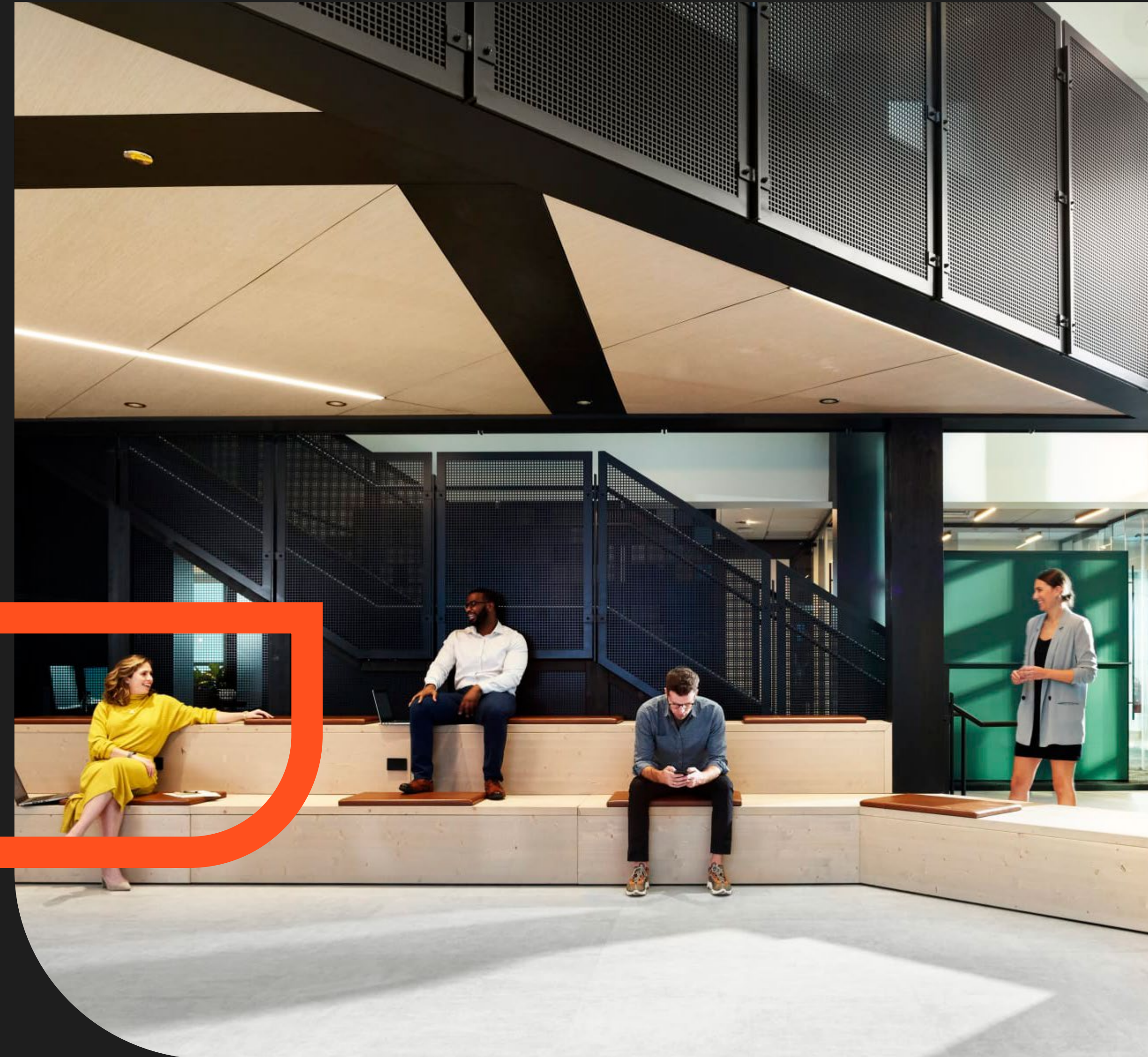


# 2023 ESG REPORT

ENVIRONMENTAL, SOCIAL + GOVERNANCE







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## ABOUT DIRTT

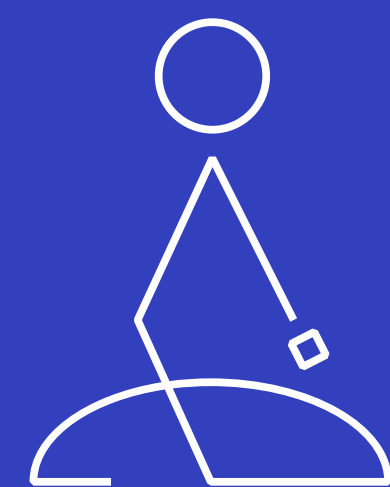
### NOT JUST BUILT FOR TODAY. BUILDING FOR TOMORROW.

Established in 2004 and headquartered in Canada, DIRTT specializes in custom prefabrication, seamlessly translating distinct visions into adaptable environments tailored to work, learn, and heal. Central to our design philosophy is an emphasis on disassembly, facilitating component interchangeability to enable effortless repurposing or

reconfigurations without extensive renovation, expense, or waste. The market for prefabricated interior spaces resonates with the escalating demand for streamlined and efficient construction methods, coupled with an enhanced focus on sustainable and economically viable building solutions. DIRTT is listed on the Toronto Stock Exchange under the symbol “DRT” and quoted on the OTC Markets on the “OTC Pink Tier” under the symbol “DRTTF”.



# KEY HIGHLIGHTS



879  
Employees

72  
Construction  
Partners  
globally

Invested  
**\$8.3 million**  
into technology and development  
innovation activities and entered  
a partnership with Armstrong  
World Industries



39  
Sales  
representatives

293  
Patents  
(65 patents  
pending)

Revenues for the year ended  
December 31, 2023, were  
**\$181.9 million**

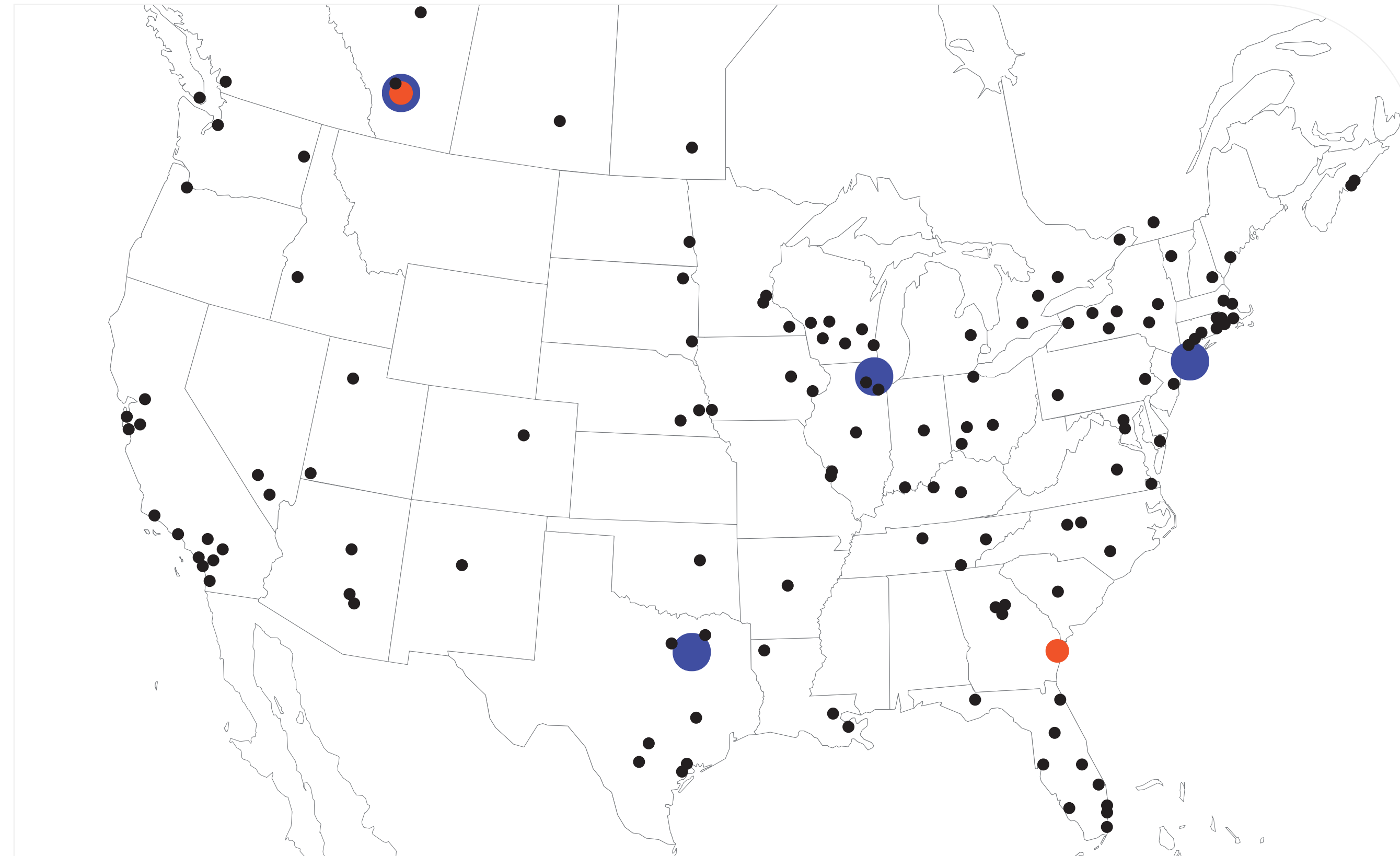
An increase of  
**\$9.8 million**  
or 6% from \$172.2 million.







