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2022 ESG REPORT

ENVIRONMENTAL, SOCIAL + GOVERNANCE

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OUR PURPOSE

DIRTT Environmental Solutions Ltd. (DIRTT) is a leading technology-driven manufacturer of customized interiors used in the workplace, healthcare, education, and public sector markets. DIRTT's system provides total design freedom and greater certainty in cost, schedule, and outcomes. The DIRTT Construction System builds custom spaces for today while offering innovative adaptability to meet the needs of the future.

Our purpose is to empower people with resilient and agile environments that flourish in times of change. We do this by continuously innovating our products and processes so clients can realize their vision. DIRTT spaces are built for change and ready to adapt as organizational needs evolve.

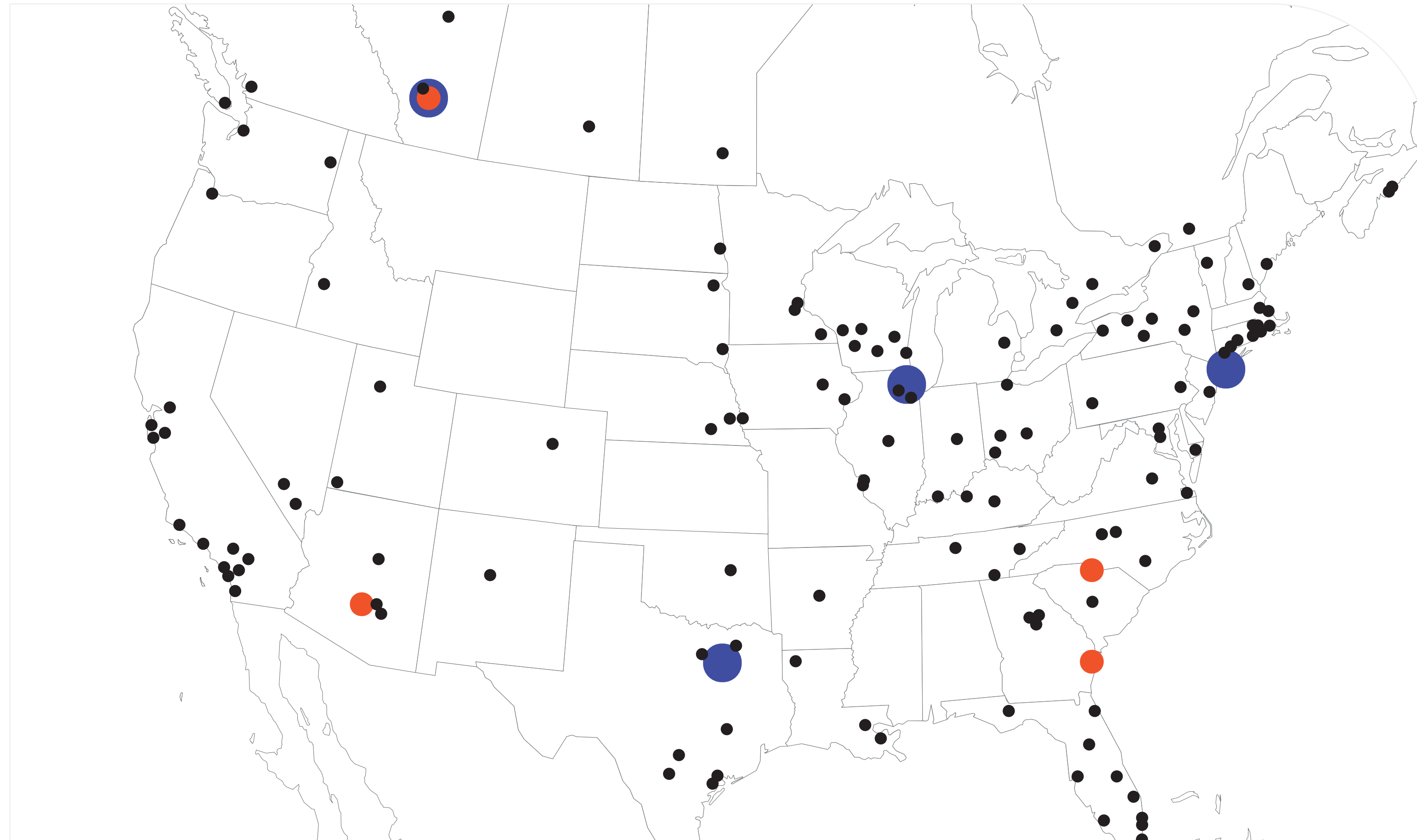
Design for disassembly ensures components are interchangeable and can be repurposed for small updates or full reconfigurations without major renovation, cost, or waste.

The market for prefabricated interior spaces continues to grow as the need for faster and more efficient construction methods expands, along with increased requirements for sustainability and energy efficiency, simplified and digital interactions, and more cost-effective building solutions.

Founded in 2004, and headquartered in Canada, DIRTT trades on Nasdaq under the symbol "DRTT" and on the Toronto Stock Exchange under the symbol "DRT."



WHERE WE ARE



DIRTT Headquarters
• Calgary, Alberta, Canada

DIRTT Experience Centers
• Calgary, Alberta, Canada
• Chicago, Illinois, United States
• Dallas, Texas, United States
• New York, New York, United States

DIRTT Manufacturing Facilities
• Calgary, Alberta, Canada
• Savannah, Georgia, United States
• Phoenix, Arizona, United States*
• Rock Hill, South Carolina, United States**

DIRTT Construction Partners
• 65+ Partners across North America

*DIRTT made the decision to close our manufacturing plant in Phoenix in February 2022. We continued operations in our Distribution and Training Center. **Rock Hill operations suspended as of August 2022

AT A GLANCE

900+
Employees

67
Construction
Partners

Shipped over
\$166
million
of construction solutions

More than
13,000
clients
worldwide

Worked with over
30%
of the Fortune
500

46
Sales
Representatives

350
Patents

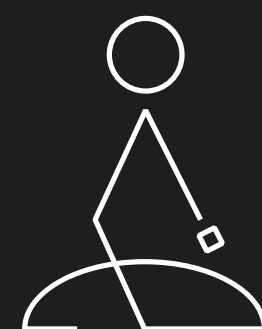
Over
600,000
square feet of
manufacturing space

Generated
\$172.2
million
in total revenue

Resulting in
\$28.2
million
in gross profit

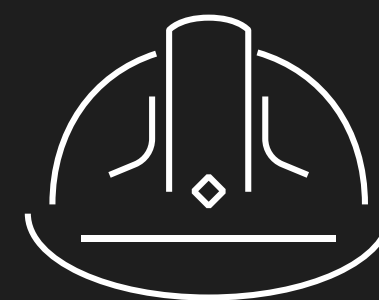
*All information in this report is presented as at, and for the year ended, December 31, 2022.

2022 HIGHLIGHTS



OUR PEOPLE

- Achieved Total Recordable Incident Frequency (TRIF) of 0.1, on track with our Health and Safety Journey to Zero
- Established Diversity, Equity, and Inclusion (DE+I) road map
- Implemented Talent Management software to streamline informed hiring and data collection



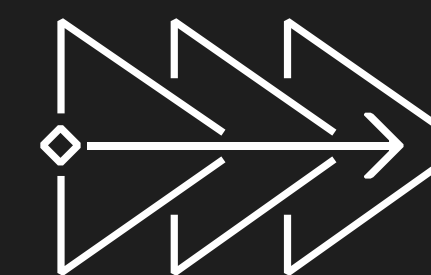
OUR PROJECTS

- Annual revenue increased by 17% to \$172.2 million
- Nearly \$100K of material donated to Habitat for Humanity that would not otherwise have been used for manufacturing



OUR PLACES

- Implemented sustainability software for utility tracking and data management
- Reduced absolute landfill waste by 33%
- Diverted nearly 10% more waste from the landfill since 2021



OUR PROCESSES

- Exceeded overall equipment effectiveness (OEE) targets by 7% on average
- Established a process to conduct a supply-chain risk assessment by evaluating supplier processes and location-based supply-chain risks
- Reduced operating costs 12% across all categories

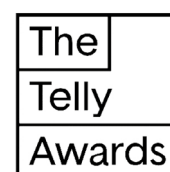
AWARDS + ACCOLADES

AWARD HIGHLIGHT



VISION AWARD

- FacilitesNet
- Interior Furnishings & Materials



SILVER WINNER - THE TELLY AWARDS

- General Promotional Video of the Dallas DIRTT Experience Center (DXC)



CRE COLLABORATIVE EXCELLENCE AWARD

- Dallas DIRTT Experience Center (DXC)
- CoreNet Global, North Dallas Chapter



IR MAGAZINE AWARDS

- Shortlisted for best ESG Reporting (small cap)



DEAM ALBERTA AWARD

- Nominated by Calgary Alternative Support Services (CASS) representatives who work out of Calgary Metal Shop

ABOUT DISABILITY EMPLOYMENT AWARENESS MONTH (DEAM) ALBERTA:

Taking place each October, DEAM is a campaign that promotes inclusion within the job market for people with disabilities. DEAM Alberta showcases events and activities that run throughout October celebrating, promoting, and bringing awareness to inclusive employment practices for people with disabilities who face employment barriers. To be nominated, the organization must excel at creating an inclusive workplace for people with disabilities in Calgary, or excel in inclusive hiring for people with disabilities.

Q+A WITH OUR EXECUTIVE TEAM

INSIGHTS FROM OUR OFFICERS ON STAKEHOLDER ESG QUESTIONS



➤ How is ESG part of the company's overall business strategy?

Benjamin Urban, CEO

Sustainability has always been a core value for DIRTT, predating the adoption by others in our industry. Our company's inception is rooted in sustainable principles, with a focus on designing spaces that will endure through time. Rather than simply following a prescriptive path and pursuing certifications, DIRTT prioritizes sustainability and emphasizes it as a fundamental aspect of our business. Sustainability is a prominent value in my personal life; so much so that it often comes up as a topic of conversation during family gatherings. At DIRTT, our emphasis on sustainability not only benefits the environment but also our business, employees, and customers.

