

DIRTT®

# DIRTT

FIGHTING AGAINST  
FORCED LABOUR  
AND CHILD LABOUR  
IN SUPPLY CHAINS  
REPORT

ISSUED MAY 2025







## Introduction

DIRTT Environmental Solutions Ltd. and DIRTT Environmental Solutions Inc. (collectively, “DIRTT” or “our”, “we”) has prepared this joint Fighting Against Forced Labour and Child Labour in Supply Chains Report (the “Report”) in accordance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9 (the “Act”) section 11(2), for the financial year ended December 31, 2024 (the “Reporting Period”).

As required under the Act, this Report summarizes the steps that we have taken in the Reporting Period to prevent and reduce the risk that forced labour and child labour are used at any step in the production of goods in Canada by DIRTT or of goods imported into Canada and the United States of America (US) by DIRTT.

## Structure and Activities

DIRTT Environmental Solutions Ltd., headquartered in Calgary, Alberta, Canada, was incorporated in Alberta on March 4, 2003 and most recently amended and restated its articles on May 5, 2019. DIRTT’s common shares trade on the Toronto Stock Exchange under the symbol “DRT” and are quoted on the OTC Markets on the “OTC Pink Tier” under the symbol “DRTTF”. DIRTT Environmental Solutions Inc. is a wholly owned US subsidiary of DIRTT Environmental Solutions Ltd.

DIRTT manufactures customized interiors used in the workplace, healthcare, education, and public sector markets. We manufacture our products in factories located in Calgary, Alberta, and Savannah, Georgia. Our products are shipped to our customers across North America.

## DIRTT's Supply Chain

DIRTT's supply chain includes businesses that supply goods and services to our organization, primarily encompassing various vendors, suppliers, contractors, and subcontractors involved in the procurement of goods and services necessary for our operations. DIRTT procures aluminium, hardware, wood, powder and paint, and glass, amongst other goods, for use in its manufacturing processes. During the Reporting Period, aluminium accounted for approximately 35% of our purchased materials, while wood, hardware, and finishing powder and paint accounted for approximately 11%, 9%, and 11%, respectively. During the Reporting Period, our key materials were sourced as follows:

- i. one supplier accounted for approximately 65% of our aluminum supply and two additional suppliers provided 21% and 9%, respectively;
- ii. two suppliers accounted for approximately 64% and 25% of our wood supply;
- iii. one supplier accounted for 100% of our paint; and
- iv. one supplier accounted for approximately 50% of our hardware supply.

Approximately 92% of the materials we purchased were manufactured in North America, and the remaining 8% in other regions including Europe and Asia.

## Potential Risk of Forced Labour and Child Labour in our Supply Chains

We believe that identifying and managing risks is an essential component of our success. DIRTT employs an enterprise risk management process, with oversight from the Board of Directors (the "Board"). During the Reporting Period, DIRTT continued the process of identifying risks related to forced labour and child labour in our operations and our supply chain and intends to continue building and strengthening our risk assessment and mitigation strategies.

Our workforce is comprised of manufacturing and office positions, as well as contractors. All employees and contractors that work for us are subject to Canadian and American employment law. As such, we consider there to be a low risk of forced labour or child labour within our own workforce.

We acknowledge that the potential risk of forced and child labour in our supply chains depends on the type and level of activity being conducted. Our current policies, procedures and practices help ensure that labour used by our tier one and two suppliers is voluntary, provides workers with a fair wage, is non-exploitative to workers, and that facilities where workers are present are in compliance with health and safety standards.

We will continue to assess and monitor these risks and work to further develop and improve our processes to protect against these risks.

## DIRTT Policies and Procedures

DIRTT has policies and procedures in place to prevent and reduce the risks of forced labour and child labour in our operations and supply chains. These policies and procedures apply enterprise-wide and support our commitment to upholding human rights. We have zero-tolerance for human rights abuses, which extends to the use of forced labour and child labour.

DIRTT fosters a corporate culture that upholds internationally recognized human rights principles. We acknowledge our duty to respect human rights and to prevent any involvement in human trafficking, worker exploitation, child labour, forced labour, or other forms of human rights abuses.

