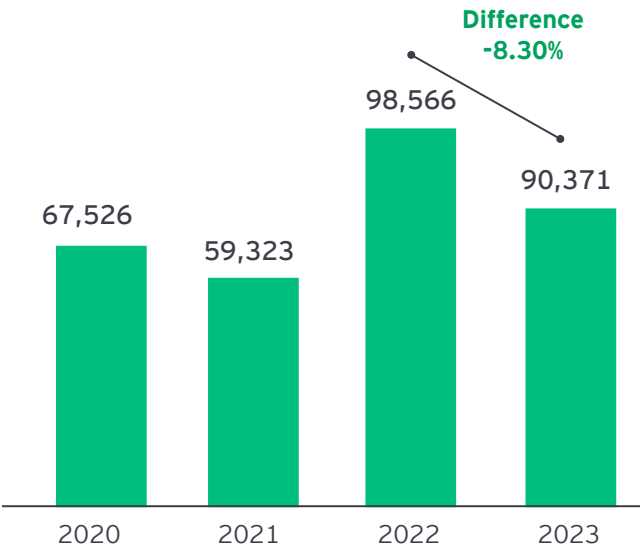
Energy Management

In order to transition to a low-carbon and cleaner economy, we attach importance to carrying out studies to use energy efficiently in our operations. In 2023, our total energy consumption was 90,371 kWh and our energy

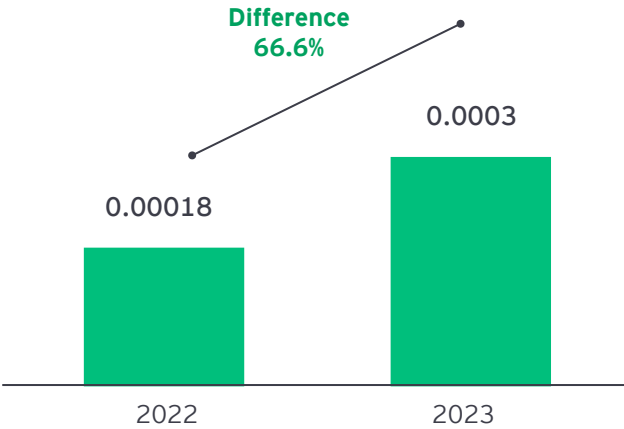
consumption per production was 0.0003 TEP/production unit. In addition, we aim to increase our energy savings by switching to a more efficient lighting system by replacing old-type fluorescent lighting with new generation LED

type lighting in the Headquarters building. We replace the air conditioners we use to adjust the temperature of the working environment in our locations with energy-efficient equipment.

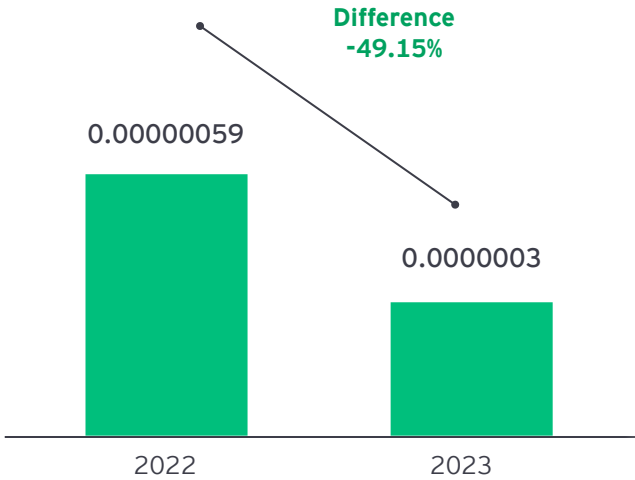
Electricity Usage (kWh)