Having been involved with the organization for over 15 years, I have witnessed firsthand how our solutions have been deployed, reconfigured, and reused for multiple iterations while remaining relevant in the present. There are countless stories like mine that highlight how we help customers achieve their sustainability goals, along with achieving added benefits that weren't realized until after the construction process. Even if a client decides to leave our products behind for another tenant's use, the benefits of our solution persist indefinitely and are built to withstand the unknown, ensuring sustainability for the future.



➤ How does ESG impact financial performance for both DIRTT and customers?

Brad Little, CFO

DIRTT understands that ESG is a key consideration, not only for our company but also for our stakeholders, including investors, suppliers, and customers. Our unwavering commitment to sustainability not only helps us secure projects and improve revenue performance but also enables us to attract and retain top talent, contributing to our position as a leader in the green building industry. By delivering innovative solutions that reduce waste and increase efficiency, we're able to provide substantial cost savings for our customers. For instance, traditional construction methods in healthcare often involve lengthy inspections of pipes and wires

every five years, leading to extended periods of labor, material, and lost revenue from unoccupied rooms. In contrast, DIRTT's cost-effective approach reduces downtime, enabling faster and more efficient inspections that can complete an entire wing in a day instead of a month. While ESG undoubtedly supports our financial performance, we believe that our customers are the ultimate beneficiaries of our sustainability initiatives. Ultimately, our commitment to sustainability is crucial not only for our reputation and social impact but also for our long-term financial success and viability.

Q+A WITH OUR EXECUTIVE TEAM

INSIGHTS FROM OUR OFFICERS ON STAKEHOLDER ESG QUESTIONS



➤ **How will DIRTT attract, develop, and retain the talent and skills to drive your sustainability strategy and outcomes?**

Nandini Somayaji, Senior Vice President,
General Counsel + Corporate Secretary

DIRTT is committed to building a sense of belonging in the workplace, characterized by inclusivity, fairness, and respect for all. The company strongly believes that this approach is not only the right thing to do for its people, but also for its business. By promoting diversity and inclusivity within our workforce, DIRTT fosters a culture of innovation, elevates staff engagement, and attracts and retains talent.

Our company’s unwavering efforts to champion individuality, coupled with regular engagement surveys, ensure that each employee feels valued and heard. This positive and supportive work environment aligns with DIRTT’s sustainability goals and is essential to attracting and retaining the talent required to drive our sustainability strategy and achieve our ESG commitments.



➤ **How will DIRTT’s operations continue to support the company’s ESG strategy and goals?**

Richard Hunter, COO

At DIRTT, sustainability is at the core of our operations and is integrated into our four key pillars: environment, health and safety, product quality, and efficiency and productivity. Our commitment to these performance areas is crucial to achieving our ESG objectives. We believe that a culture of safety is fundamental to fostering the right behaviors, engaging our workforce, and highlighting the importance of our employees. Health and safety are our top priorities, and we strive to ensure that every employee goes home at the end of the day feeling better than when they arrived. By dedicating significant resources to reducing deficiencies, both internally and for our customers,

we not only save on costs and improve our customer service, but also reduce waste and prevent additional shipments. Additionally, delivering our products on time is critical to our sustainability efforts, as it reduces the number of deliveries, minimizes fuel consumption, and lowers our carbon footprint. We continually improve our logistics operations to reduce packaging waste, optimize material usage, and further decrease our environmental impact. By encouraging and enforcing lean manufacturing principles, we continuously improve our efficiency and consumption of utilities, further driving down our environmental impact.

Q+A WITH OUR EXECUTIVE TEAM

INSIGHTS FROM OUR OFFICERS ON STAKEHOLDER ESG QUESTIONS



➤ How does technology reinforce DIRTT's ESG efforts?

Mark Greffen, CTO

As we look to the future, our biggest priority is to continue to innovate and leverage technology to support our clients' evolving needs. DIRTT was founded on the principles of adaptability, flexibility, and customization, and we remain committed to removing risk from construction. By breaking down barriers and continuously innovating our products and processes, we're able to stay ahead of the curve and provide our clients with the most cutting-edge solutions possible.

We understand that innovation is a collaborative effort, and we work closely with our customers and construction partners to ensure that our ecosystem is constantly evolving to meet their needs. As we navigate the uncertainties of a volatile macro environment, we'll continue to prioritize innovation and technology to help our clients succeed no matter what challenges the future may bring.

SUSTAINABILITY COMMITMENT

At DIRTT, we recognize running a profitable and sustainable business requires a commitment to continuous improvement and delivering industry-leading performance. We've made sustainability a key focus of our business, and we're committed to transparency in our policies and practices.

As a leader in ESG performance, we'll continue to enhance our reporting and disclosure efforts. Our reporting is grounded in relevant frameworks and standards, ensuring that our stakeholders have access to the information they need to make informed decisions about our business.

ABOUT THIS REPORT

FRAMEWORKS

Our reporting is guided by principles of accuracy, balance, clarity, comparability, reliability, and timeliness. This report is prepared in accordance with the Global Reporting Industry (GRI) sustainability reporting standards and Sustainability Accounting Standards Board (SASB) (Building Products & Furnishings) to guide its development. DIRTT transitioned to GRI 2021 and will continue to evaluate sustainability reporting standards in our future reporting.

PRINCIPLES - UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

DIRTT recognizes we have a critical role in providing solutions that respond to “a universal call to action to end poverty, protect the planet, and improve the lives and prospects of everyone, everywhere,” as directed by the United Nations’ (UN) 2030 Agenda for Sustainable Development. Throughout this report we highlight the UN’s Sustainable Development Goals (SDG) most aligned with our ESG focus areas. Through our initiatives and activities, our work aligns primarily with the following six goals.

SCOPE OF THIS REPORT

All dollar amounts are expressed in U.S. currency. References to “we,” “our,” “us,” “the Company,” and “DIRTT” means DIRTT Environmental Solutions and its wholly owned subsidiary. Unless otherwise noted:

- (i) all information in this report is presented as at, and for the year ended, December 31, 2022, and
- (ii) the data and analysis relates to DIRTT and not its Construction Partners, suppliers, or clients.

REPORT ASSURANCE

DIRTT’s ESG Report is prepared by the Sustainability Team at DIRTT, part of the broader Legal Team, with contributions from the ESG working committee. Composed of individuals from across the business, the committee provides a diverse perspective on DIRTT’s efforts on ESG topics. The ESG working committee convenes regularly to set new goals and review progress on existing goals. The committee follows a content gathering and approval process to ensure the report accurately reflects our practices and performance. We strive to collect accurate and verifiable data in a consistent and rigorous manner. Multiple layers of assessment are involved in extracting and reviewing data before uploading it into our sustainability software platform, and the Finance team audits the data. Our Enterprise Risk Management committee, on behalf of the Board of Directors, oversees all our sustainability initiatives, including the content of this report. Additionally, a review and feedback period with DIRTT’s Board of Directors serves as a final layer of assurance.

OUR PROJECTS



OUR PLACES



OUR PEOPLE



OUR PROCESSES



MATERIALITY ASSESSMENT

In 2021, we conducted a materiality assessment in collaboration with Deloitte. This assessment shed light on the ESG material topics that have a significant impact on our business success and are of great interest to our stakeholders. We have prioritized these topics in our materiality matrix, with those located in the top right corner being the highest risks and opportunities, where we can have the most positive impact. To ensure that our focus remains current, we will reassess these topics annually, taking into account changes in our business, evolving ESG trends, and our stakeholders' expectations. We are confident that the topics we have identified continue to accurately reflect DIRTT's priorities.

THE PROCESS OF OUR MATERIALITY ASSESSMENT:

1 TOPIC IDENTIFICATION

- a. Extracted topics from peer reports and consulted the GRI and SASB Standards for reporting and reviewed reporting best practices based on our industry.

2 PRIORITIZATION

- a. Two workshops were held with internal subject matter experts and senior leadership. An external consultant facilitated the discussion and the prioritization of 30 ESG topics relevant to DIRTT. An external survey was conducted to collect qualitative feedback based on the internal assessment.
- b. Targeted groups for the external survey included:
 - i. Investors
 - ii. DIRTT's people, including management, manufacturing, product solutions, and administration
 - iii. External stakeholders; community members, government, customers, regulators, and NGOs
 - iv. DIRTT's associates including construction partners and suppliers

3 VALIDATION

- a. The prioritized topics were approved by the executive team in March 2021. The outcomes helped us focus on the issues and opportunities where we can have the greatest positive impact, also guiding the evolution of our sustainability strategy. We'll reassess these topics annually along with changes to our business, evolving ESG trends, and expectations from our stakeholders.



MATERIALITY ASSESSMENT

4 RESULTS



TARGETS

Although DIRTT's ESG strategy has remained unchanged, we have enhanced our focus on the key areas that are relevant to our organization. We've set ambitious, yet realistic targets in these focus areas, which have received endorsement from the executive leadership team and the Board of Directors. Our commitment to transparency is demonstrated through our annual disclosure of our strategy, performance, and progress against these targets. We remain committed to achieving robust business results and long-term financial resilience while maintaining responsible and ethical operations.

- Environmental
- Social
- Governance

		MATERIAL TOPIC	GOAL/TARGET	PROGRESS
OUR PLACES	   	Energy Consumption	Develop energy reduction goal by the end of 2023.	On track for the end of 2023.
		Energy Consumption	Source or generate renewable energy to power 100% of our factories by 2025	Renewables make up 26% of DIRTT's total power consumption.
		Waste Reduction	Reduce absolute landfill waste by 35% by 2025	DIRTT's landfill diversion rate in 2022 was 79%. In 2022, we have reduced our absolute landfill waste by 33% based on 2021 levels.
		Lean Manufacturing	Maintain Lean Six Sigma certification levels by having all factory employees at DIRTT with more than three months on the job complete Lean 101	Completed
OUR PROCESS	     	Energy Consumption	Respond and align to Task Force on Climate-Related Financial Disclosures (TCFD) in our 2023 report	 NEW Goal
		Supplier Engagement	Have a Master Purchase Agreement with over 30 key suppliers by the end of 2021	Completed
		Health + Safety	Obtain Safety Health Achievement Recognition Program (SHARP) certification in our U.S. factories by the end of 2023	On track for the end of 2023.
		Governance	Third-party verification of our ESG Report for the 2024 report	 NEW Goal
OUR PEOPLE	      	Health + Safety	Attain zero occupational illnesses or injuries as measured by TRIF by 2023	Achieved TRIF of 0.1 in 2022.
		Employment Engagement	Administer employee engagement pulse surveys annually	We're committed to performing two employee engagement surveys annually to benchmark progress.
		Sustainable Product	Obtain an overall equipment effectiveness (OEE) of 60%	Achieved average of 67% OEE
		Community + Local Impacts	Company offers paid volunteer hours	 NEW Goal
		Diversity, Equity + Inclusion	Advance diversity, equity + inclusion in the workplace	Launch diversity, equity + inclusion training in 2023.