## WHERE WE ARE

DIRTT manufactures its panels, casework, and timber solutions in Calgary, Alberta, while aluminum, glass, and electrical components are produced in both Calgary and Savannah, Georgia. Leveraging distributed manufacturing allows us to flexibly allocate production of specific components across our facilities, thereby reducing transportation time and cost while meeting targeted lead times efficiently.

Our revenue streams predominantly stem from commercial projects, encompassing new construction endeavors and the renovation of existing structures. Our clientele spans a broad spectrum, ranging from small owner-managed enterprises to multinational Fortune 500 corporations across diverse sectors, including healthcare, education, financial services, government and military, manufacturing, non-profit organizations, energy, professional services, retail, technology, and hospitality.



-  **DIRTT Headquarters**
  - Calgary, Alberta, Canada
-  **DIRTT Experience Centers**
  - Calgary, Alberta, Canada
  - Chicago, Illinois, United States
  - Dallas, Texas, United States
-  **DIRTT Manufacturing Facilities\***
  - Calgary, Alberta, Canada
  - Savannah, Georgia, 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 to use the Distribution and Training Centre in Phoenix during 2023. In August 2022, DIRTT made the decision to temporarily suspend operations at our Rock Hill Facility and decided to permanently close this location in September 2023.



## 2023 HIGHLIGHTS

Achieved 50% of our goal to reach 100% renewable energy for our operations

Launched company-wide training on foundational DE+I concepts

Achieved our highest revenue since 2019

### AWARDS AND ACCOLADES

- Shortlisted for best ESG reporting (small cap)
- Excellence Awardee for Canada's Safest Manufacturing Employer
- Canada's Safety Leader of the Year
- Certificate of Recognition (COR)
- SCS Indoor Advantage Gold Certified
- Forest Stewardship Council™ Certified
- Mindful MATERIALS Manufacturer Materials Commitment



## MESSAGE TO OUR STAKEHOLDERS

In our 20th year of operations, our commitment to environmental, social, and governance issues is at the core of our organization. We continue our relentless pursuit of excellence in environmental sustainability not only through our selection of materials, but also by reducing the environmental impact of construction through our manufacturing process. Our consistent integration of ESG as a core business principle and strategy continues to differentiate us in the construction industry.

Our sustainability practices have also helped all our customers reduce their carbon footprints and advance their own ESG journeys simply by building with DIRTT. Our solutions are designed for portability and reconfiguration. This also extends the sustainability benefits to second-generation users and empowers a circular economy for construction materials.

DIRTT manufactures and delivers multiple projects daily. A larger project, for example, can equate to tens of thousands of linear feet. Just one

project of that size over 10 years can mitigate significant amounts of construction materials entering the landfill. It reduces the associated hazardous decomposition by-products of common renovation materials and minimizes the churn of embodied carbon through iterations of renovation. Buildings and construction contribute to nearly 37% of global greenhouse gas emissions. However, DIRTT helps solve for that. Every project makes a difference, and the cumulative effect of all projects delivered with DIRTT eclipses the example of a single large project. I'm extremely proud of what we have done and continue to do to reduce the impact of construction on the environment.

Striving to make a better world wouldn't be possible without our people. They're as essential as the impact of our solutions, and nothing is more important than their health and safety. Our industry-leading safety record makes other manufacturers take note, and more importantly, it provides a blueprint of what a safe workplace should look like to help improve safety for all employees.

We have a responsibility to keep our employees physically safe and to provide an inclusive environment that continues to invest in their growth and create equitable opportunities for all. This work is never finished, but we're proud of the work accomplished thus far.

**Thank you for your continued support.**



We're "One DIRTT," and the broad diversity of our employees continues to prove to be one our greatest assets.

**Benjamin Urban, CEO**





# ABOUT THIS REPORT

## FRAMEWORKS

This report is guided by the 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 standard and is informed by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

## PRINCIPLES

### UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS (SDG)

Throughout this report, we highlight the UN SDGs that are most aligned with our ESG priorities.

## SCOPE OF THIS REPORT

All dollar amounts are expressed in U.S. currency. Unless otherwise specified or the context otherwise requires, references to “we,” “us,” “our,” “its,” “the Company” or “DIRTT” mean DIRTT Environmental Solutions Ltd. and, where the context so requires, includes our subsidiaries. Unless otherwise noted:

- (i) All information in this report is presented as at, and for the year ended, December 31, 2023, and
- (ii) The data and analysis relate to DIRTT and not its Construction Partners, suppliers, or clients.





# MATERIALITY ASSESSMENT

We conducted a strategic materiality assessment in 2021 with an external consultant to guide our inaugural 2020 ESG Report. This assessment shed light on the material ESG 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 where we hope to have the most positive impact. Those priorities located in the top right corner have the highest risks and opportunity. To ensure our focus remains current, we aim to reassess these topics annually, considering changes in our business, evolving ESG trends, and our stakeholders’ expectations. We plan to pursue another formal materiality assessment in 2024 to help ensure our disclosure is aligned with our stakeholder priorities and expectations. For more information regarding DIRTT’s Materiality Assessment, please see our 2022 Report (page 13-14).





# TARGETS

We have enhanced our focus on the key areas relevant to our organization. We have 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 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
- Good Governance

	MATERIAL TOPIC	TARGET		PROGRESS
<div><div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div><div>15 LIFE ON LAND</div></div>	Energy Consumption + Emissions	Source or generate renewable energy to power 100% of our factories by 2025.		On Track
	Waste Reduction	Reduce landfill waste by 2025, based on 2021 levels		On Track
<div><div>3 GOOD HEALTH AND WELL-BEING</div></div>	Health + Safety	Obtain Safety Health Achievement Recognition Program (SHARP) certification in our U.S. factories by the end of 2023.		Behind
<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>10 REDUCED INEQUALITIES</div></div>	Employee Engagement	Administer employee engagement pulse surveys annually		Completed
<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	Sustainable Product	Obtain an overall equipment effectiveness (OEE) of 60%		Completed
<div><div>1 NO POVERTY</div><div>2 ZERO HUNGER</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>	Community + Local Impacts	Company offers paid volunteer hours		Behind
<div><div>10 REDUCED INEQUALITIES</div></div>	Diversity, Equity + Inclusion	Advance diversity, equity + inclusion in the workforce		Ongoing
<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>	Good Governance	Respond and align to the TCFD framework in our 2023 report.		Completed
	Good Governance	Third-party verification of our ESG Report for the 2024 report		On Track



## ENVIRONMENT

DIRTT recognizes environmental sustainability is imperative for the responsible management of our resources and ensuring future generations can thrive. To manage our impact, we understand our environmental footprint goes hand in hand with our strategic priority to operate and grow efficiently. At DIRTT, we are committed to making efforts toward waste reduction, recycling, addressing climate change, managing energy consumption and carbon emissions, and promoting sustainable product innovation and design.





# WASTE REDUCTION + RECYCLING

We recognize waste is an inevitable outcome of our operations. With this, we're dedicated to developing and adopting ways we can improve operational efficiency to reduce our waste and its impacts.

Our initiatives focus on regularly assessing waste streams to redirect materials away from landfills whenever possible, opting instead for closed-loop solutions that prioritize reuse and recycling, with an emphasis placed on prevention of waste in the first place.

To this end, we've set an ambitious target to reduce our landfill waste generation by 35% by 2025<sup>1</sup>. We hope to achieve this objective through enhancements in material efficiency, evaluation of packaging waste, and our ongoing collaboration with ECCO Recycling to divert landfill waste by sending appropriate materials (that cannot be reused by DIRTT) for use in a low-carbon fuel

feedstock. This project is intended to support the Canadian concrete industry's efforts to use waste for fuel and reduce the emissions intensity of concrete production.

## INVENTORY OPTIMIZATION

In 2023, DIRTT undertook strategic inventory streamlining efforts, discontinuing solutions that didn't meet our quality standards. These measures were taken in response to higher rates of external deficiencies and reorders associated with certain finishes and materials. Through this effort, we mitigated the impact of reordering frames that were prone to on-site deficiencies.



# CIRCULAR ECONOMY IN FINANCE

In August of 2023, DIRTT participated in a Circular Economy Leadership Canada study on circular finance practices in Canada. An immersive session allowed for a discussion regarding how lenders can better support organizations with sustainability goals and continuous improvement efforts, like DIRTT, and how to improve access to resources critical in advancing such initiatives. This discussion helped shape the content of the resulting guidance, Financing the Circular Economy in Canada. As a first of its kind document in Canada, the guidance harmonized definitions and criteria for evaluating the financing of circular economy projects in Canada. By proactively participating in sessions like this, DIRTT aims to help shape the policies that better enable waste and emissions reduction in critical sectors, such as manufacturing and construction.