Energy Consumption per Production



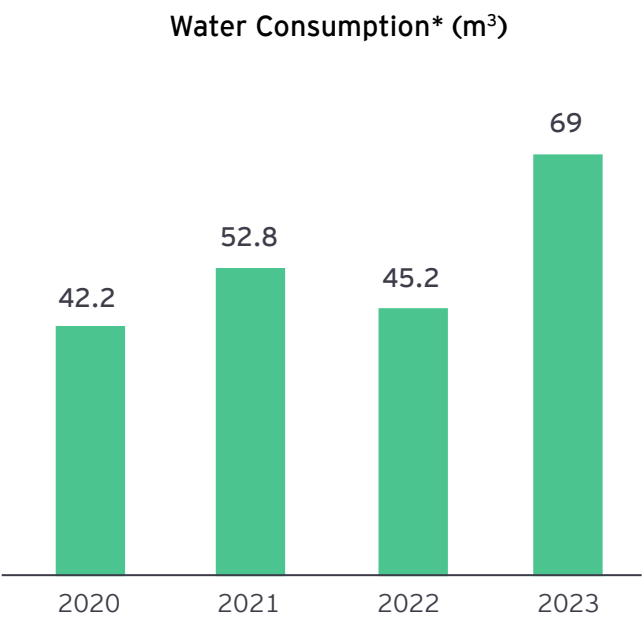
Energy Density



Water Management



As Daiichi Elektronik, we act with the awareness that the resources in our world are not unlimited. At this point, we prioritize the protection of water resources within the scope of our **Environmental Policy** in order to ensure the responsible and efficient use of water, one of our most important natural resources. We do not have any wastewater resulting from the process in our production activities, but we meet our domestic water needs from municipal resources and discharge the resulting wastewater into the sewer system. Since we do not need process water within our operations, we do not use water for industrial purposes, we only consume domestic water. Our total water consumption in 2023 is 828 m³, and our water consumption per person is 0.89 m³ per month.



* The values in the table are given as monthly average values.



Waste Management

We see fast consumption culture, population growth and the correspondingly increasing waste production as one of the biggest environmental problems affecting our world. That's why, as Daiichi Elektronik, we are adopting a waste prevention approach that includes preventing waste, using resources more efficiently, reducing the amount of waste generated, establishing an effective collection system, and recycling waste.

We separate hazardous (cartridge-toner, fluorescent, battery) and non-hazardous waste (packaging waste, electronic waste, etc.) generated during our office activities at the source and deliver them to municipalities and licensed companies for recycling and disposal. We state the reuse, recycling and other recovery processes of waste with our **Waste Declarations**. We monitor our hazardous and electronic waste management through the **MoTAT (Mobile Hazardous Waste Transportation)** system. In this way, we ensure effective waste management on one hand, and savings in the amount of space required for regular storage on the other. Additionally, we are careful to use recycled materials in our operations to create value for the circular economy.

In order to prevent the formation of waste upstream and downstream in our value chain and to minimize the environmental impacts of the waste generated, we evaluate the life cycle and environmental impacts of the materials by conducting our Environmental Impact Assessments. We repair our electronic devices in the first place and extend the life of the devices by giving the unused devices to our company employees. We carry out our medical waste management with Istanbul Metropolitan Municipality through collecting at medical waste bins. We sign additional environmental protocols with all our service suppliers and

subcontractors. When commissioning a new product, we request our parts supplier to put a recycling sign on the products and the content of the plastics used in the parts. In our purchases, we select products that comply with the **International Material Data System (IMDS) and Restriction of Hazardous Substances Directive (RoHs)**. Thus, by choosing products that comply with the law, we prevent the formation of hazardous waste and reduce the environmental impact of our products.

Amount of Waste (kg)	2020	2021	2022	2023
Disposed Hazardous Waste	25	15	142	14
Disposed Non-Hazardous Waste	8,670	3,240	3,618	6,656
Total	8,695	3,255	3,760	6,670

“In 2023, we produced 1,406 kg of electronic waste, reducing our waste production by 50.23% compared to last year.”



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Data Security and Management 48

Ethics and Corporate Governance

Sustainability Approach

For People

For Environment

For Business Model and Innovation

Annex



Innovation and R&D

"As the leading company in the infotainment sector in the local sector, we prioritize innovation and R&D investments. In 2023, we invested 70.5 millions TL in R&D, an increase of 231% compared to 2022. "

As a technology-driven global company, our investments in innovation and R&D are a high materiality. By following the necessary digital innovations specific to our sector, we continue to carry our way of doing business and our product group to global standards and to approach our goal of becoming a well-known brand among global leaders.