OUR PROJECTS

Embodied carbon in the built environment from infrastructure materials and construction are responsible for 13% of annual global carbon emissions.



INTEGRATED DESIGN SOFTWARE

DIRTT acts as a specialized construction consultant to the design team, providing an array of customizable products and digital tools that embrace design intent.

With the ICE[®] software platform, we translate the design vision of project architects and interior designers, automatically calculating the necessary details, pricing, manufacturing, and installation data. Using ICE, clients can explore designs in interactive 3D, make real-time adjustments, and receive updates to pricing and visualizations. Manufacturing details are sent directly to the manufacturing floor, where machines use precise measurements, reducing the overall manufacturing time and energy requirements. ICEreality[®] offers a virtual and augmented reality tool, reducing change orders while minimizing physical

mock-ups, travel demands and future renovations. DIRTT's proprietary ICE software is a key component of our sustainable building process. ICE enables the creation of highly precise, prefabricated building components that reduce waste and minimize the use of raw materials. Leveraging technology requires all projects to conform to a set of standardized manufacturing processes and quality control measures, ensuring consistent quality and adherence to governance standards. This provides clients with a high degree of certainty and confidence in the performance and sustainability of their building solutions.



INNOVATION + DESIGN

DIRTT recognizes its pivotal role in contributing to the reduction of the embodied carbon in the built environment.

Every new solution undergoes a thorough sustainability review prior to its introduction to the market. One of the key principles that DIRTT incorporates into its system is Design for Disassembly (DfD). This innovative design approach enables products to be dismantled and encourages the reuse or recycling of materials and components. The solutions developed by DIRTT are created in line with the DfD principles, and lifecycle impacts of the materials are thoughtfully assessed to ensure a seamless integration of this approach.

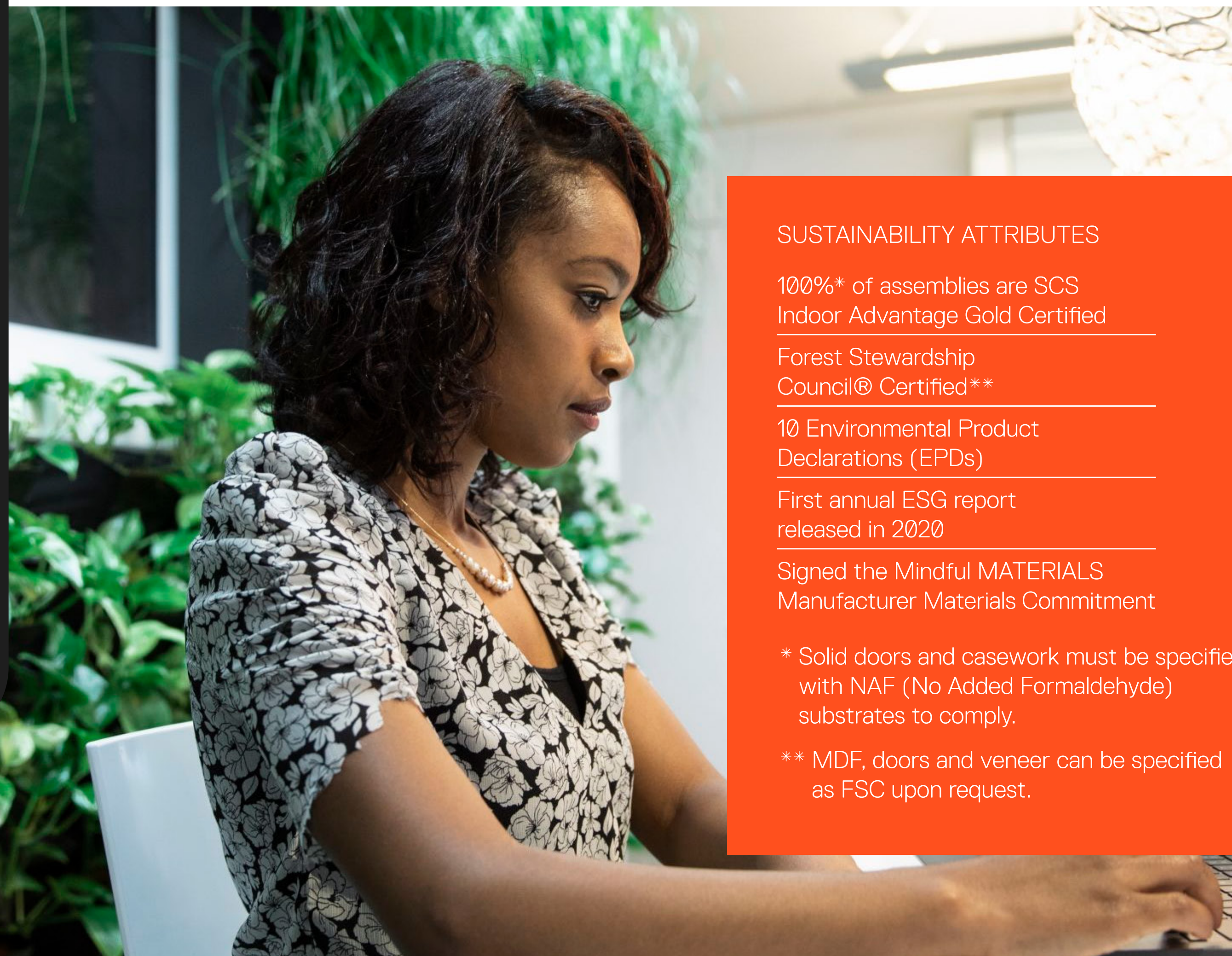
The Intergovernmental Panel on Climate Change stresses the need for drastic measures to curb global warming to 1.5°C. Reduction of embodied carbon in the built environment is essential to achieving this goal. DfD is a distinctive feature of the DIRTT construction system that enhances adaptability and maximizes the product life cycle. DIRTT strives to deliver solutions that surpass the expectations of our clients, while concurrently preserving the flexibility to reconfigure and adjust the solution in the future.

SUSTAINABLE PRODUCT

Americans spend more than 90% of their time indoors, where air quality can be two to five times worse than outdoors*. Our aim as a manufacturer is to remain at the forefront of research for building materials and design our solutions, especially within health care and education, to improve the livelihood of our end users.

DIRTT is committed to reducing our carbon footprint and minimizing our impact on the environment by utilizing adaptable and sustainable products that enable longer product lifespans, resulting in overall cost savings. In the built environment, indoor environmental quality is increasingly a topic of discussion and research within the sustainability realm. At DIRTT, we prioritize creating healthy and sustainable spaces for our employees and clients, with careful consideration

given to the materials we use. Our recycled cotton-denim insulation, no volatile organic compound (VOC) Chromacoat paint, waterborne finishes, sustainably harvested wood options, and materials with high levels of recycled content contribute to improved indoor air quality and a safer manufacturing environment, while allowing us to provide solutions free of formaldehyde and polyvinyl chloride (PVC).



SUSTAINABILITY ATTRIBUTES

100%* of assemblies are SCS Indoor Advantage Gold Certified

Forest Stewardship Council® Certified**

10 Environmental Product Declarations (EPDs)

First annual ESG report released in 2020

Signed the Mindful MATERIALS Manufacturer Materials Commitment

* Solid doors and casework must be specified with NAF (No Added Formaldehyde) substrates to comply.

** MDF, doors and veneer can be specified as FSC upon request.

*United States Environmental Protection Agency

MATERIALS

In 2022, we continued building upon our improved process to evaluate all new incoming materials and revised processes through the sustainability lens we developed in 2021.

In 2022, DIRTT's Sustainability Team was required to be involved as a stakeholder for every proposed change through DIRTT's Management of Change (MOC) program. Previously, the Sustainability Team was involved only when the change would directly impact its activities. This new requirement meant that every change would be considered from a sustainability perspective. This had the most impact on waste generated, energy consumed, and how we evaluated new materials proposed for our manufacturing facilities. Across the organization, we're seeing a major shift in terms of the value of environmental considerations for everything that we do.

ALUMINUM

DIRTT uses aluminum for our frames because of its light weight, strength, and aesthetic properties. Aluminum from our suppliers contains 30% recycled content on average throughout 2022. The amount of recycled content varies depending on access to high-quality recycled material.

INSULATION

DIRTT's cotton-denim insulation contains 100% post-consumer recycled content and 66% bio-based material. The final product is 100% cotton fiber, a rapidly renewable resource. During assembly, DIRTT collects leftover insulation scraps and sends them back to the manufacturer. Reusing offcuts in new products creates a zero-waste stream.

NO ADDED FORMALDEHYDE MEDIUM-DENSITY FIBERBOARD (MDF)

DIRTT recognizes the importance of ensuring a healthy work environment for our employees and our clients. Formaldehyde-based resins are typically used for pressed-wood products (such as MDF). At low exposure levels, formaldehyde can be a human irritant. At higher levels of exposure, it may cause some types of cancer. This is why DIRTT uses no-added-formaldehyde (NAF) MDF substrates for our panels.

FOREST STEWARDSHIP COUNCIL® WOOD

DIRTT is Forest Stewardship Council (FSC®) Chain-of-Custody certified (DIRTT's FSC certification code: SCS-COC-000848). We can provide clients with wood-based materials sourced through certified sustainable practices, including FSC-certified veneers and MDF. As these materials go through the production facility, DIRTT maintains a tracking and handling system, and FSC products are not mixed with other materials.