You can access the new guidance and read more about this initiative [here](#).

<sup>1</sup>Relative to our 2021 baseline.

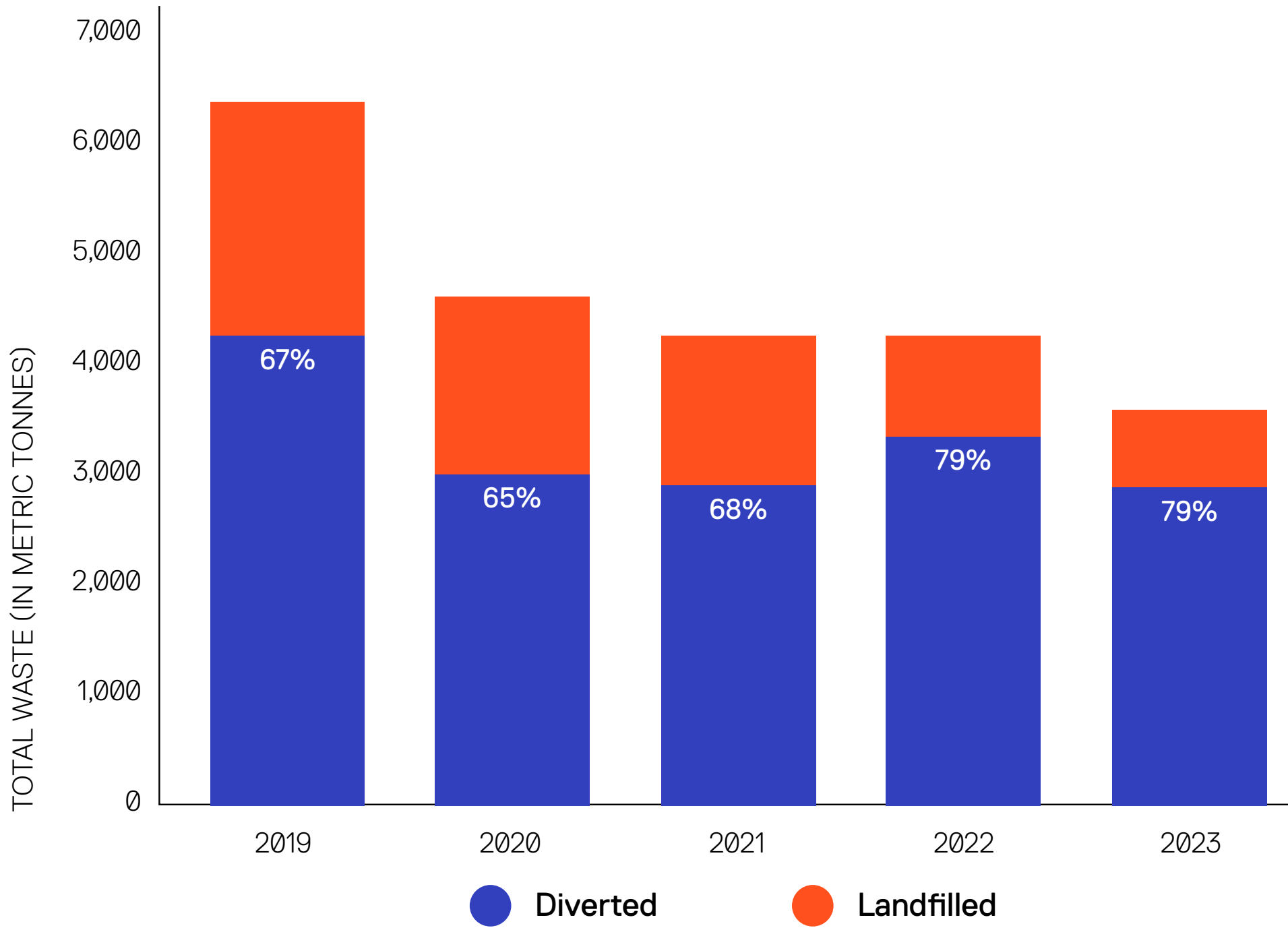




WASTE BY TYPE AND DISPOSAL METHOD IN METRIC TONS

		2019	2020	2021	2022	2023
Hazardous Waste	Recycle	0.3	0.2	0.1	34	-
	Landfill	1	6	69	1	-
Non-Hazardous	Recycled	4,152	2,937	2,831	3,216	2,481
	Composted	42	28	25	49	41
	Landfilled	2,097	1,581	1,273	888	1,116
	Low Carbon Fuel	n/a	n/a	n/a	n/a	445

PERCENT OF WASTE DIVERTED FROM LANDFILL





# CLIMATE CHANGE

DIRTT calculates its carbon footprint annually, which includes both direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions originating from our manufacturing operations. Each year, we review our data inventory and methodology for the accuracy and completeness of our carbon footprint assessment, while simultaneously identifying opportunities for improvement.

## GOVERNANCE

DIRTT recognizes the importance of effective governance in addressing climate-related risks and opportunities. Our board of directors oversees our climate-related strategies and initiatives, helping to align both with our overall business objectives and risk management framework. The board receives regular updates from management and external advisors on climate-related matters and provides guidance on integrating climate considerations into our decision-making processes.

## STRATEGY

Our climate strategy is centered around mitigating our adverse environmental impact and enhancing our resilience to climate-related risks. We seek to reduce Scope 1 and Scope 2 emissions across our operations, investing in energy efficiency measures, and seeking renewable energy options where feasible. Additionally, we are integrating climate considerations into our product design and supply chain management processes with the aim of minimizing the lifecycle emissions of manufacturing process and resulting construction solutions.

## RISK MANAGEMENT

DIRTT conducts regular assessments to identify and evaluate climate-related risks that may adversely impact our business operations. These assessments consider physical risks, such as extreme weather events and supply chain disruptions, and transition risks, such as regulatory changes and shifts in consumer preferences. We've implemented risk mitigation measures, including diversifying our supplier base, implementing business continuity plans, and conducting scenario analysis to anticipate potential future risks.

DIRTT has taken the step to evaluate climate-related risks that could reasonably be expected to adversely impact our organization, including the time horizon and relative priority. The following risks and opportunities were identified as short term (one to three years), medium term (three to eight years), and long term (eight years or more). Where risks were identified as low priority, we've evaluated these risks to be well addressed by our current risk management process. DIRTT is developing initiatives to address medium priority risks.



CLIMATE-RELATED RISKS

PHYSICAL, ACUTE	Extreme Weather Events	Our production facilities are in regions that are susceptible to extreme weather events such as storms, hurricanes, and heavy snowfall (in Calgary). These events can disrupt manufacturing operations, damage infrastructure, and interrupt the supply chain. (Long Term, Medium Priority)
	Weather Delays in Construction Schedules	Extreme weather events could delay third-party exterior construction schedules, affecting interior builds. (Short Term, Medium Priority)
	Supply Chain Disruptions	Weather events leading to obstructions or road closures may disrupt incoming materials and outgoing shipments. Additionally, climate-related events can affect the availability of raw materials, components, and transportation. For instance, severe weather conditions may affect transportation routes and lead to delays in receiving materials from distributed manufacturing partners. (Short to Long Term, Low Priority)
	Unforeseen Utility Cost Increases	Sudden increased demand may lead to unforeseen utility cost increases. (Short to Long Term, Medium Priority)
PHYSICAL, CHRONIC	Energy Costs	Fluctuations in energy prices due to climate-related factors such as changes in temperature or availability of renewable energy sources can impact operational costs. Energy-intensive manufacturing processes may become more expensive to maintain. (Medium Term, Medium Priority)
	Increased Insurance Premiums	Long-term climate changes leading to more extreme weather events may increase insurance premiums for the Savannah facility. (Medium to Long Term, Medium Priority)
	Worker Safety Concerns	Extreme heat making it unsafe for workers or forest fire smoke impacting employees. (Medium to Long Term, Medium Priority)

TRANSITION, POLICY + LEGAL	Regulatory Changes	Both provincial and state governments are implementing regulations to mitigate climate change, such as carbon pricing mechanisms and energy efficiency standards. Compliance with these regulations may require investments in technology upgrades and changes in manufacturing processes. (Medium Term, Medium Priority)
	Legal Compliance	More stringent regulatory requirements may require increased investment in systems and personnel required for reporting and regulatory compliance across the organization. (Medium to Long Term, High Priority)
TRANSITION, MARKET	Evolution of Building Codes	Possible evolution of building codes may affect demand for products meeting specific environmental requirements. (Long Term, Low Priority)
	Resource Demand Shifts	Shifting demand for raw materials due to climate-related impacts may affect commodity pricing and production. (Short to Long Term, High Priority)
	Macroeconomic Conditions	Global macroeconomic conditions from climate-related impacts may impact client demand and revenue. (Short to Long Term, High Priority)



# CLIMATE-RELATED OPPORTUNITIES

## GREEN BUILDING TRENDS

There is a growing demand for sustainable and environmentally friendly construction materials and practices, specifically focused on the circular economy and products that are designed for disassembly. DIRTT is positioned to address this trend by offering pre-manufactured construction made from recycled materials and working to reduce the embodied carbon of our construction systems. (Short to Long Term, High Priority)

## PARTNERSHIPS FOR RESILIENCE

Collaborating with distributed manufacturing partners to implement climate-resilient practices enhances the resilience of DIRTT's supply chain. This includes strategies such as diversifying supplier locations and implementing risk management protocols. (Medium to Long Term, Medium Priority)

## ENERGY EFFICIENCY AND RENEWABLE ENERGY

Investing in energy-efficient manufacturing processes and adopting renewable energy sources reduces operational costs and appeals to environmentally conscious customers. (Short Term, High Priority)

## METRICS AND TARGETS

We've established key performance indicators (KPIs) to track our progress towards our climate-related goals and targets. These include metrics such as greenhouse gas emissions intensity, prioritizing and scaling renewable energy for our operations, and optimizing logistics across our value chain. We have set targets to reduce our emissions, increase energy efficiency, and enhance the sustainability of our operations, which are routinely monitored and reported to stakeholders.