Thanks to our ability to offer fast engineering guaranteed by **ISO 9001** and our ability to develop products at the **Autospice L2** level which is a quality standard to evaluate business processes from a process safety and quality perspective, we have been able to effectively become one of the permanent suppliers of globally known OEM companies with which we have developed cooperation. However, considering how quickly industry trends are taking shape, we need to analyse our risks and opportunities well in order to create a sustainable business model and to be a preferred Tier-1 company in the future. At this point, in addition to our investments in our existing product group, we also analyse the needs of the sector and the performances of OEM companies and competitors and determine the target product groups and carry out R&D studies related to these groups. As Daiichi Elektronik, we design our company R&D strategy, which covers the period of 2024-2026, as the combination of dashboards and infotainment systems, which we can describe as two different product groups, and the prioritization of domain control units, which is a monolithic solution.

Our R&D department is a system engineering that is responsible for the design and development processes of products that meet customer needs timely, are simple to use, reliable, manufacturable and easy to support, and distributes them to sub-teams such as software, hardware, cyber security, testing and mechanics by interpreting the expectation at the point of product development.

"As Daiichi Elektronik, we develop products faster than our industry competitors with our agility and fast respond to customers."

The project and product development process of our R&D department starts with a Request for Quotation (RFQ) letter that defines the needs of the global OEM companies we cooperate with, which they send to the Tier-1 companies in the supplier pools in line with their needs. The prerequisite for obtaining this letter is that certain criteria for quality, tools, organizations and teams must be met in order to be in the supplier pool. Upon receipt of the RFQ letter, potential Tier-1 companies begin to carry out specific studies in order to submit bids. As Daiichi Elektronik, we initiate our go-know-go strategic meetings with the receipt of RFQ, develop a business case and carry out the proposal process. At this point, if a product group is defined in the RFQ request that we have not any know-how, we also provide decision-making studies as a company to develop a solution or not. Then, we attend technical review meetings with OEM companies, present our own analysis and solutions, and kick-off the project process with approval. At this point, thanks to our ability to offer fast engineering, to benefit from the competencies of our own suppliers and our dynamic business culture, we gain an advantage over our competitors **by developing products and projects within an average of 1.5-2 years.**