WATER-BASED FINISHING

DIRTT is at the forefront of using water-based finishes and an innovative UV curing process. By applying finishes in-house, off-gassing is minimized before shipping to the project site, thus reducing the potential impact on air quality.

CHROMACOAT

DIRTT is committed to sustainability in all aspects of its operations, including its paint finish. Chromacoat, DIRTT's waterborne, no-VOC paint finish, is applied in the factory with only one coat required and a curing time of just nine minutes. This reduces the need for painters on-site, resulting in significant time savings. Chromacoat's compliance with the VOC requirements of South Coast Air Quality Management District (SCAQMD) contributes to a healthy interior and aligns with green building rating systems. In 2022, DIRTT furthered its commitment to sustainability by developing ChromacoatPLUS, our most durable and washable paint ever. This specially treated waterborne finish for wall panels offers a latex-paint aesthetic and increased durability, with a clear, UV-cured topcoat that can withstand frequent cleaning and disinfecting. By using ChromacoatPLUS, DIRTT is able to provide a safe and durable workspace for our customers.

THERMOFOIL

Thermofoil, a premium 3D laminate material, offers an ideal blend of durability and aesthetic appeal. This innovative material is heat-molded to an MDF panel, creating a seamless finish that effectively eliminates unsightly lines and sharp corners. Beyond enhancing the visual appeal of surfaces, Thermofoil also promotes infection prevention, making it an ideal choice for environments where cleanliness is paramount.

POWDER COATING

DIRTT's commitment to sustainability extends to its use of powder coating on aluminum extrusions, an inert process that contains no solvents. Unlike some liquid finishes that contain volatile organic compounds (VOCs), powder coating is an eco-friendly alternative that significantly reduces emissions.

VENEER WRAPPING

DIRTT employs an innovative process to provide a high-quality veneer finish for wall frames. Veneer is thinly sliced and wrapped directly onto aluminum extrusions. The process involves the application of a zero-VOC adhesive and a water-based topcoat, resulting in exceptional adherence of the veneer to the aluminum frame.

TIMBER

Timber is a sustainable building material that enables trees to store carbon throughout their lifetime. At DIRTT, we take pride in sourcing our timber from reputable suppliers that adhere to rigorous harvesting regulations designed to prevent over-harvesting. Offering a beautiful and renewable timber solution provides our clients with an unmatched aesthetic solution that aligns with our commitment to sustainability.



GREEN BUILDING RATING SYSTEMS

DIRTT recognizes the importance of green building certifications for advancing sustainability in the built environment.

Our clients often look to these standards as guidance for their designs, and we are committed to supporting their goals for green building rating systems by using healthy and sustainable materials. To further enhance our transparency efforts, we provide Environmental Product Declarations (EPDs) and SCS Indoor Advantage Gold certificates.

DIRTT can contribute to a number of certification systems and guidance, including but not limited to:

Leadership in Energy and Environmental Design (LEED)

The WELL Building Standard

The Living Building Challenge

International Living Future Institute Red List

Fitwel

Healthier Hospitals Initiative

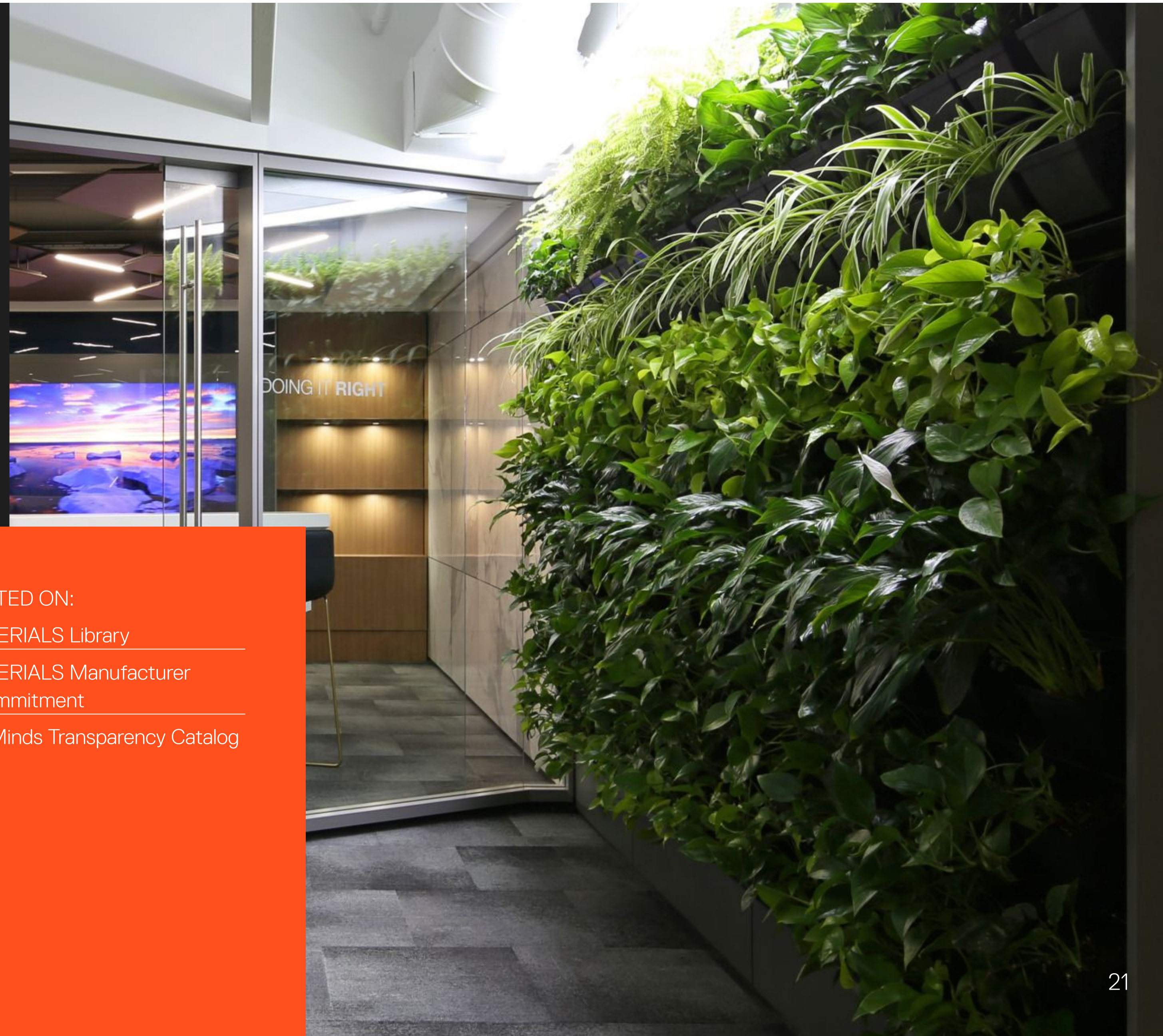
Environmental Protection Agency Sustainable Design Requirements

DIRTT IS LISTED ON:

Mindful MATERIALS Library

Mindful MATERIALS Manufacturer Materials Commitment

Sustainable Minds Transparency Catalog



OUR PLACES

DIRTT recognizes environmental sustainability is imperative. To manage our impact as we grow, we understand our environmental footprint goes hand in hand with our strategic priority to operate efficiently.



WASTE REDUCTION

As a conscientious manufacturer, we recognize waste is an inevitable byproduct of our operations and are committed to limiting its production. Our waste reduction efforts involve regularly reviewing waste streams to divert materials from landfills whenever possible. While proper disposal is crucial, prevention remains a priority. We have set an ambitious goal to reduce absolute landfill waste generation by 35% by 2025, achieved by improving material efficiency, assessing packaging waste, and leveraging innovative waste-to-energy solutions.

In 2022, we focused on eliminating single-use items throughout our facilities and increasing the availability of compost bins and recycling areas. Efforts to reduce waste from corporate events included using reusable plates and cutlery instead of disposable options and improving signage for proper disposal.

We continued to make progress on our waste-reduction initiatives. Our successful incentive-return program collected 35,995 reusable frame-shipping clips from installers, while our dunnage return program diverted almost 11.5 tons of dunnage from the recycling stream.

Packaging also plays a crucial role in waste reduction. We have implemented measures to include more paper-based packaging for our Chromacoat painted panels, and in 2022, we successfully tested and launched paper-based packaging for Thermofoil and fabric panels. Going forward, we will continue to assess components for potential transition from plastic to paper-based or corrugated materials, thus improving recyclability and reducing plastic pollution on our partner job sites.

DIRTT is committed to reducing our absolute landfill waste generation by 35% by 2025.