DIRTT's expectations are clearly outlined in our Code of Conduct, Code of Ethics and Integrity Policy (collectively referred to as "DIRTT Codes"). The Codes require our directors, officers, employees, service providers, suppliers, and contractors to obey applicable laws.

As part of DIRTT's commitment to respecting human rights, its standard Purchase Order Terms and Conditions include key provisions that help mitigate the risk of forced labour and child labour within its supply chains. Suppliers are required to comply with all applicable laws and DIRTT's internal policies, maintain accurate records to enhance transparency, and uphold ethical business practices. DIRTT retains the right to inspect and reject goods that fail to meet its specifications and mandates that suppliers maintain appropriate insurance coverage to protect workers. Collectively, these measures support DIRTT's responsible sourcing practices and form an integral part of its broader human rights' due diligence framework.

DIRTT maintains a third-party, confidential ethics hotline that is publicly available 24/7 to report suspected or confirmed violations by DIRTT's directors, officers, or employees. This includes breaches of applicable laws, and the DIRTT Codes.

Further, DIRTT mandates non-retaliation against any report of possible wrongdoing. Hotline reports, and reports made to the Audit Committee are an important aspect of our risk mitigation strategies.

During the Reporting Period, DIRTT conducted ongoing internal assessments of risks related to the Act, including:

- Establishing an internal working group comprised of management representatives from our Environment, Social, and Governance (ESG) team.
- Conducting a comparative analysis of similar frameworks in other jurisdictions to inform our strategy and ensure comprehensive compliance.
- Performing a gap analysis of existing policies and mandates to identify areas for improvement and alignment with the Act.
- Engaging a third-party audit firm called V-Trust to conduct a social audit of our highest risk vendors. No forced labour or child labour infractions were reported in the audit documentation provided to DIRTT.
- Securing vendor acknowledgment of DIRTT's commitment to combating forced and child labor through our strategic sourcing process and implementing criteria related to the prevention of forced and child labour into our Request for Proposal (RFP) process to address these policies with all existing or prospective vendors that participate in RFPs.
- Monitoring activities for select major or higher-risk suppliers were conducted through a combination of virtual engagement and limited in-person site interaction, including virtual site tours for prospective suppliers.
- Enforcing strict labor policies, including:
  - Prohibiting the employment of anyone under the age of 18;
  - Ensuring employee compensation aligns with all relevant laws, regulations, and company policies; and
  - Refusing to employ those who are not permitted to work in the country in which DIRTT operates.

## Remediation Measures

To date, DIRTT has not identified any instances of forced labour or child labour in our supply chains, and so we have not undertaken any measures to remediate any forced labour or child labour.

## Education and Training

During the onboarding process for new hires including directors, officers and permanent employees, including temporary and contract workers, new hires are required to understand and acknowledge our policies, including the DIRTT Codes as part of DIRTT's commitment to honesty, integrity, and accountability. The DIRTT Codes emphasize the essential role of each employee's cooperation and dedication in ensuring our sustained success and upholding our reputation as a responsible corporate citizen.

All directors, officers, employees, and contractors are required to annually acknowledge their understanding of and commitment to the DIRTT Codes. Individuals who are unsure whether a particular action or working condition may violate these policies are encouraged to seek guidance from their leader or the Talent team.

## Next Steps

Continuously monitoring and assessing forced labour and child labour risks within our operations and supply chains remains an ongoing priority for DIRTT. In line with our ongoing commitment to the broader global effort to prevent and combat forced labour and child labour, we will continue to:

- Review and refine our policies and mandates pertaining to forced labour and child labour to identify opportunities for improvement and enhancement;
- Monitor and identify geographical areas of concern as indicated by various human rights indices, and data resources;
- Develop and deliver regular, comprehensive employee training sessions to raise awareness and understand of all facets of slavery, compulsory labour, forced labour, human trafficking, and child labour; and
- Continue to oversee our suppliers utilizing questionnaires, contractual provisions that address forced labour and child labour, our Supplier Code of Conduct and third party social audits to facilitate the detection and eradication of forced labour or child labor through the global supply chains.

## Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of DIRTT Environmental Solutions Ltd. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



**Benjamin Urban**

Chief Executive Officer

I have authority to bind DIRTT Environmental Solutions Ltd.

Date: May 28, 2025