# ENERGY CONSUMPTION + CARBON EMISSIONS

At DIRTT, we're dedicated to helping to reduce the carbon emissions associated with the building and construction sector. To this end, we've committed to sourcing or generating renewable energy for all our factories by 2025.

Additional training initiatives for our staff seek to optimize equipment operation, minimizing overall power consumption. Recognizing the potential for further improvement, we aim to replace outdated equipment with energy-efficient models and provide additional operator training. In the U.S., we've already matched our energy consumption with renewable energy credits and are currently pursuing the same objective in Canada. We're proud to have achieved 50% towards our 2025 goal, with our energy consumption within our U.S. manufacturing facilities matched with 100% renewable energy. In Calgary, throughout 2023 we made advancements to reach 40% renewable energy, through a combination of Green-e Certified Renewable Energy Credits and a minor portion of on-site solar production

supplementing our head office energy consumption. We recognize there is still a significant way to go to prioritize energy efficiency to drive our emissions down while we voluntarily source renewable energy.

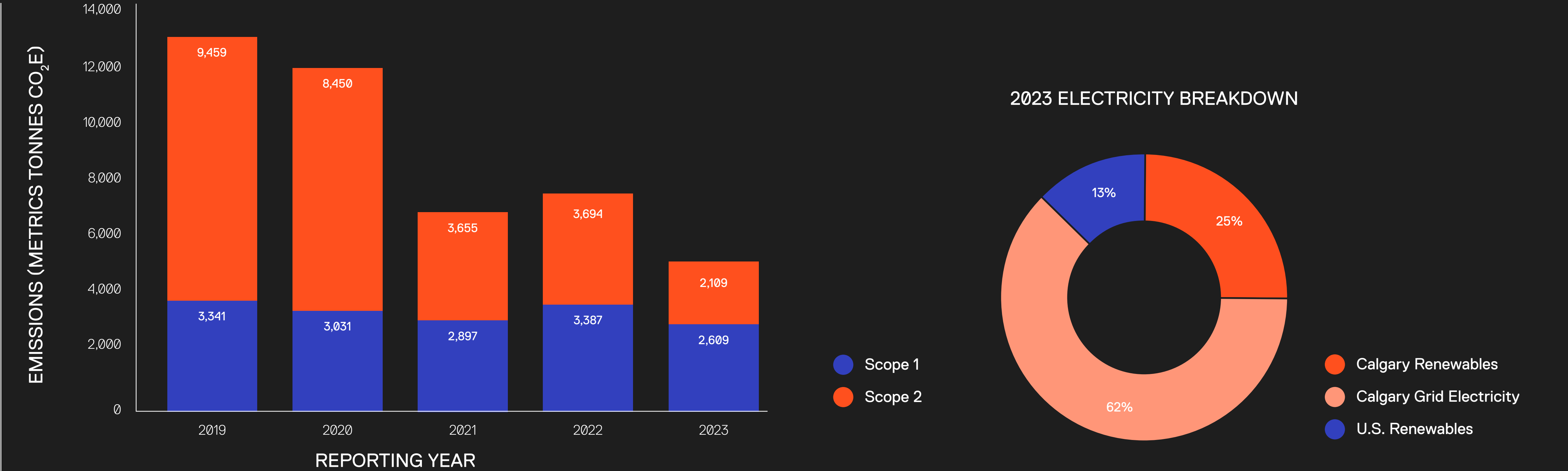
Our carbon footprint calculations adhere to methodologies, tools, and data from respected sources such as the Greenhouse Gas Protocol, the Canadian National Inventory Report, and the U.S. Environmental Protection Agency (EPA). Our report index provides additional data used in our carbon footprint calculation.

Scope 1 GHG emissions arise from sources owned or controlled by our company, such as fleet vehicles and natural gas combustion. Scope 2 GHG emissions encompass those from the generation of purchased

electricity consumed by our operations. The Greenhouse Gas Protocol's carbon accounting methodology employs a location and market-based approach for Scope 2 GHG emissions, allowing for a more accurate reflection of emissions from purchased power considering the energy market's evolving landscape. This methodology enables companies to leverage their electricity purchasing decisions to drive demand for low-carbon energy generation.







Year	Carbon Intensity (tonnes of CO <sub>2</sub> e/thousands of dollars of product revenue)
2018	0.05
2019	0.05
2020	0.07
2021	0.04
2022	0.04
2023	0.03

### IT INFRASTRUCTURE UPGRADE

In 2023, DIRTT upgraded our IT equipment to streamline our data center networking. This upgrade reduces the number of devices we’re operating and the overall power draw of our data center along with reducing cooling requirements. This upgrade is estimated to reduce energy-related emissions from our core network equipment by over 80%, from 16 tonnes of CO<sub>2</sub>e per year to 3 tonnes.<sup>2</sup>

<sup>2</sup>This estimate was generated using the following source:  
<https://programs.greenlearning.ca/electrical-energy-calculator-alberta-2022>



# SUSTAINABLE PRODUCT, INNOVATION + DESIGN

At DIRTT, our commitment to quality underscores every aspect of our operations. We prioritize sourcing high-quality, resilient raw materials from suppliers who share our dedication to sustainability.

Through our quality management system, we ensure strict adherence to regulatory standards and international best practices, thereby helping to drive the efficiency and reliability of our product delivery. In 2023, our ongoing efforts focused on refining inventory management processes, optimizing key performance indicators, and minimizing defects and reorders.

Our commitment to continuous improvement permeates the fabric of our organization. We actively foster a culture of innovation and learning, valuing input from all team members as we strive for excellence.

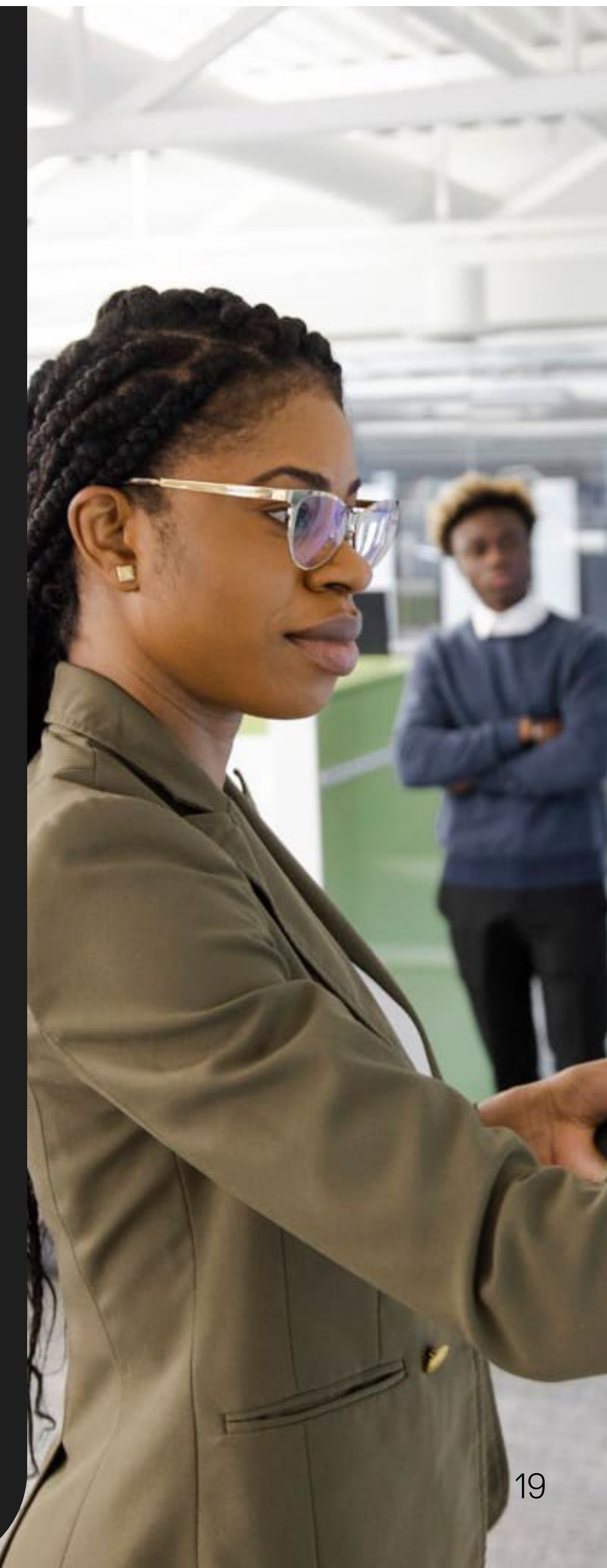
Central to our pursuit of operational excellence are the fundamental principles of lean manufacturing. By systematically aiming to minimize waste and streamline processes, we seek to bolster productivity, enhance energy efficiency, and elevate overall performance. Our training initiatives help to empower employees at every level to actively contribute to our journey of continuous improvement.