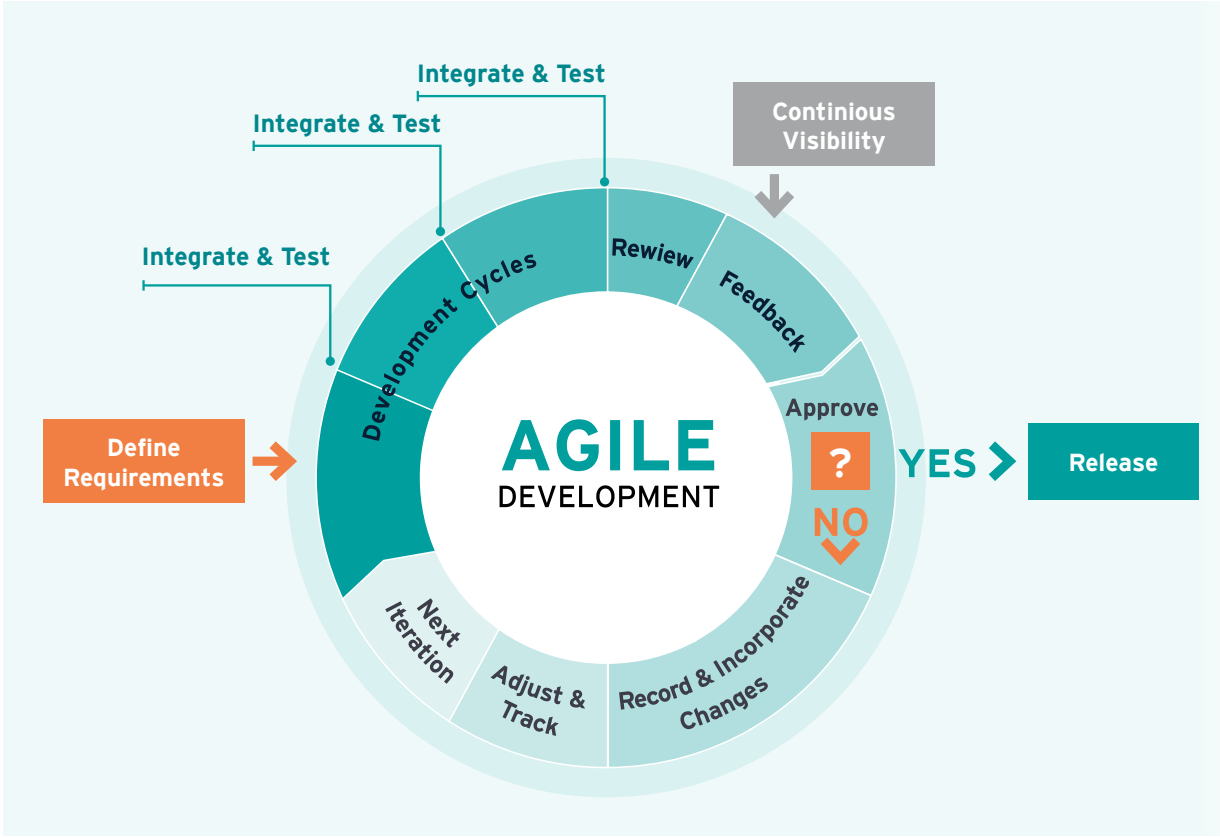


Tools Used in Development Phase

SW Development Tools:	KEIL, QT, Eclipse
HW Development Tools:	OrCAD + Allegro
HW/ SW Version Control System:	Git
Project Management (Bug-Tracking) System:	JIRA
Document Management System:	Confluence
HW/SW Development Workflow:	Agile Methods

We are aware that in addition to our muscles such as our industry-specific leadership and engineering capacity in the local economy, we also need to consider customers' expectations of such as high quality and low cost in the integration of new technology. In addition, being aware of sector-specific threats such as the appetite of IT sector companies for automotive electronics and the formation of their own software teams of the OEM companies, we evaluate opportunities to increase our ability to take part in new projects and to apply our engineering and production experience to other sectors. At this point, as Daiichi Elektronik, we are pleased to announce that our new local production facility, which will support the country's economy and increase local employment, will be established in Türkiye, in addition to our R&D facilities located in Uludağ TechnoKent and İstanbul Bilişim Vadisi. With this development, we will move our production activities within the borders of the country, we will get closer to our European market, which has a large share in our exports, in terms of logistics, and we will create new opportunities for our local economy.

	2021	2022	2023
R&D Expenses (net)	7.5	21.3	70.5
R&D Ratio in CAPEX/OPEX	16%	27%	38%



Data Security and Management



As Daiichi Elektronik, we prioritize data protection and confidentiality as much as employee and customer satisfaction, product quality, and supply chain. In addition to the standards, we follow and update for information security, we provide training to our employees within the company to spread awareness of this consciousness. We have server rooms for information and data security in three different locations, and these servers operate in an integrated manner with secure connections that can access each other even without internet.

As our company grows day by day, we aim to expand our scope of data security. In this regard, apart from the **ISO 27001** information security standard we possess, we have initiated processes for the German automotive standard TISAX, which focuses more on product security in the automotive sector, and plan to obtain it within the next year. Additionally, we are working on the **ISO 27008** cybersecurity standard and plan to increase efforts in these areas in the future. We strive to undergo information security audits every year. This year, we successfully passed three independent audits, including data leak testing and ISO 27001 audit.

In 2023, we provided information security awareness and Personal Data Protection Authority (PDPA) training for our employees. For changes in our company's partnership structure and tracking updates in standards, we plan to provide training on ISO 27001 documentation to some employees based on their job descriptions and responsibilities. In addition to the provided training, we conduct phishing tests for our employees once a year, along with the PDPA leakage test.

As Daiichi Elektronik, we operate both under Doğan Holding and Karel Electronics. The collection and storage of data regarding our employees and products are crucial for us in this context as well. For the data of our products, we use a secure and shared platform with Karel Electronics.

Ensuring data security is of critical importance due to rapidly developing and changing technology and updated standards in the OEM industry. With this awareness, we closely follow the latest developments in global regulations and continue our work to establish this awareness throughout our company. We also develop security solutions and processes in cooperation with Doğan Holding and Karel Electronics.

"In 2023, we provided data security training to 101 employees."



