

DEN GROUP

ESG REPORT
2022

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We at DEN do responsible and sustainable work on the biggest purchases in our customers' lives

DEN is a Finnish group whose roots in single-family house construction go back more than 30 years. We are guided by our values chosen together: appreciation, courage, sustainability and happiness. The group employs over 500 professionals. Our turnover in 2022 was 226 million euros.

The DEN group consists of Desigtalo, the pioneer of ready-to-move-in single-family houses; Finnlamelli, builder of the best natural log houses; Ainoakoti, our K-Rauta collaboration collection; and Talliosake, for hobby, storage and business premises. Finnlamelli is also looking to expand internationally.



Appreciation



Courage



Sustainability



Happiness

ESG work does not stop even in the midst of crises

Russia's shocking invasion of Ukraine is what the year 2022 will be remembered by. The energy crisis, deteriorating purchasing power, inflation and rising interest rate levels had an impact on the housing market and customer behaviour. The volume of construction increased and, considering the circumstances, we also achieved good results in sales.

It was important to us from the beginning that our customers can trust us in changing circumstances. For example, we openly talked about our AAA credit rating and created a price guarantee concept that brings security, the special feature of which is that when prices fall, we adjust the price agreed with the customer downwards.

In the midst of the crises in the operating environment, we had to work shoulder-to-shoulder for the profitability of the business, and I am especially proud that, at the same time, we moved our environmental work forward purposefully.

In 2022, we were able to reduce our carbon footprint by 9 per cent, even though our construction volume increased. In proportion to revenue, carbon footprint decreased by 16 per cent.

Maria Mroue

Director of Marketing, Communications and ESG

Environment, health and safety, as well as good governance as the focus of ESG work

Environment



In our environmental work, DEN is investing in transitioning towards carbon-neutral houses and premises. Already at the moment, you can purchase any Desigtalo model as an EKO2 house, where the solutions are especially energy efficient and where the carbon footprint has been compensated.

Health and safety



Occupational safety is an important issue for the entire industry. DEN monitors the implementation of safety in real time. In recent years, investments have been made into collecting preventive safety observations and we have been able to increase their number. These preventive measures make it possible to avoid potentially dangerous situations.

Good governance



Good governance includes, for example, the ethical guidelines for personnel, which every new DEN employee acknowledges upon coming to work. DEN has its own ethical guidelines for supplier partners as well.



We make dreams come true one home at a time

DEN managed to reduce its carbon footprint, even as construction volume increased

23 per cent more single-family houses were built than the previous year. In proportion to revenue, carbon footprint decreased by nearly 16 per cent.


The reduction in the carbon footprint is mainly based on the energy efficiency of houses sold continuing to improve, the increase in renewable sources of energy in the completed projects, and the increased share of renewable energy in the company's own production.

Out of DEN's carbon footprint, 75 per cent came from materials and 21 per cent during the life cycle of completed houses. Only a small share of the carbon footprint comes from the

production process itself. DEN has put a lot of effort into the efficiency and smooth functioning of the process.

In construction, minimising waste is also essential for sustainability. By combining good design and efficient production, many cut-to-size materials, such as timber and insulation, can be fully utilised.

DEN's carbon footprint was calculated using the international Greenhouse Gas Protocol standard. It extensively includes the direct and indirect emissions of operations and, such as in DEN's case, some of the life-cycle carbon emissions of houses delivered to customers.