CREATING CIRCULARITY

A circular economy could reduce global CO₂ emissions from building materials by **38% in 2050***

The circular economy is a concept that focuses on keeping materials in circulation and out of the landfill. The Ellen MacArthur Foundation outlines these three principles, driven by design, that drive the circular economy:

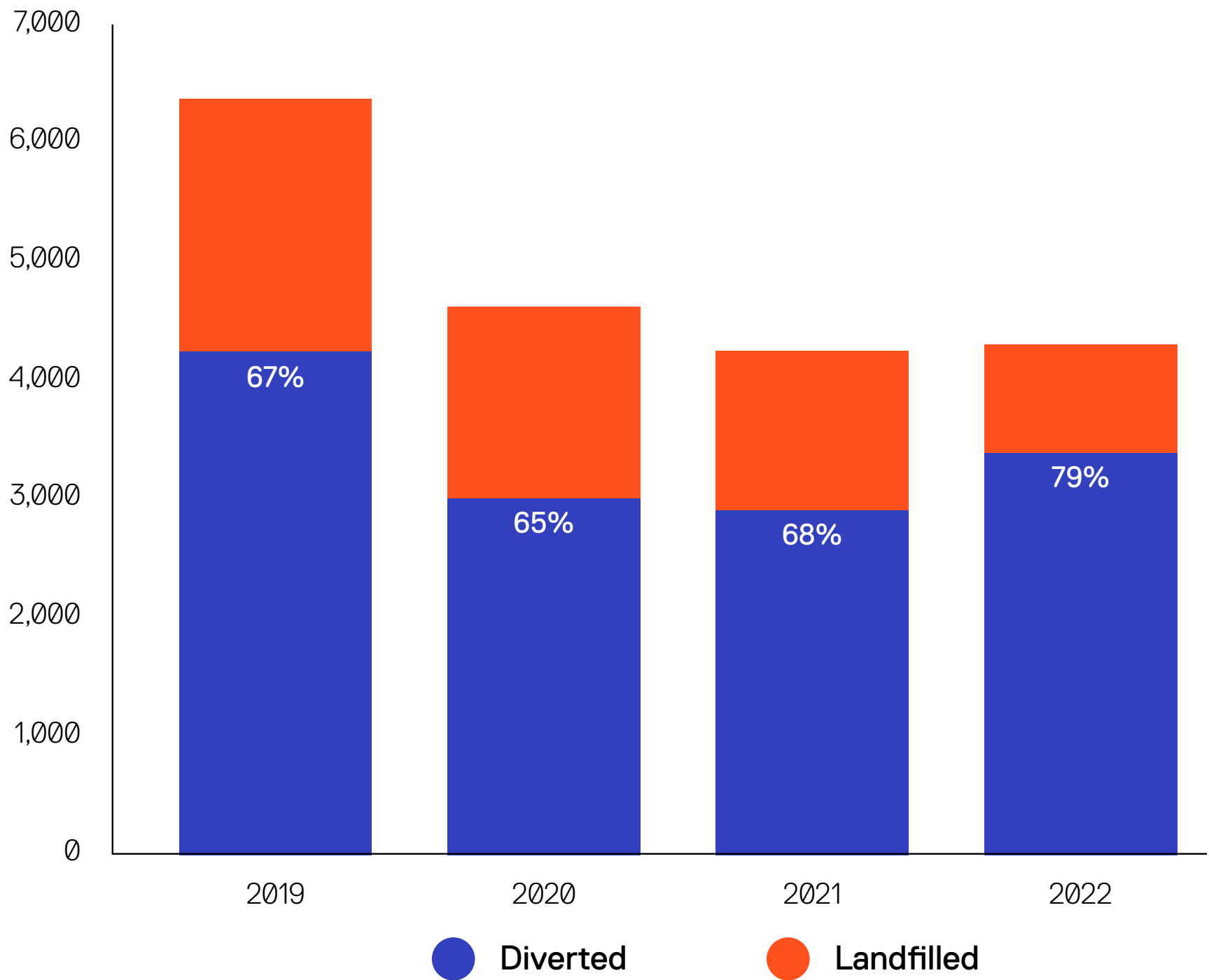
- 1 Eliminate waste and pollution
- 2 Circulate products and materials
- 3 Regenerate nature

DIRTT’s internal strategy to innovate and communicate our circular economy initiatives is called Creating Circularity. Many of our efforts support the concept of circulating products and materials.

*Ellen MacArthur Foundation, Built Environment.

WASTE BY TYPE AND DISPOSAL METHOD IN METRIC TONS

		2019	2020	2021	2022
Hazardous Waste	Recycle	0.3	0.2	0.1	34.4
	Landfill	1.4	5.9	68.6	1.3
Non-Hazardous	Reused	No data	No data	3.9	7.8
	Recycled	4,152	2,937	2,831	3,216
	Composted	42	28	25	49
	Landfilled	2,097	1,581	1,273	888





INDUSTRY COLLABORATION

CIRCULAR ECONOMY IN REAL ESTATE

In 2022, DIRTT participated in a study facilitated by Circular Economy Leadership Canada, BOMA Canada, and the Pacific Institute for Climate Solutions (PICS), to advance the development and implementation of circular economy strategies in existing buildings. The goal of the research was to reduce embodied carbon, extend the life of buildings, and facilitate flexible and adaptive leasing models. In addition to advancing the Canadian commercial real estate industry's understanding and awareness of the inherent economic, environmental, and social benefits of circular economy solutions, this collaboration will result in practical resources that can support property managers, owners, and investors to undertake circular strategies more easily, thereby reducing the embodied carbon of organizations and their building portfolios.



[LEARN MORE](#)

CLIMATE CHANGE

The time is now for industry leaders to make tackling embodied emissions a priority. The long-term impact of what we're building today creates a huge opportunity for construction companies—whether they are currently leaders in reducing operational emissions or not—to set the standard for the design choices, materials selection, and construction practices that reduce a project's embodied-carbon footprint.

Although climate change was not emphasized as a material topic during our materiality assessment, we believe we have a responsibility to minimize our climate impacts. Transparency and energy efficiency are integral to reducing our environmental impacts through emissions and carbon impacts while streamlining our operations.

DIRTT's annual carbon footprint calculation measures the direct and indirect greenhouse gases (GHGs) associated with our manufacturing operations. By calculating our carbon footprint year over year, we can monitor change and identify improvement strategies. We evaluate our data inventory and methodology annually to ensure that our carbon footprint is accurate and complete, while highlighting areas where we can improve.

METHODOLOGY

We use the methodology, tools, and source data from the Greenhouse Gas Protocol, the Canadian National Inventory Report, and the U.S. Environmental Protection Agency (EPA). To learn more about DIRTT's carbon footprint methodology, please see the Greenhouse Gas Protocol Corporate Standard. See our report index for further data used in our carbon footprint calculation.

Scope 1 emissions occur from sources owned or controlled by the reporting company (i.e., company fleet vehicles, natural gas combustion, other fuel consumption). Scope 2 emissions represent the emission from the generation of purchased electricity consumed by the reporting company. The Greenhouse Gas Protocol carbon accounting methodology outlines a location and market-based method for accounting for scope 2 emissions.

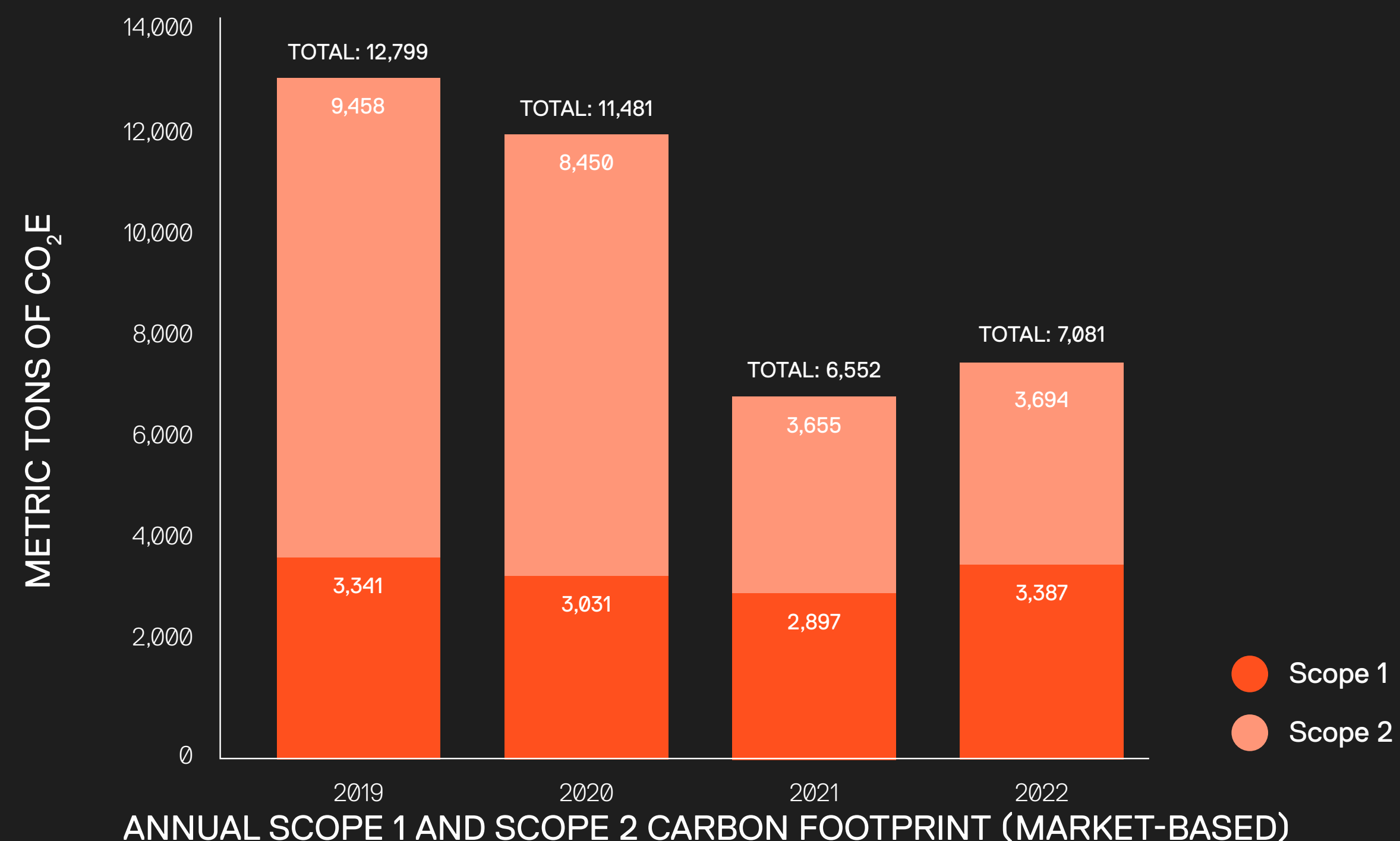
By including a market-based methodology, calculations can more accurately reflect the emissions from the power companies purchase, considering the increasing number of power suppliers in the energy market. This methodology allows companies to benefit from their electricity purchasing decisions, while driving demand for energy generation from low-carbon sources.

CARBON FOOTPRINT

→ DIRTT purchased renewable energy credits to match our U.S. energy consumption

→ We implemented a new sustainability software tool for tracking sustainability metrics, enabling a more efficient calculation methodology

→ In 2022, we began utilizing a new software to automate the tracking of vehicle fuel consumption, improving the accuracy of our scope 1 emissions



Location-based methodology:

This method uses the average emissions intensity of energy grids in the operation areas.