Annex

Performance Indicators

Social Performance Indicators

Environmental Performance Indicators

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Performance Indicators

Social Performance Indicators



	2023	
Workforce By Age	Men	Women
Employee turnover rate (%)	15.3	10.1
Total number of new employee hires	48	20

	2023
Parental leave	
The percentage of employees that returned to work in the reporting period after parental leave ended(%)	100
Total training and development data	
Average hours of training per employee	5.3
OHS	
The number of hours worked	14,598
The number of recordable work-related injuries	0
The number of work-related fatalities	0

	2021	2022	2023
Ratio of product failure cost to revenue (%)	1.61	1.20	0.94



Environmental Performance Indicators



	2021	2022	2023
Monthly water consumption per person (m³)	0.9	0.7	0.89
Natural gas consumption (m³)		1,114	7,180
Fuel consumption (diesel and gasoline) (lt)	6,049	11,572	22,286
Electronic waste (kg)	3,240	2,285	1,406
Domestic waste (kg)	5,397	8,256	11,134

Flights (km)	2021	2022	2023
Short	-	1,595	32,299
Medium	124,319	105,610	247,993
Long	23,691	87,291	513,760



GRI Content Index

Statement of Use	Daiichi Elektronik A.Ş. has prepared its report covering the period from 1 January 2023 to 31 December 2023 in accordance with the Global Reporting Initiative Standards.
GRI 1 Use	GRI 1: Basic 2021
Applicable GRI Sector Standard(s)	-

GRI STANDARD	INDICATOR	DISCLOSURES and PAGE NUMBERS
General Disclosures		
Corporate Profile		
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report, pg. 3
	2-2 Entities included in the organization's sustainability reporting	About the Report, pg. 3
	2-3 Reporting period, frequency and contact point	About the Report, pg. 3
	2-4 Restatements of information	About the Report, pg. 3
	2-6 Activities, value chain and other business relationships	About Daiichi Elektronik, pg. 5 Materiality Analysis, pg. 28
	2-7 Employees	Caring Our Employees, pg. 31
	2-8 Workers who are not employees	Caring Our Employees, pg. 31
	2-9 Governance structure and composition	Corporate Governance at Daiichi Elektronik, pg. 10
	2-10 Nomination and selection of the highest governance body	Corporate Governance at Daiichi Elektronik, pg. 10
	2-11 Chair of the highest governance body	Corporate Governance at Daiichi Elektronik, pg. 10
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance at Daiichi Elektronik, pg. 10
	2-13 Delegation of responsibility for managing impacts	Corporate Governance at Daiichi Elektronik, pg. 10
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance at Daiichi Elektronik, pg. 10
	2-15 Conflicts of interest	Corporate Governance at Daiichi Elektronik, pg. 10
	2-16 Communication of critical concerns	Corporate Governance at Daiichi Elektronik, pg. 10
	2-17 Collective knowledge of the highest governance body	Corporate Governance at Daiichi Elektronik, pg. 10
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance at Daiichi Elektronik, pg. 10
	2-19 Remuneration policies	Corporate Governance at Daiichi Elektronik, pg. 10



GRI STANDARD		INDICATOR	DISCLOSURES and PAGE NUMBERS
GRI 2: General Disclosures 2021		2-20 Process to determine remuneration	Corporate Governance at Daiichi Elektronik, pg. 10
		2-21 Annual total compensation ratio	Corporate Governance at Daiichi Elektronik, pg. 10
		2-22 Statement on sustainable development strategy	Message from the CEO, pg. 4 Corporate Governance at Daiichi Elektronik, pg. 10
		2-23 Policy commitments	Corporate Governance at Daiichi Elektronik, pg. 10 Business Ethics and Transparency, pg. 17
		2-24 Embedding policy commitments	Corporate Governance at Daiichi Elektronik, pg. 10 Business Ethics and Transparency, pg. 17
		2-25 Processes to remediate negative impacts	Corporate Governance at Daiichi Elektronik, pg. 10 Business Ethics and Transparency, pg. 17
		2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance at Daiichi Elektronik, pg. 10 Business Ethics and Transparency, pg. 17
		2-27 Compliance with laws and regulations	Business Ethics and Transparency, pg. 17
		2-28 Membership associations	Caring Our Society, pg. 39
		2-29 Approach to stakeholder engagement	Stakeholder Engagement, pg. 27
Material Topics			
Material Topics			
GRI 3: Material Topics 2021		3-1 Process to determine material topics	Materiality Analysis, pg. 28
		3-2 List of material topics	Materiality Analysis, pg. 28
		3-3 Management of material topics	Materiality Analysis, pg. 28
Product Quality			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Product Quality, pg. 36
Customer Satisfaction			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Customer Satisfaction, pg. 38
Supply Chain Management			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Supply Chain Management, pg. 19
GRI 203: Indirect Economic Impacts 2016		203-1 Infrastructure investments and services supported	Our Financial Performance, pg. 16 Supply Chain Management, pg. 19
		203-2 Significant indirect economic impacts	Our Financial Performance, pg. 16 Supply Chain Management, pg. 19