Moreover, we have integrated our quality objectives into our broader safety and delivery initiatives, as we strive for zero incidents or injuries, delayed shipments, and deficiencies.

Our dedication to improvement is reflected in the following key metrics:

- **External deficiencies:** Through concerted efforts, we've successfully reduced external deficiencies by 20% since 2022.
- **On time in full:** Demonstrating our commitment to excellence, our delivery percentage has significantly improved from 89.4% in 2022 to 97.7% in 2023.
- **Decrease in spend:** Leveraging improved forecasting and enhanced inventory management tools, we have reduced our spend as a percentage of product revenue from over 50% to a more efficient 35% since 2022.

- **Investing in new equipment:** As the trend toward glass walls in office environments grows, we've seen an increased demand for handling larger panes of glass more frequently. To streamline our manufacturing process and enhance operator safety, we introduced a new zero-weight manipulator, which our operations team fondly named Optimus Prime. This advanced machinery significantly improves the safe handling of glass by allowing a single operator to manage the weight that previously required five operators.
- **Leveraging software:** To optimize our production of aluminum wall frames, we've implemented a software solution to help support waste reduction. This effort has resulted in significantly improving our material efficiency, consequently lowering procurement expenses and reducing our overall recycling volumes.





## SOCIAL

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





# HEALTH + SAFETY

Our dedication to health and safety is paramount within our organization. We've implemented the "Journey to Zero" campaign, aimed at achieving zero occupational illnesses or injuries. This initiative is built upon six foundational pillars: leadership commitment, contractor alignment, health and safety management systems, measurement and metrics, organizational effectiveness, and continuous learning.

Under the leadership commitment pillar, our executive team demonstrates our dedication to fostering a culture of safety throughout the organization. They lead by example and prioritize the well-being of our employees above all else. Additionally, we strive to ensure that all contractors and partners align with our stringent health and safety standards, aiming to promote a cohesive approach to risk management across all aspects of our operations.

Our robust health and safety management systems, a cornerstone of the initiative, are regularly reviewed and updated to adhere to industry best practices and regulatory requirements. We employ comprehensive measurement tools and metrics to track our progress towards safety goals, identifying areas for improvement and implementing targeted interventions as needed.

Continual assessment and enhancement of our health and safety programs, processes, and documentation fall under the organizational effectiveness pillar. We strive to ensure they remain aligned with our organizational objectives and evolving industry standards. Lastly, we aim to prioritize a culture of continuous learning and improvement. Lessons learned from incidents are shared across the organization to prevent recurrence and drive ongoing improvement.

In recognition of our unwavering commitment to health and safety, DIRTT has achieved several noteworthy accolades. We were honored to be nominated as the Safest Employer in 2023, reflecting our dedication to maintaining a safe and healthy work environment. Additionally, our director of health and safety was awarded the prestigious BGIS Award for Safety Leader of the Year, recognizing his outstanding leadership and contributions to safety excellence.

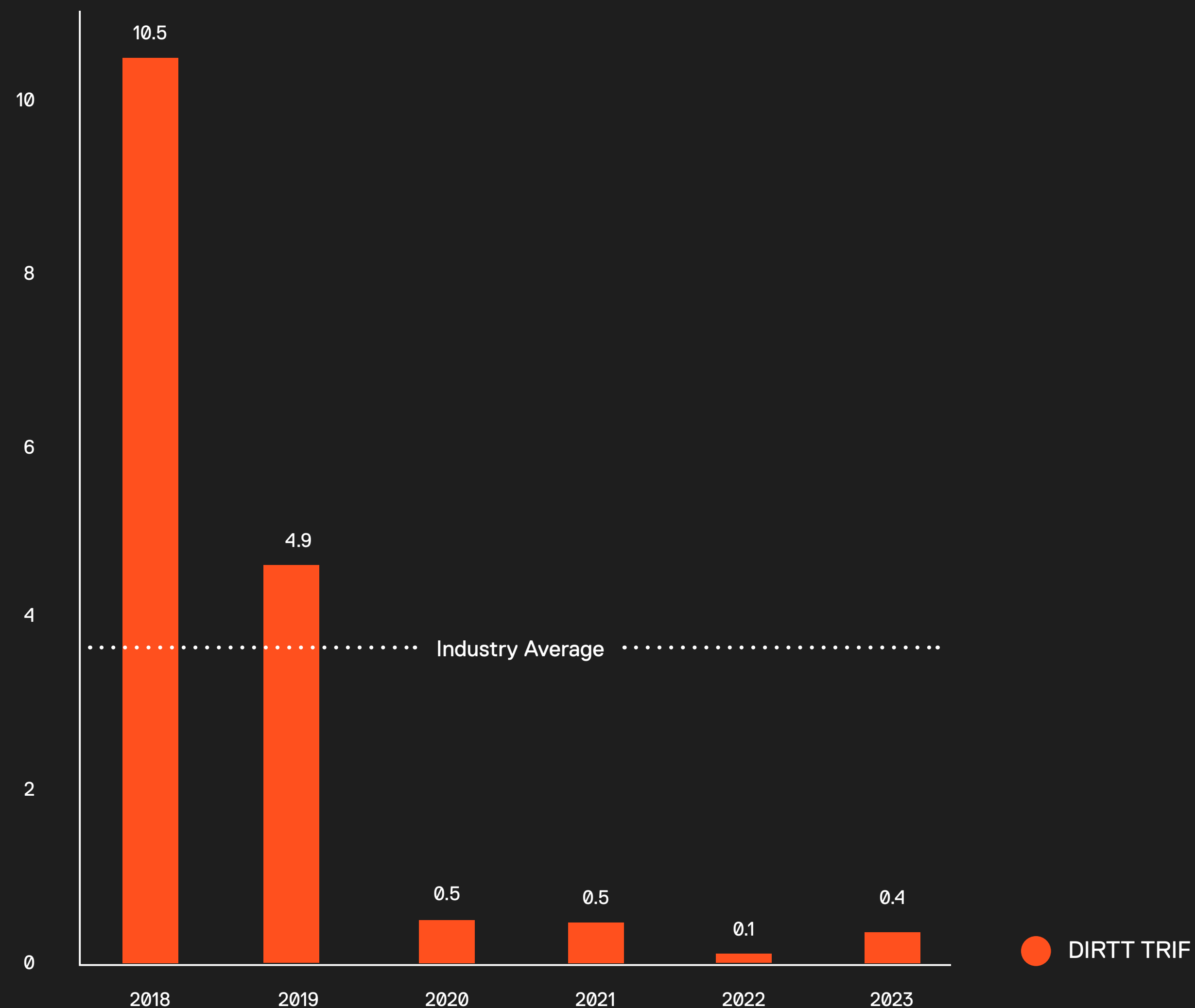
Our commitment to organizational safety has yielded remarkable results. In 2023, we achieved a total recordable incident frequency (TRIF) of 0.4, surpassing the Furniture & Related Product Manufacturing industry average by 89%<sup>3</sup>. At DIRTT, we remain steadfast in our commitment to prioritizing the health and safety of our employees, contractors, and stakeholders. Through proactive leadership, rigorous standards, and a culture of continuous improvement, we strive to create a workplace where zero incidents or injuries are not just a goal, but a reality.



<sup>3</sup> US Bureau of Labor Statistics 2020, Furniture & Related Product Manufacturing [https://www.bls.gov/web/osh/summ1\\_00.htm](https://www.bls.gov/web/osh/summ1_00.htm)



## 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 acknowledges and celebrates the diversity inherent in its workforce, recognizing the significance of cultivating an inclusive, equitable, and respectful atmosphere. This commitment is essential to fostering a culture where every individual feels respected and empowered to contribute.

Recently, we introduced a board diversity policy aimed at enhancing diversity and inclusion within the company's board of directors. This policy sets forth clear expectations for implementing appropriate practices and policies to advance diversity and inclusion throughout the organization.