Market-based methodology:

This method utilizes the specific emission intensity from our energy suppliers or purchased renewable energy, such as renewable energy credits (REC).

ENERGY CONSUMPTION

Electricity consumption in Calgary is the largest contributor to our carbon footprint, making up 55% of our location-based carbon footprint in 2022. By voluntarily sourcing renewable energy, we can contribute to a cleaner energy economy.

At DIRTT, we are committed to mitigating the significant carbon emissions associated with the building and construction industry. In line with this commitment, we have pledged to procure or produce renewable energy for all our factories by 2025.

We have taken concrete steps towards achieving this objective by conducting energy audits of our Calgary manufacturing facilities in 2021. Based on the insights gleaned from these audits, we have implemented supplementary training programs for our personnel to ensure optimal equipment operation, thereby minimizing overall power consumption. Moreover, we

have upgraded our HVAC equipment to enhance building efficiency, while acknowledging that there is room for further improvement by replacing outdated equipment with energy-efficient models and providing additional training to our operators.

In the U.S., we have already matched our energy consumption with renewable energy credits, and we aim to achieve a similar objective in Canada, where we are headquartered in a region heavily dependent on carbon-intensive energy sources. By proactively sourcing renewable energy, we're committed to contributing to a cleaner energy economy.

ENERGY CONSUMPTION (KWH)

Energy Consumption within the Organization							
	Calgary (non-renewable) kWh	Calgary (solar) kWh	Phoenix (non-renewable) kWh	Phoenix (solar) kWh	Savannah (non-renewable) kWh	Rock Hill (non-renewable) kWh	Total kWh
2019	10,236,927	14,035	1,463,360	94,361	1,405,960	-	13,214,643
2020	9,501,587	14,190	1,559,040	93,350	1,198,640	-	12,366,807
2021	9,282,998	14,946	1,377,280	90,662	1,200,640	1,060,269	13,026,795
2022	9,380,844	7,091	577,120	-	1,380,240	1,314,416	12,652,620

ENERGY INTENSITY

	kWh/\$ Product Revenue
2019	0.05
2020	0.07
2021	0.09
2022	0.08

DIRTT is committed to sourcing or producing renewable energy for 100% of our factories by 2025.

OPERATIONAL EXCELLENCE

SQDIP

At DIRTT, in our manufacturing facilities we focus on the following performance indicators:

Safety, Quality, Delivery, Inventory, Productivity

QUALITY

DIRTT's quality management system is built on the concept of continuous improvement.

At DIRTT we work with our suppliers to ensure we source quality raw materials. We also want to know that our suppliers are minimizing their waste and environmental impact. The DIRTT quality management system (QMS) implements and drives lean solutions resulting in on-time delivery and installation of products.

Our quality procedures and standards conform to regulatory requirements and applicable international standards while code compliance is built into every step of our process. The QMS ensures specific measures are in place to detect and prevent defects. In 2022, we focused on implementing additional tagging measures for inventory management, improving our key performance indicators with thorough tracking of items flowing through our factory and reducing external deficiencies and reorders.

CONTINUOUS IMPROVEMENT

At DIRTT, we're always looking for ways to implement improvements across the company. We focus on continuous improvement in our factories to increase our throughput, reduce operational costs, and reduce our inventory. As we make progress, we become better positioned for growth, while improving our quality.

Operators are always encouraged to share their ideas on how to improve their processes and create a more efficient environment. In 2022, 187 ideas were submitted that were displayed during the company's monthly meetings. DIRTT recognizes and empowers operators to continue submitting by providing a monetary incentive to those that share their ideas every month, as well as a quarterly incentive for each factory. Some examples include introducing a Kanban system to the Calgary metal factory that wasn't previously thought of, as well as many safety-forward ideas to prevent injuries.

LEAN MANUFACTURING

Lean manufacturing is our strategy for continuous improvement strategies in our plants. By reducing waste through lean initiatives, this improves production, energy efficiency, productivity, and reduces waste disposal.

We continue to recognize the importance of training our employees in lean manufacturing and host yellow, green, and black belt training sessions. We're committed to training all factory employees that have been at DIRTT for longer than three months on Lean 101. As of the end of 2022, we were successful in achieving this training goal by training an additional 27 employees within lean manufacturing.

In 2022, DIRTT added quality to our "Road to Zero" Campaign. Now, in addition to a goal of zero incidents or injuries, we're striving to achieve zero external and internal deficiencies.



OPERATIONAL EXCELLENCE

By the end of 2022, we have trained over 56% of employees company-wide on lean manufacturing, including office personnel.

In addition to Lean 101 training, an additional 12 management level individuals completed Lean Six Sigma Green Belt training. This training for individuals with operational oversight will further enable lean principles to be carried into a variety of functions across the organization to ensure a comprehensive approach to lean construction. Individuals from Operational Excellence, Quality, Shipping, Procurement, Product Development and Engineering teams received Green Belt Training.

PRODUCTION METRICS

Throughout our operations, we track the effectiveness of our production, both at a process and machine level. Manufacturing companies utilize a metric called Overall Equipment Effectiveness (OEE). OEE is calculated based on machine availability, performance, and quality. World-class manufacturing aims to have an OEE of 85%.

In 2020, we committed to achieving an OEE of 60% by the end of 2021, which we proudly surpassed, with an OEE of 67%. Last year, we set factory specific OEE goals per quarter which allows us to track the performance of each factory separately. We proudly accomplished all but two quarterly goals and, on average, exceeded our goal by 7%, maintaining the progress we made in 2021.

Looking ahead, we plan to assess factory productivity through benchmarking our waste intensity by measuring tonnage of waste per revenue, in addition to our energy intensity by revenue.



OUR PEOPLE

Our success is driven by our people. We strive to provide a safe, happy, and healthy working environment for all our colleagues. We create spaces where everyone is treated equally and with respect, so that same culture translates into the communities in which we operate.



HEALTH + SAFETY

As an organization committed to health and safety, DIRTT has implemented our H+S campaign, Journey to Zero, with the aim of achieving zero occupational illnesses or injuries. The initiative is based on six pillars:

- **Leadership commitment**
- **Contractor alignment**
- **Health and safety management systems**
- **Measure and metrics**
- **Organizational effectiveness**
- **Organizational learning**

OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT SYSTEM

Internal policies, including disciplinary, recognition, and respectful workplace policies, are in place to further enhance our OHS management system. Our contractor management system also has specific controls to ensure that contracted services align with safe facility operations and DIRTT's process and personal safety performance goals.

SAFETY TRAINING AND COMMUNICATION

DIRTT prioritizes safety training and communication through DIRTT U, an online platform hosting our internal training programs. We also provide in-house counterbalance forklift and electric pallet jack training and a mandatory 30-60-90-day implementation program for all new hires and re-hires.

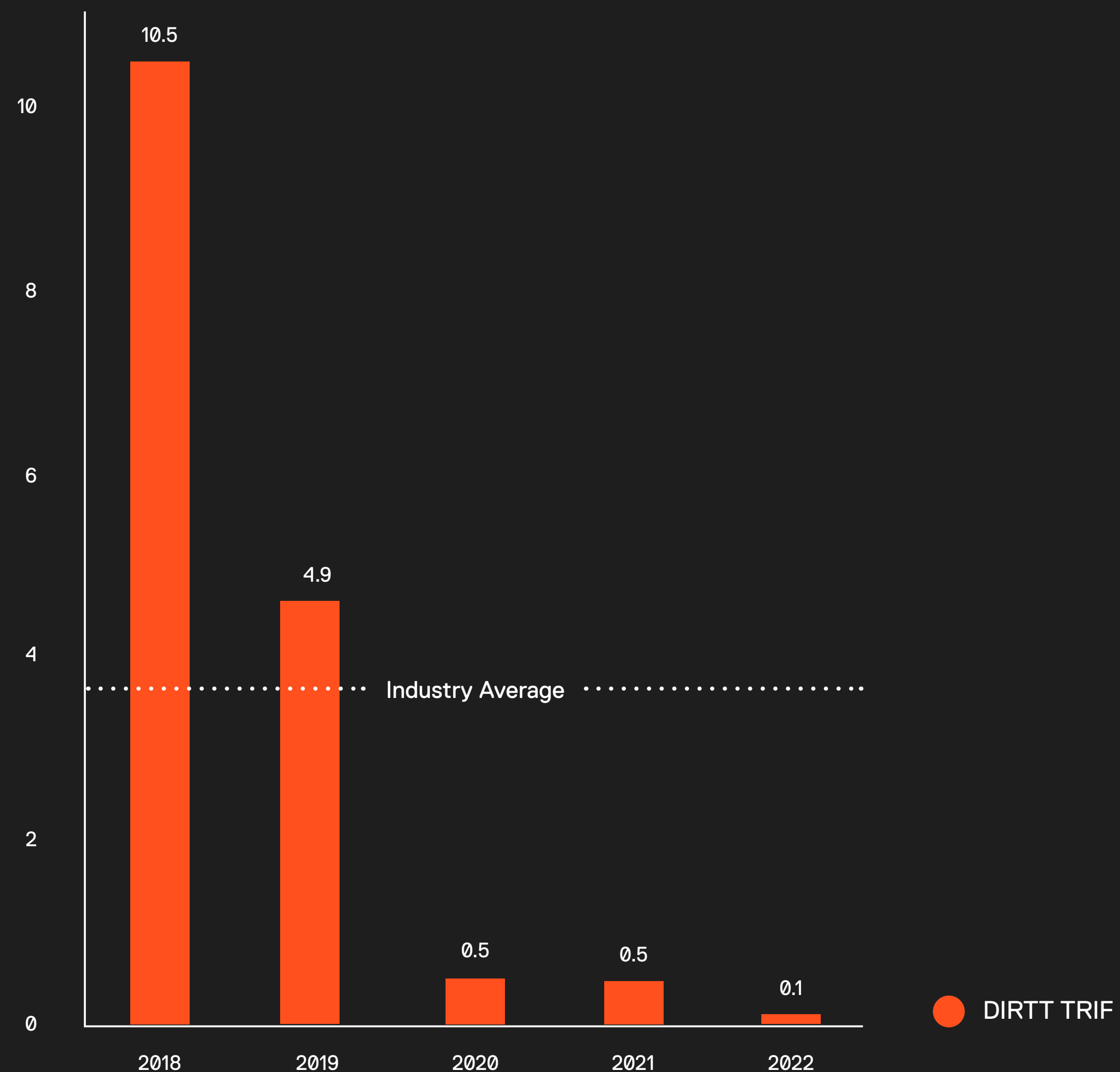
HAZARD RISK ASSESSMENTS

DIRTT uses various controls to mitigate potential hazards, such as eliminations, engineering, administrative measures, and personal protective equipment. A thorough hazard assessment is conducted to identify hazards, evaluate their potential impact, prioritize controls, and develop, implement, and monitor controls.