GRI STANDARD		INDICATOR	DISCLOSURES and PAGE NUMBERS
GRI 204: Procurement Practices 2016		204-1 Proportion of spending on local suppliers	Supply Chain Management, pg. 19
GRI 308: Supplier Environmental Assessment 2016		308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management, pg. 19 Supplier Engagement, pg. 22
GRI 414: Supplier Social Assessment 2016		414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management, pg. 19 Supplier Engagement, pg. 22
Innovation and R&D			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Innovation and R&D, pg. 46
Data Security and Management			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Data Security and Management, pg. 48
GRI 418: Customer Privacy 2016		418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Management, pg. 48
Business Ethics and Transparency			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28 Business Ethics and Transparency, pg. 17
GRI 205: Anti-corruption 2016		205-1 Operations assessed for risks related to corruption	Business Ethics and Transparency, pg. 17
		205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Transparency, pg. 17
GRI 206: Anti-competitive Behavior 2016		206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Transparency, pg. 17
Waste Management			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28
GRI 306: Waste 2020		306-1 Waste generation and significant waste-related impacts	Waste Management, pg. 44
		306-2 Management of significant wasterelated impacts	Waste Management, pg. 44
		306-3 Waste generated	Waste Management, pg. 44 Environmental Performance Indicators, pg. 51
		306-5 Waste directed to disposal	Waste Management, pg. 44 Environmental Performance Indicators, pg. 51
Better Working Place			
GRI 3: Material Topics 2021		3-3 Management of material topics	Materiality Analysis, pg. 28
GRI 401: Employment 2016		401-1 New employee hires and employee turnover	Social Performance Indicators, pg. 50
		401-3 Parental leave	Social Performance Indicators, pg. 50



GRI STANDARD		INDICATOR	DISCLOSURES and PAGE NUMBERS
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety, pg. 35
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pg. 35
	403-3	Occupational health services	Occupational Health and Safety, pg. 35
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pg. 35
	403-5	Worker training on occupational health and safety	Occupational Health and Safety, pg. 35
	403-6	Promotion of worker health	Occupational Health and Safety, pg. 35
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, pg. 35
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety, pg. 35
	403-9	Work-related injuries	Social Performance Indicators, pg. 50
GRI 404: 4: Training and Education 2016	404-1	Average hours of training per year per employee	Talent and Career Development, pg. 32
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent and Career Development, pg. 32
	404-3	Percentage of employees receiving regular performance and career development reviews	Talent and Career Development, pg. 32
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance, pg. 12 Diversity, Equality and Inclusion, pg. 34 Social Performance Indicators, pg. 50
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Diversity, Equality and Inclusion, pg. 34
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Business Ethics and Transparency, pg. 17
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Business Ethics and Transparency, pg. 17
Carbon Footprint Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Materiality Analysis, pg. 28
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Determining Our Footprint, pg. 41
	302-4	Reduction of energy consumption	Determining Our Footprint, pg. 41
	302-5	Reductions in energy requirements of products and services	Determining Our Footprint, pg. 41
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Determining Our Footprint, pg. 41
	305-2	Energy indirect (Scope 2) GHG emissions	Determining Our Footprint, pg. 41
	305-3	Other indirect (Scope 3) GHG emissions	Determining Our Footprint, pg. 41





Report Consultant:

EY Climate Change and Sustainability Services

Office: Maslak Mah. Eski Büyükdere Cd. Orjin Plaza İş Merkezi
No:27 Kat: 1-3, 34485 Sarıyer / İstanbul, Türkiye

Tel: + 90 212 315 30 00

E-Mail: sustainability@tr.ey.com

Web: www.ey.com

YouTube: EY Türkiye



Daiichi Elektronik

Head Office: Ferhatpaşa Mah. 16 Sok. No: 38

Ataşehir, İstanbul 34888

Tel: + 90 216 661 50 59

E-Mail: info@daiichi.com

Web: www.daiichi.com

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