In line with this commitment, DIRTT is actively advancing its diversity, equity, and inclusion (DEI) roadmap, focusing on three key areas:

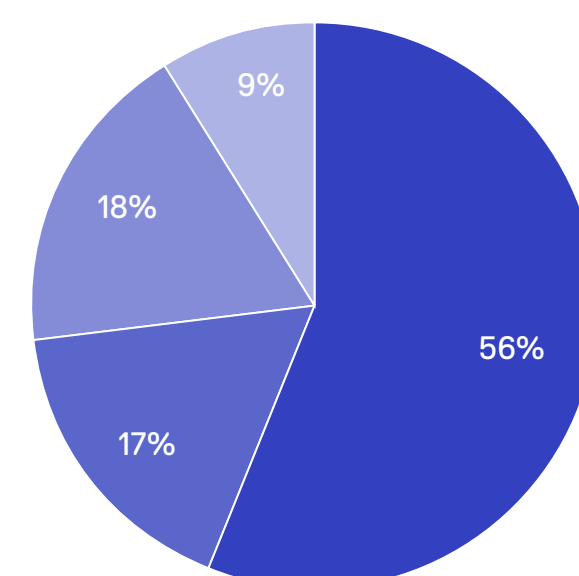
**1**

**Training** - We prioritize robust employee education and engagement initiatives to help advance our commitment to DEI. This includes small group

training sessions for people leaders facilitated by third-party experts, as well as quarterly company-wide training sessions on foundational themes such as unconscious bias, fostering belonging, amplifying voice, and creating a growth mindset.

In 2023, our training initiatives amounted to 800 hours of individual diversity, equity, and inclusion training, reflecting our dedication to continuous learning and improvement.

## EMPLOYEE TENURE

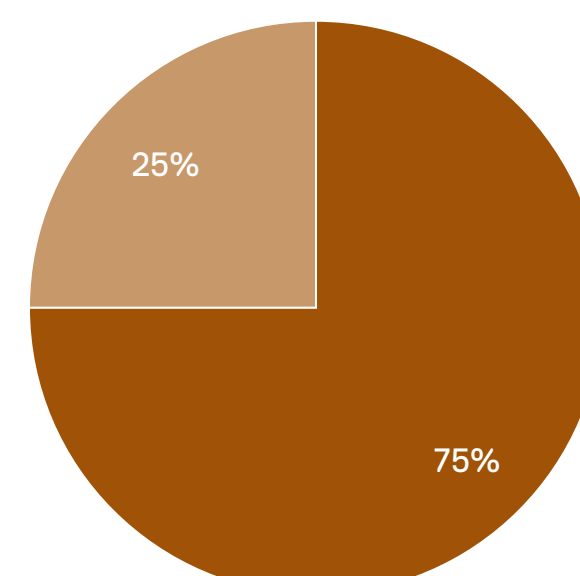


- 0-5 Years of Service
- 6-9 Years of Service
- 10-14 Years of Service
- 15+ Years of Service

**2**

**Talent Management** - Our objective is to mitigate bias and eliminate barriers to aid the retention and advancement of diverse talent. By strengthening our organizational capacity, we seek to meet the evolving needs of our business.

## EMPLOYMENT GENDER

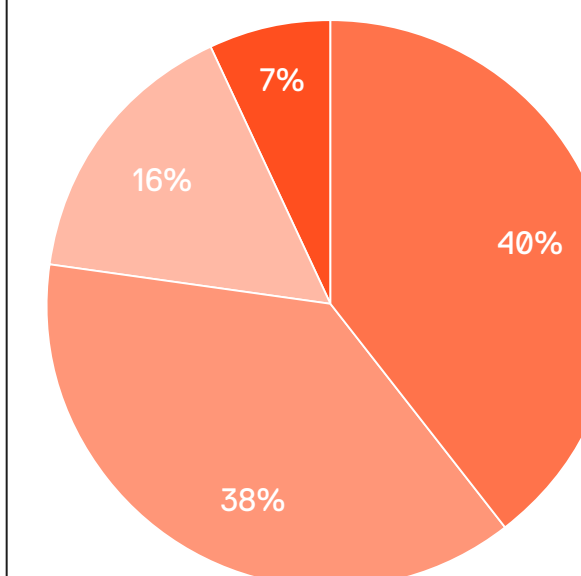


- Male
- Female

**3**

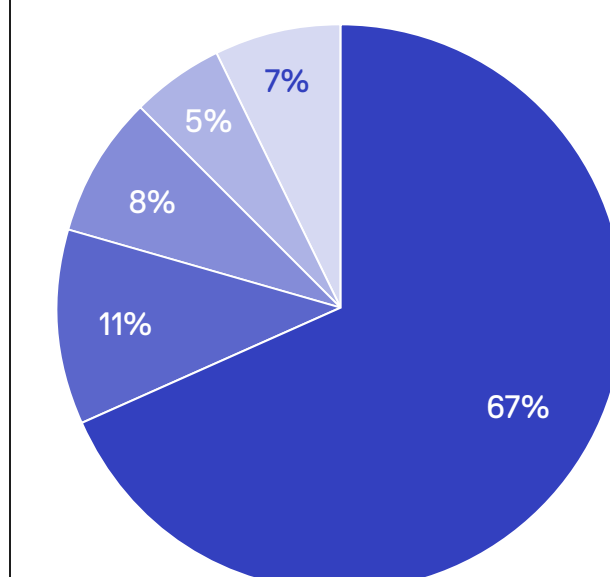
**Talent Acquisition** - We're committed to offering equitable career opportunities to attract diverse talent. Through these efforts, DIRTT aims to position itself as an employer of choice, setting a benchmark for diversity and inclusion in the marketplace.

## EMPLOYEE DEMOGRAPHIC



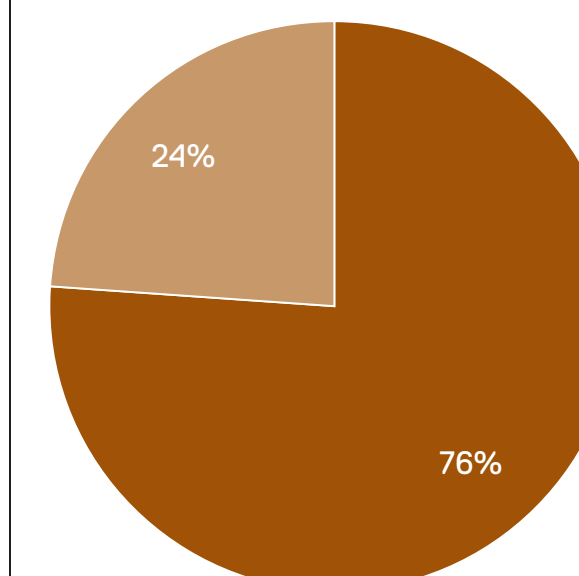
- Generation Z (19-25)
- Generation Y (26-41)
- Generation X (42-57)
- Baby Boomers (58-76)

## EMPLOYMENT AREAS



- Production
- Sales + Marketing
- Technology + Development
- Operations Support
- General + Administrative