We incentivize reporting of hazards through the HID card, SQDIP boards, our software Hazard Identification Report. In addition, reporting to a direct supervisor is critical in evaluating any situation, item, object, or process that may pose a risk. Leading indicators in DIRTT's Plant Incentive Program (PIP) include job hazard assessment (JHA) review, training, and signoff. DIRTT provides formal JHA training during toolbox meetings, and risk assessments are carried out by cross-functional teams whenever there is a change in processes or equipment. As part of our contractor management process, contractors must complete and submit their field-level hazard assessment (FLHA) before commencing work. Maintenance personnel must perform an FLHA each time they undertake a non-routine task.



TOTAL RECORDABLE INCIDENT FREQUENCY (TRIF)



To ensure the success of our H+S management system, DIRTT's H+S team is composed of certified Canadian Registered Safety Professionals and Certified Safety Professionals. The team manages an Occupational Health and Safety (OHS) management system that goes beyond regulatory requirements in Canada and the U.S. The company's Total Recordable Incident Frequency (TRIF) is a good indicator of their H+S performance.



DIVERSITY, EQUITY + INCLUSION (DE+I)

DIRTT has a diverse group of employees who speak over 17 different languages. To overcome language and communication barriers, we introduced a symbol system, recognized by the International Organization for Standardization (ISO). These provide essential information in our daily toolbox talks and job hazard assessments. They also enhance the completion of health and safety training. Improved communication around hazards, warnings, fire safety, and safe work conditions helps drive us forward in our health and safety Journey to Zero.

We strive to build a sense of belonging in the workplace. Creating an inclusive, fair, and respectful workplace where everyone feels their perspectives, background and experiences are heard and valued is the right thing to do for our people and for our business. DIRTT has developed a diversity, equity, and inclusion baseline including a statement and employee data collection.

In 2022, we established a diversity, equity, and inclusion roadmap which has three focus areas:

- 1** Training - Advance our commitment to DE+I and enhance employee awareness and accountability through education and engagement.
- 2** Talent Management - Mitigate bias and remove barriers to retain and advance diverse talent to ensure the organization has the right capacity to meet future business needs.
- 3** Talent Acquisition - Offer equitable career opportunities to attract diverse talent and further position the company as an employer of choice.

Attracting and hiring the right people is crucial to achieving DIRTT's strategic goals. DIRTT is committed to hiring qualified, diverse, and innovative individuals. Our efforts begin at the initial stages of the employee life cycle, where diverse candidates are highlighted and presented to hiring managers for review. We began collecting applicant diversity data in 2021 and recently implemented a tracking system to give us stronger diversity data from application through hiring.

PARTNER DIVERSITY

As of December 31st, 2022, DIRTT operates through a partner distribution network with 67 construction partners across North America and select international markets. Within our partner network, 76% of our partners are classified as small businesses, and 24% are women-owned businesses. We hope to continue working with our partners to understand the landscape of diversity throughout the partners we work with and learn strategies to support organizations that are small-businesses or minority or woman-owned.



EMPLOYEE ENGAGEMENT

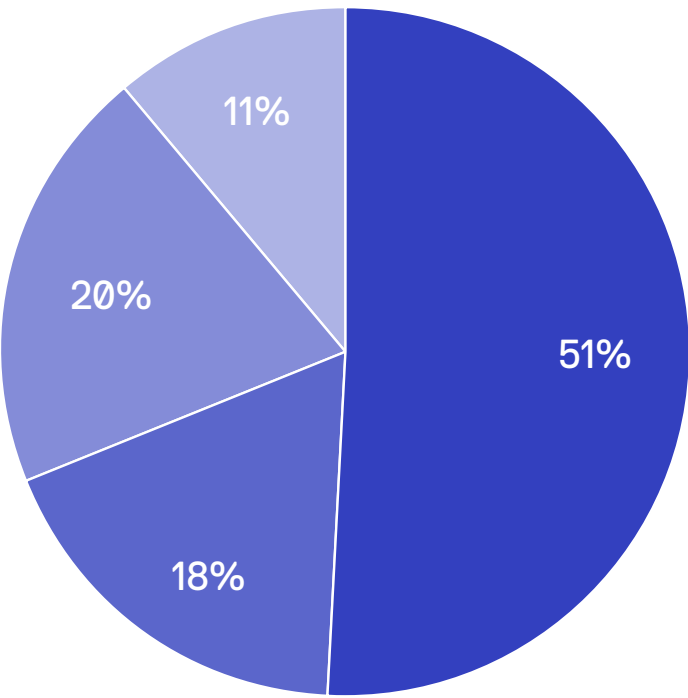
DIRTT believes real change happens when companies connect people with their purpose. This creates a culture of innovation in the communities where we live and work.

Our employee-focused approach promotes collaboration, innovation, and equal opportunities. To empower our people, we need to invest in their growth, protect their well-being, continue to build an inclusive workplace, and demonstrate fair labor practices. That’s why we go above and beyond to provide programs that keep people safe, healthy, and happy. This includes providing daily lunches for our employees, on-site fitness facilities, recognition of employee milestones, and frequent events to allow employees to socialize.

By the end of 2022, DIRTT established a new talent management software with which we will conduct twice annual employee engagement surveys. Data from these surveys will inform us of our strategy to engage with employees as our workforce evolves.

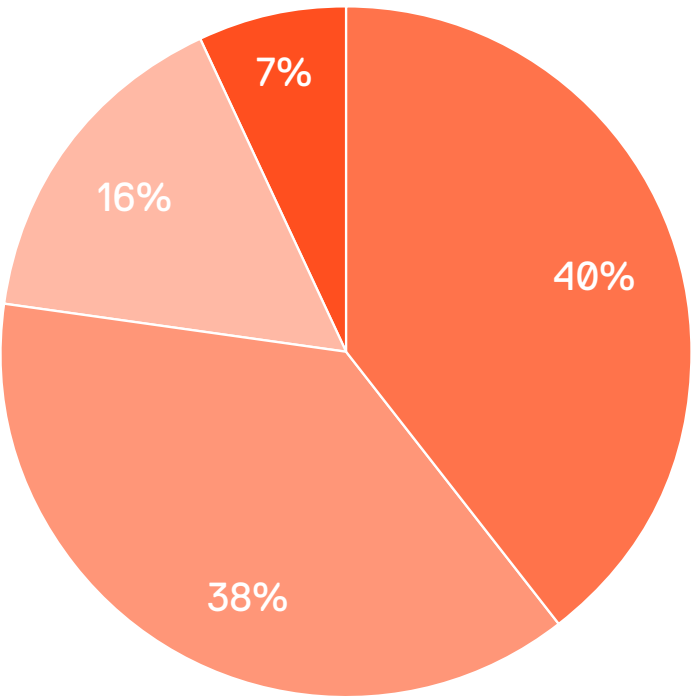


EMPLOYEE TENURE



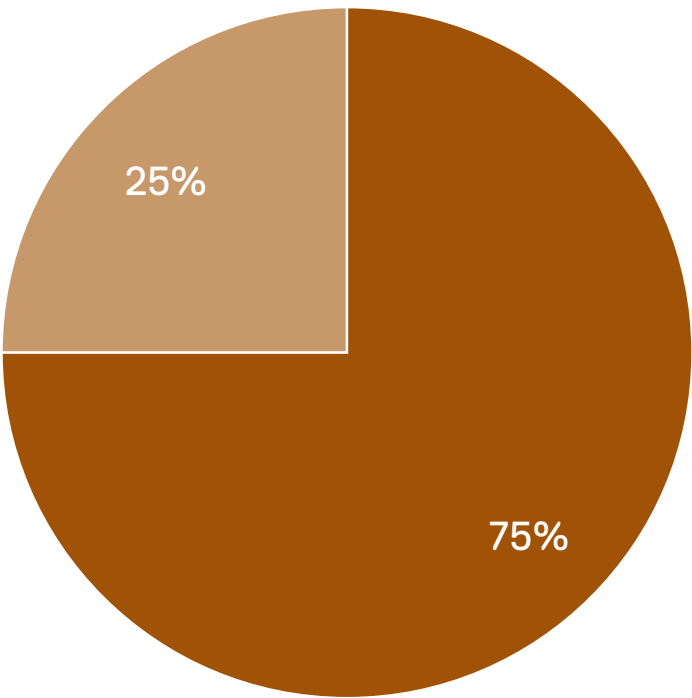
- 0-5 Years of Service
- 6-9 Years of Service
- 10-14 Years of Service
- 15+ Years of Service

EMPLOYEE DEMOGRAPHIC



- Generation Z (19-25)
- Generation Y (26-41)
- Generation X (42-57)
- Baby Boomers (58-76)

EMPLOYEE GENDER



- Male
- Female

COMMUNITY + LOCAL IMPACTS

COMMUNITY INVESTMENT

DIRTT believes we have the opportunity and responsibility to help build a better future. Through community support, we spark change and propel progress for generations ahead.

DIRTT is committed to investing our time, resources and expertise in initiatives that address important social and environmental challenges. This includes partnering with local nonprofits, sponsoring community events, and supporting programs that promote sustainability, education, and community. We’re looking to roll out a robust volunteer program to encourage our people to volunteer their time and skills to these initiatives and offer paid time off for community service. Our goal is to create lasting positive change in the communities where we operate, and we’re excited to work with our stakeholders to achieve this vision.