## EMPLOYEE NATIONALITY



- Canada
- United States



# 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.

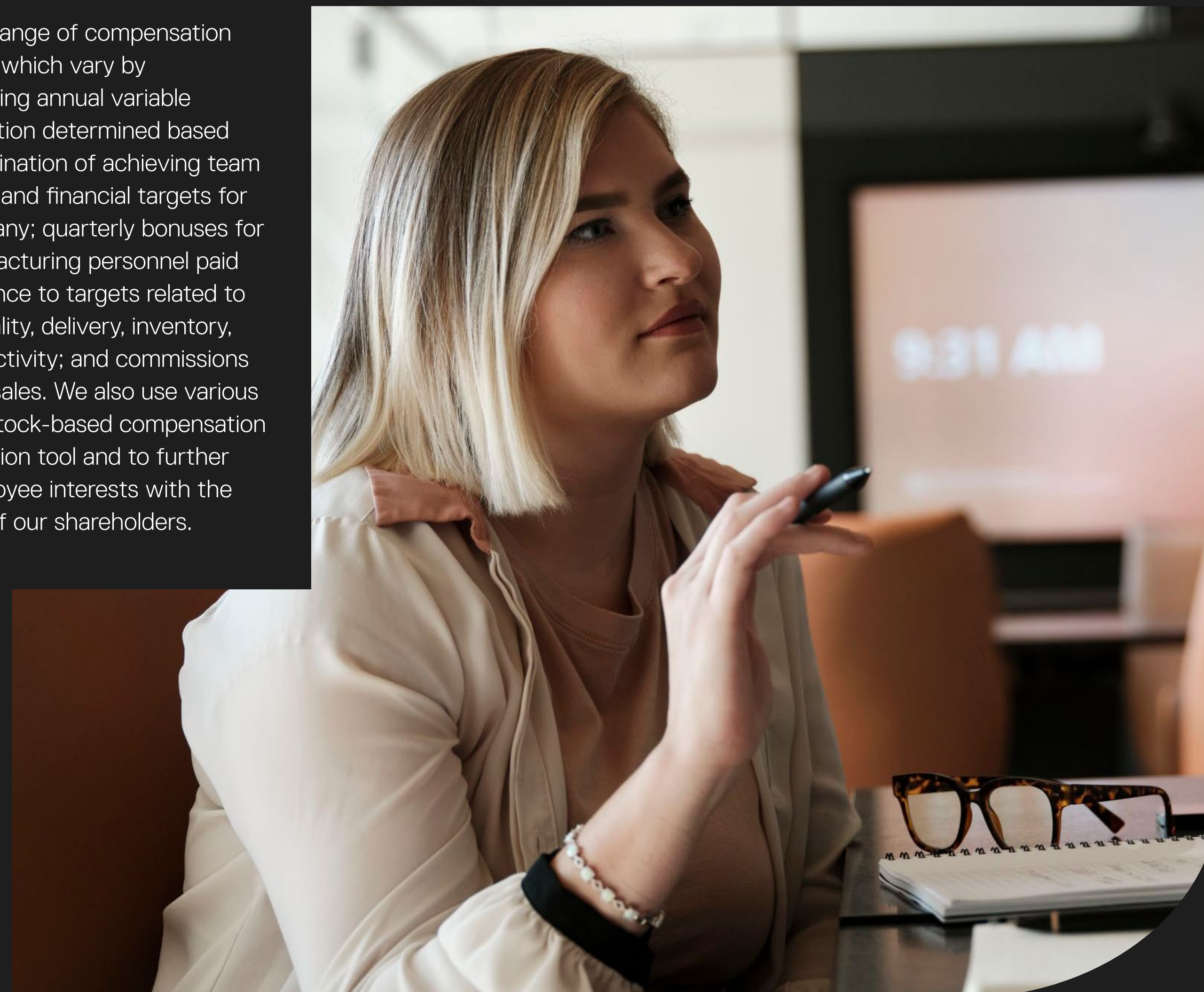
## WORKPLACE SATISFACTION

In 2023, DIRTT implemented several key initiatives designed to enhance our workplace environment and strategic alignment. We reintroduced in-person yoga sessions to promote employee well-being, increased the frequency of our Leadership Update presentations, and consolidated several operations and technology-based teams to our head office to foster collaboration and better align strategic workflows. Lastly, we reinstated our participation in Calgary Corporate Challenge to help foster team cohesion, cultivate new connections, and strengthen existing relationships, all while engaging in friendly competition.

## EMPLOYEE ENGAGEMENT

DIRTT has put measures in place to assess and enhance the level of engagement and satisfaction of our employees. Specific activities include the deployment of a performance management tool catered to drive discussions around team goals, performance and development opportunities, and greater transparency around policy and procedures tied to cost and risk mitigation. In 2023, we conducted two employee engagement surveys using our human resources information system (HRIS) platform, UKG Employee Voice. This platform deployed companywide, confidential surveys focused on core themes of workplace civility, communication, work-life balance, retention, job satisfaction, employee engagement, diversity, and inclusion. Targeted initiatives are being implemented to enhance employee engagement, experience and workplace culture.

We use a range of compensation incentives which vary by role, including annual variable compensation determined based on a combination of achieving team objectives and financial targets for the Company; quarterly bonuses for our manufacturing personnel paid on adherence to targets related to safety, quality, delivery, inventory, and productivity; and commissions based on sales. We also use various forms of stock-based compensation as a retention tool and to further align employee interests with the interests of our shareholders.





# COMMUNITY + LOCAL IMPACTS

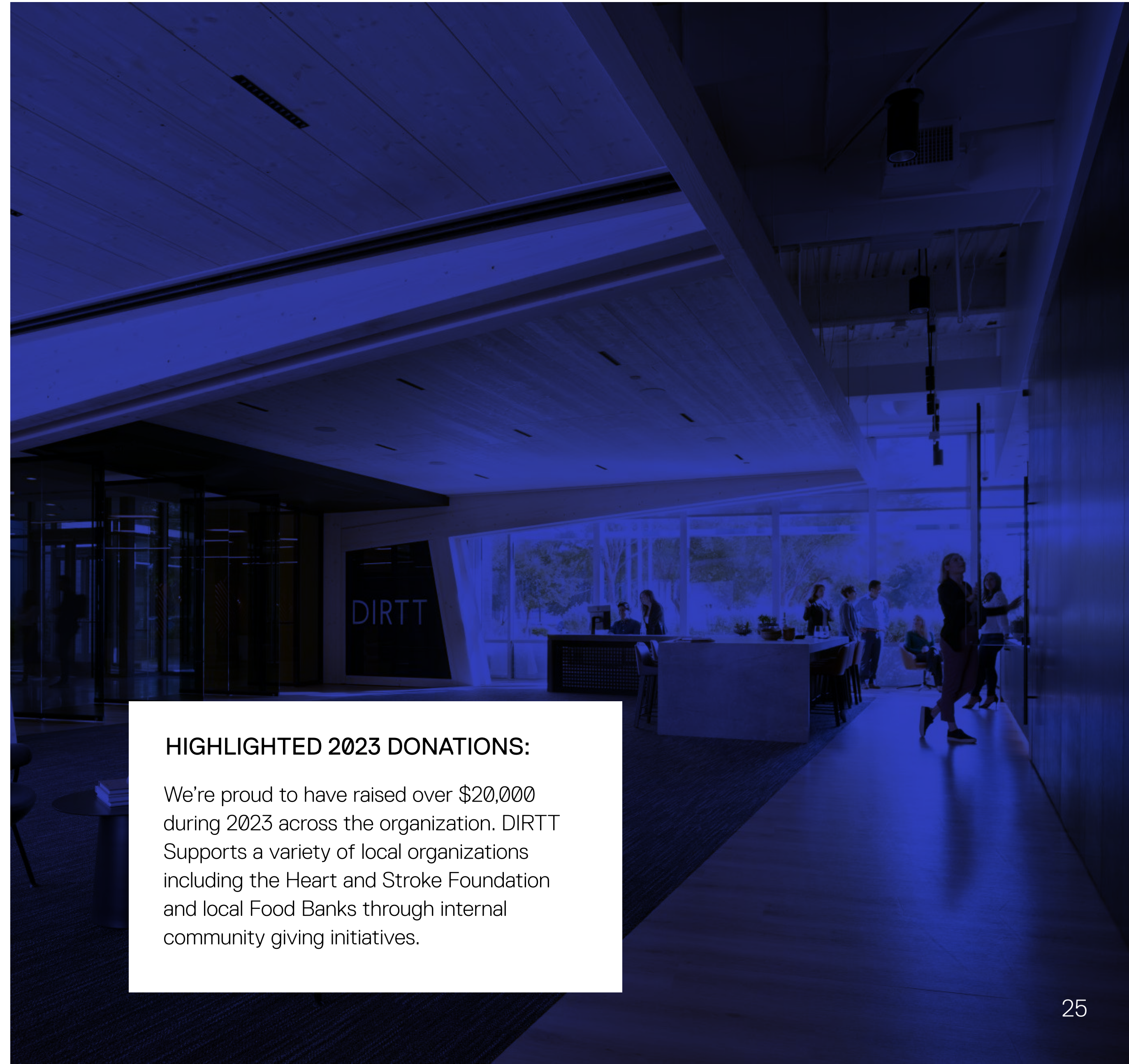
Connecting to our community is a critical piece of the DIRTT story. We continue to focus on establishing a stronger community investment program that demonstrates our drive to put community at the center of the business. This involves developing a strategy, carving out a roadmap of initiatives, and establishing a committee of employees across the organization. As part of our strategy, we're focusing our efforts on establishing meaningful engagement opportunities, creating inclusive giving campaigns, driving sustainable impact, and enabling our employees to connect on philanthropic efforts. In the fourth quarter of 2023, we successfully completed our holiday giving campaign which was a coordinated in-person and virtual effort in support of food banks across North America, focusing on the cities in which we operate. The support for this campaign helped to reconnect DIRTT employees' desire to give back with tangible outcomes for their communities.

## COMMUNITY INVESTMENT

Community investment is an integral aspect of DIRTT's commitment to the community and local impacts. Through our philanthropic efforts, we aim to address various social challenges and support initiatives that align with our values and priorities.

### HIGHLIGHTED 2023 DONATIONS:

We're proud to have raised over \$20,000 during 2023 across the organization. DIRTT Supports a variety of local organizations including the Heart and Stroke Foundation and local Food Banks through internal community giving initiatives.





## GOVERNANCE

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





# GOVERNANCE

## GOOD GOVERNANCE

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 our management in its aim to create a culture of integrity.

Our comprehensive suite of investor-related documentation can be found at <https://www.dirtt.com/investors/leadership-and-governance/>.

## BOARD STRUCTURE

DIRTT's board operates under a mandate striving for alignment and effectiveness across its committees. This mandate emphasizes the board's primary duty of fostering long-term shareholder value while addressing concerns of various stakeholders, including employees, customers, suppliers, local communities, regulators, and society at large.

Directors are expected to adhere to the highest standards of personal and professional ethics, integrity, and values, with a focus on representing the Company's best interests. Our goal is to cultivate a diverse board, encompassing varied experiences and backgrounds, including gender diversity, to enrich policy-making discussions.