DONATIONS

Financial Donation	Holiday Giving Campaign	\$33,343.30 CAD	Calgary Food Bank
		\$5,000.00 USD	Savannah Food Bank
	National Day for Truth and Reconciliation	\$1,500.00 CAD	Pikani Nation, Blackfoot class resources
Material Donation	Composite wood – off cuts and full sheets	22,412 kg	Habitat for Humanity
	Casework drawer slide hardware	30 pallets (8,875 boxes)	Habitat for Humanity
	Timber off cuts	602 kg	Habitat for Humanity
	Fabric rolls	35 rolls	Employees

COMMUNITY GIVING

We built upon existing relationships with our local Habitat for Humanity to find additional materials and strategies to support their efforts building affordable housing projects. In 2022, we focused on donating materials that would otherwise not have been used for our manufacturing. We’re excited our eligible material donations throughout the year were valued at \$99,665. They were resold by the Calgary Habitat for Humanity ReStore or used in affordable housing projects built by the non-profit.

FOOD BANKS OF NORTH AMERICA

In 2022, DIRTT held our annual holiday giving campaign where a variety of teams organize games and other activities to raise money for the food banks in the areas we operate. At the end of the campaign, we donated \$40,000 CAD to food banks in North America.

HABITAT FOR HUMANITY

DIRTT works closely with Habitat for Humanity of Southern Alberta to donate materials that are no longer needed for our manufacturing processes. Over 2022, we streamlined our donation process and continued looking for more opportunities to provide materials. Throughout the year, we donated nearly \$100,000 worth of materials to Habitat for Humanity, either for use in their affordable housing projects or in the ReStore where they can sell materials to raise funds for their construction projects.



Thanks to organizations like DIRTT, we can repurpose materials and keep them out of the landfill. In addition to the environmental impact this partnership has created, it supports our mission to help local families build strength, stability, and independence through Habitat for Humanity Southern Alberta’s home ownership program.”

**Habitat for Humanity,
Southern Alberta**

OUR PROCESSES

DIRTT's governance framework ensures transparency, objectivity, and fairness in the management and operations of our company to earn our stakeholders' trust everywhere we operate.



GOVERNANCE + ETHICAL BUSINESS PRACTICES

DIRTT is committed to upholding ethical business practices through transparent reporting and strong governance practices.

DIRTT's business is managed by executive officers, under the oversight of an independent board of directors. The board's responsibilities are supported by three standing committees, each of which is comprised entirely of independent directors. The board oversees our strategic planning process and helps ensure that management creates a culture of integrity.

BOARD STRUCTURE

Our board has established an audit committee, a corporate governance and compensation committee, and an enterprise risk-management committee. The enterprise risk-management committee has oversight responsibilities in relation to corporate responsibility and sustainability, including environmental, social, and other public issues of significance to the company and its stakeholders. The responsibilities of each standing board committee are set out in their associated charters. Sustainability risks are evaluated, prioritized, and managed by the leadership team. These risks and corresponding mitigating actions are reported to various board committees and/or the board regularly. The board committees and the board provide the leadership team with feedback regarding the company's risk management processes.

POLICIES

DIRTT's code of conduct and code of ethics promotes a culture of ethical and responsible business conduct.

The code is applicable to directors, officers, employees, and contractors of the company. It addresses safety, discrimination and harassment, fair business dealings, conflicts of interest, protection and proper use of company information and assets, compliance with applicable laws, rules and regulations, timely and accurate disclosure, and the reporting of illegal or unethical behavior. The company has also established policies and practices to deal in greater detail with the matters set out in the code. We're focused on continuous improvement in our health and safety practices to ensure they are effective.

We monitor and report on our progress towards health and safety goals and we investigate all incidents and implement appropriate corrective steps to eliminate future occurrences.

There is more work to be done to reinforce our organization's priorities within the policies we've outlined. Over the year ahead, we will revise our supply chain and partner agreements to ensure we are setting appropriate guidelines that will help us collaborate with companies that align with our values.



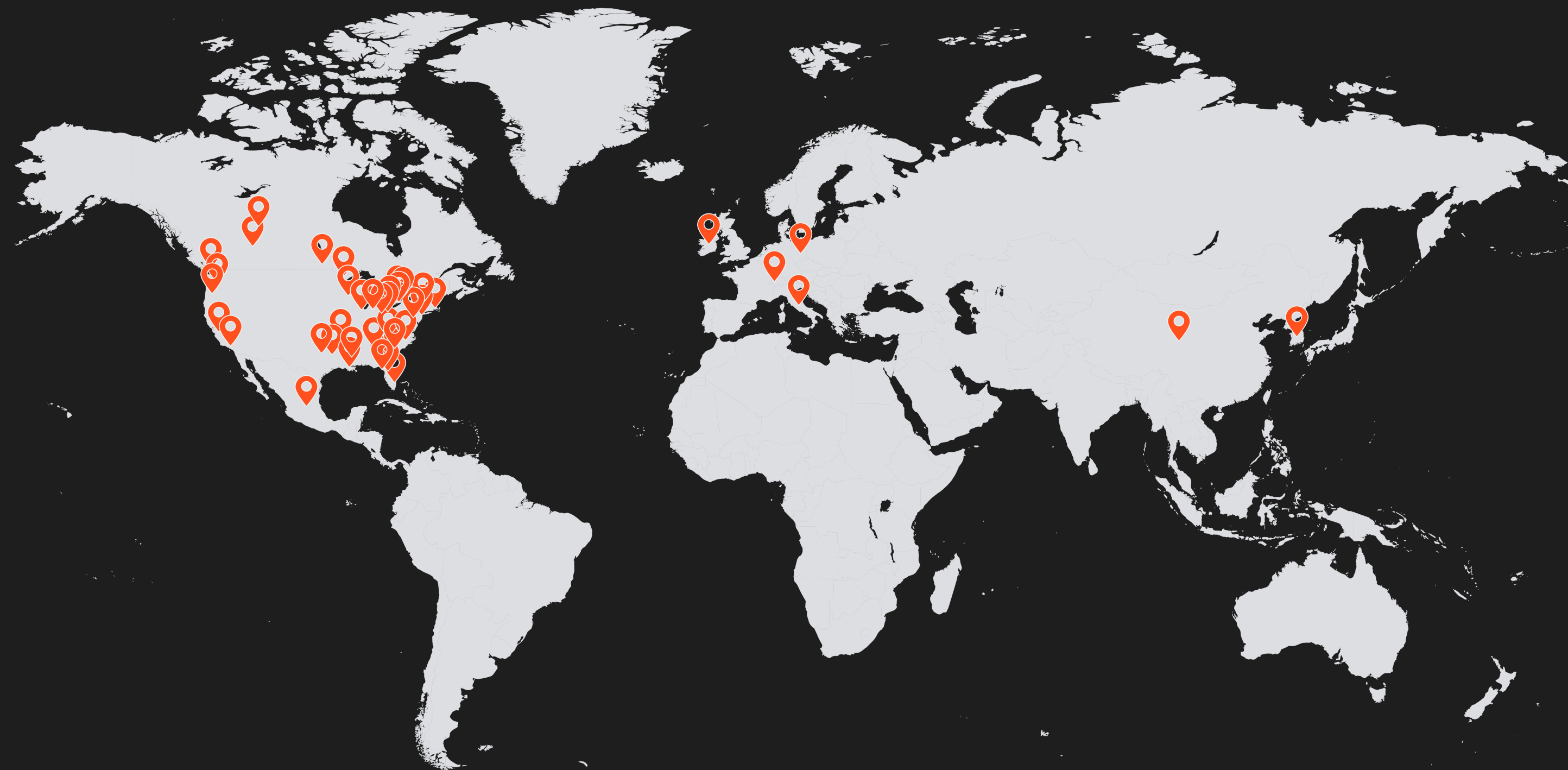
SUPPLIER ENGAGEMENT

At DIRTT, our suppliers are essential to our success. We aim to work with companies who share our views on responsible and ethical business practices. We require all potential suppliers to go through a supplier qualification process. This allows us to ensure they have the procedures in place to meet quality and performance requirements and evaluate their ESG efforts. Since adding environmental criteria to the qualification process, we've gained better visibility on suppliers that have sustainability policies, are ISO certified, and can verify earlier in the process that their products do not contain conflict minerals.

Master purchase agreements cover approximately 70% of our annual spend within our supply chain. With global supply chain challenges, these agreements have allowed us to have more certainty in our material availability and procurement. We continue to negotiate agreements with new and existing strategic suppliers. Annually, we review environmental health and safety programs, including recycled content, packaging materials, and waste diversion programs in their business.

Last year, we stated we plan to move a significant portion of our supply chain out of Asia by 2025. In 2022, we sourced approximately 5% of materials from Asia. We evaluated options to reduce our spend with oversea suppliers, however, these options proved to be cost-prohibitive and would be a risk to the business to make such a transition at this time.

Through DIRTT's government service agreements contract renewal, we've committed to demonstrate reasonable good faith efforts to support diversified suppliers and have set targets to do so. DIRTT has gathered data regarding our U.S. suppliers and are establishing a procedure for assessing Canadian suppliers. We intend to improve our understanding of supplier diversity across both our Canadian and U.S. supply chains by the end of 2023.



SUPPLIER DIVERSITY

In 2021, we formalized our efforts to collect diversity information from our vendors and partner network, including identifying small businesses and those owned by women, racial minorities, and veterans. By the end of 2022, we have a better understanding of the supplier diversity state within our value chain, but this also exposed gaps that we plan to address moving forward as we work to have a positive impact on the suppliers and partners that we support and work with. DIRTT will continue to collect diversity information from new organizations that enter our vendor and partner network, especially within the Canadian landscape where diversity information is not collected as

part of standardized financial reporting.

In 2022, DIRTT's overall supplier spend with diversified business categories made up 2.5% of our overall supplier spend. Small businesses made up 9.3% of our overall supplier spend, while women-owned businesses accounted for 2.1% of our overall spend. We recognize this proportion is not where we would like it to be and will continue to evaluate current and potential suppliers to ensure we are supporting suppliers within these categories to support the communities we operate within and broaden our purchasing network.



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