Annually, the board conducts a comprehensive self-evaluation process to review the relationships between each director and the Company. This evaluation assesses individual directors' diverse experiences and contributions, guiding decisions on nomination suitability.

DIRTT ensures the effective utilization of directors' expertise by organizing them into specialized board committees:

- The Audit Committee oversees the integrity of financial statements, accounting processes, internal controls, and compliance matters, including confidential handling of employee complaints related to financial ethical matters.

- The Corporate Governance and Compensation Committee evaluates governance principles, assesses director expertise, and monitors board and committee composition and functioning, with a focus on diversity and inclusion policies.
- The Enterprise Risk Management Committee is tasked with overseeing risk management activities, monitoring key corporate risk factors, and guiding the implementation of robust risk management policies and procedures aligned with the Company's strategy and risk capacity. This includes reviewing risk categories, concentrations, mitigation measures, and action plans to address potential risks.

## POLICIES

DIRTT's Code of Conduct and Ethics aims to promote 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 help eliminate future occurrences.





## SUPPLIER ENGAGEMENT

We have implemented a supplier qualification process that encompasses environmental criteria, enhancing our visibility on suppliers' sustainability practices, ISO certifications, and conflict mineral compliance. This proactive approach helps to ensure that our suppliers align with our sustainability goals and adhere to international standards.

Master purchase agreements, covering approximately 70% of our annual spend, underscore our commitment to robust supplier relationships. We conduct annual reviews of our suppliers' ESG criteria, enabling us to progressively raise standards and address concerns while scaling requirements in alignment with suppliers' operations and our overall spend.

Recognizing the inherent risks associated with sourcing from certain global regions, we proactively assess our supply chain against indices such as Transparency International's Corruption Perceptions Index and Walk Free International's Global Slavery Index. This diligent approach goes beyond regulatory compliance, allowing us to prioritize supply chain transparency and human rights considerations inherent in

our international manufacturing operations. Through mapping of suppliers, spend, activities, and geographic locations of fabrication and manufacturing facilities, we seek to mitigate potential risks.

While we acknowledge our ongoing efforts to address global issues, we remain committed to improvement and proactive measures to uphold ethical standards throughout our supply chain.

In addition to our proactive measures in supply chain management, DIRTT is committed to upholding ethical standards in compliance with the Modern Slavery Act reporting requirement. We recognize the importance of combating modern slavery and human trafficking in all aspects of our operations. As part of our due diligence, we conduct thorough assessments of our supply chain to help identify and mitigate risks associated with forced labor and exploitation. Through ongoing monitoring and engagement with suppliers, we strive to adhere to international labor standards and ethical practices. Our commitment to transparency extends to our reporting practices, where we disclose efforts and progress in addressing modern slavery risks. By aligning with the reporting

requirements of the Modern Slavery Act, we demonstrate our dedication to ethical sourcing and social responsibility, contributing to the global fight against modern slavery.

For more information on DIRTT's efforts towards assessing and preventing the risk of modern slavery in our supply chain, please see our disclosure, [Fighting Against Forced Labour and Child Labour in Supply Chains](#), on our public website.





## ADVISORIES





## CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

Certain statements contained in this Report are “forward-looking statements” within the meaning of “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”) and “forward-looking information” within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact included in this Annual Report, regarding without limitation our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Report, the words “anticipate,” “aim,” “seek,” “believe,” “expect,” “estimate,” “intend,” “plan,” “project,” “outlook,” “may,” “will,” “should,” “would,” “could,” “can,” “continue,” the negatives thereof, variations thereon and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. In particular and without limitation, this

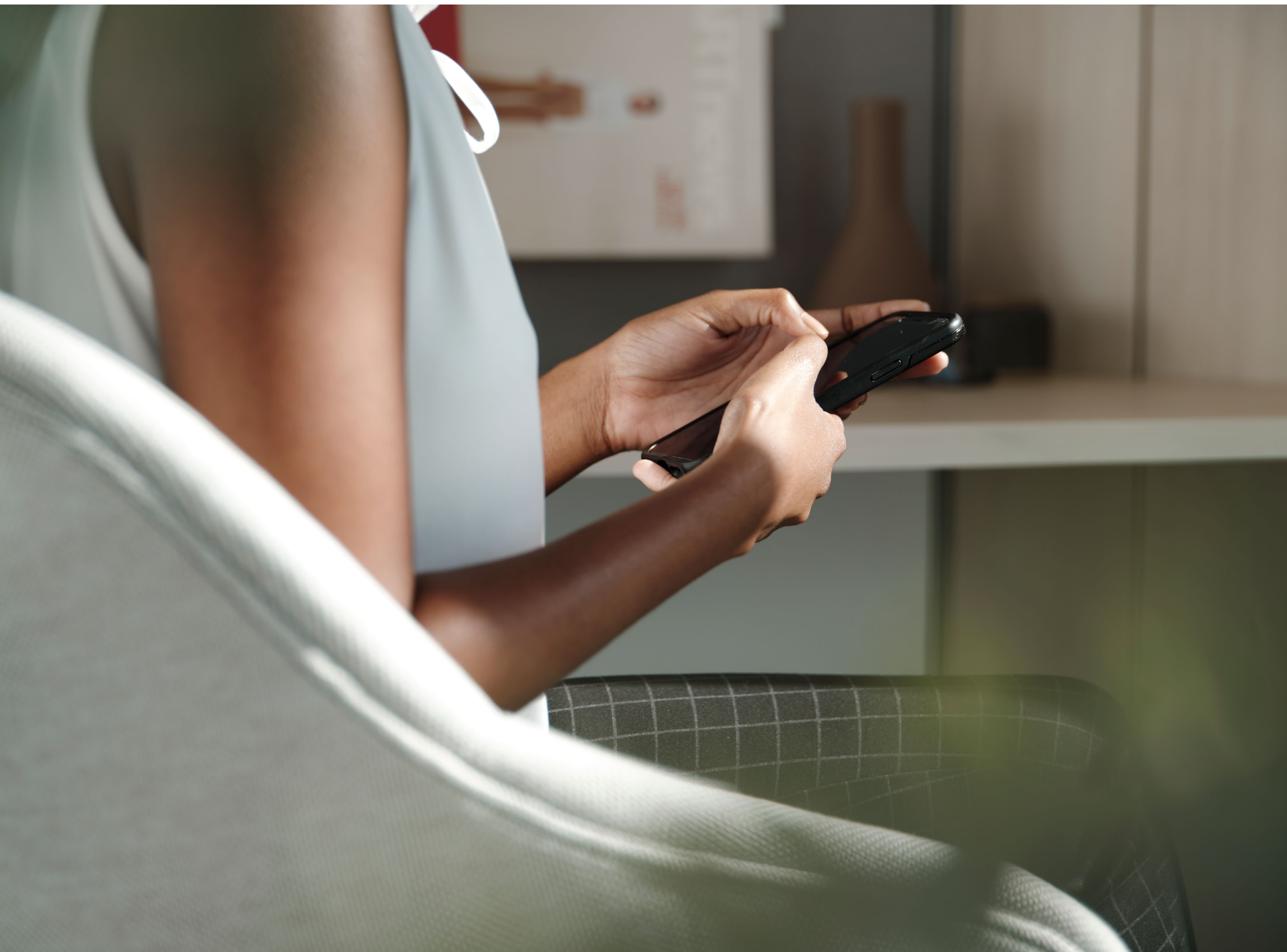
Report contains forward-looking information pertaining to the effect of our strategic priorities on increasing value creation; the application of our processes and technology and the benefits therefrom, forecast operating and financial results, the competitiveness of the Company’s solutions, the liquidity and capital resources of the Company, the effects that current claims against the Company and expiring patents will have on the Company’s business, financial condition, results of operations and growth prospects; our executive management team and the effect the rating systems established by the U.S. Green Building Council will have on demand for products, systems and services in the U.S. market; and our goals and expectations towards meeting certain ESG goals and metrics. Forward-looking statements are based on certain estimates, beliefs, expectations, and assumptions made considering management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors

that may be appropriate. Forward-looking statements necessarily involve unknown risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed or implied in such statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking information, you should not place undue reliance on forward-looking statements. Our past results of

operations are not necessarily indicative of our future results. You should not place undue reliance on any forward-looking statements, which represent our beliefs, assumptions and estimates only as of the dates on which they were made, as predictions of future events. We undertake no obligation to update these forward-looking statements, even though circumstances may change in the future, except as required under applicable securities laws. We qualify all our forward-looking statements by these cautionary statements.







## REPORT ASSURANCE

DIRTT strives to collect accurate and verifiable data in a consistent and rigorous manner before data is audited according to our standard internal financial accounting procedures. Our Enterprise Risk Management committee, on behalf of the board of directors, oversees DIRTT's sustainability initiatives, including the content of this report. Review and feedback from DIRTT's board of directors serves as a final layer of assurance.

DIRTT's ESG Report has not received external assurance, but we intend to seek assurance for our 2025 report, which will be released in the 2026 fiscal year.



# INDEX

AVAILABLE SOON ON DIRTT.COM