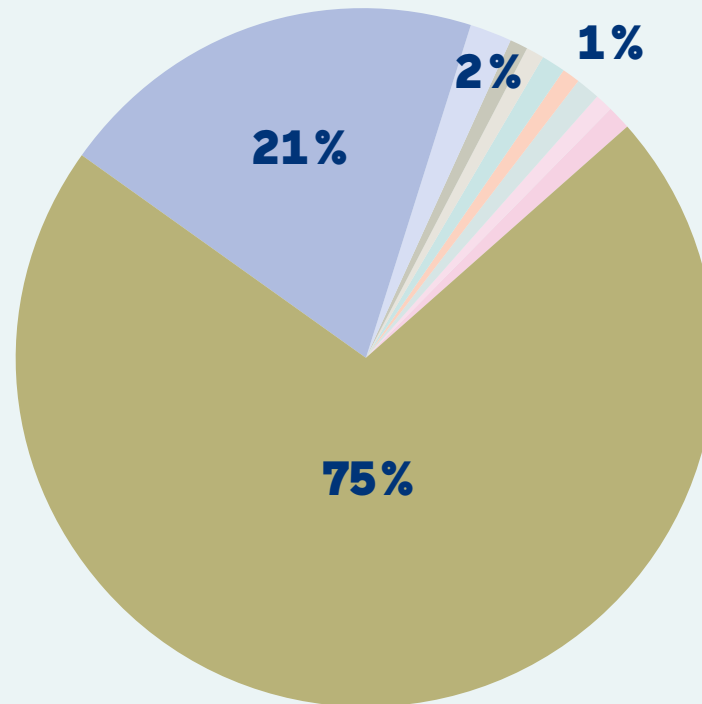


Carbon neutral living is already possible. We will see zero energy housing solutions in the future.

DEN Finland’s carbon footprint for 2022

DEN Finland’s fossil carbon footprint for 2022 is **208 237 t CO₂e¹**.

- 75% of emissions consist of purchased products and services (scope 3, category 1)
- 21% of emissions consist of the use of sold products (scope 3 category 11)
- 2% of emissions consist of the decommissioning of sold products (scope 3 category 12)
- 1% of emissions consist of logistics services (scope 3, category 4)
- Other emission categories account for less than 1%



- Scope 1: Vehicles and heat production
- Scope 2: Electricity and heating
- Scope 3:
 - Cat. 1: Bought products and services
 - Cat. 3: Fuel production and energy transmission losses
 - Cat. 4: Transportation and distribution (Upstream)
 - Cat. 5: Waste
 - Cat. 6: Business travel
 - Cat. 7: Travelling to work
 - Cat. 11: Use of sold products
 - Cat. 12: Decommissioning of sold products

¹CO₂e is an abbreviation for carbon dioxide equivalent, which describes the combined effect of different greenhouse gases on global warming.

DEN Finland's carbon footprint for 2022

Scope	Kategoria	2022, tCO ₂ e	%	2021, tCO ₂ e	%
Scope 1	Vehicles	946	0.5	700	0.3
	Heat production	57	0.0	95	0.0
Scope 2	Electricity	102	0.5	1054	0.5
	Heating	83	0.0	54	0.0
Scope 3	Cat. 1: Bought products and services	156032	74.09	164778	72.0
	Cat. 3: Fuel production and energy transmission losses	502	0.2	472	0.2
	Cat. 4: Transportation and distribution (Upstream)	1980	1.0	1964	0.9
	Cat. 5: Waste	43	0.1	133	0.1
	Cat. 6: Business travel	763	0.34	658	0.3
	Cat. 7: Travelling to work	398	0.2	345	0.2
	Cat. 11: Use of sold products	43840	21.1	54906	24.0
	Cat. 12: Decommissioning of sold products	3491	1.7	3841	1.7

DEN knows the origins of your home

The traceability of materials is important. For example, the logs are made from Finnish PEFC-certified spruce. Logs are an exceptionally low-emission construction material, which binds carbon in the log structures of the house for generations.

- Finnlamelli log houses are made from PEFC-certified spruce from Finnish forests.
- The wood we use comes from sustainably managed forests and its origin can be ascertained.
- Logs are an exceptionally low-emission building material. Spruce logs store carbon from the trees into the structure of the house for generations to come.
- The processing of logs at our own factory in Alajärvi is energy-efficient, thanks to cutting-edge technology.

The carbon footprint of DEN buildings is smaller than buildings on average.





Minimising waste is based on design

In construction, minimising waste is also essential for sustainability. By combining good design and efficient production, many cut-to-size materials, such as timber and insulation, can be fully utilised.

- For example, considering the dimensions of timber or insulation in the design phase reduces waste.
- By avoiding unused space, energy consumption is significantly reduced.
- In interior design, careful planning helps in making sustainable choices and reduces the need for renovation.
- Lighting design based on LED technology saves energy and materials.
- Taking into account the energy class of household appliances is both an economic and an ecological choice.

Safety for employees and customers with transparent and fair operations

DEN monitors the implementation of safety in real time. In recent years investments have been made into collecting preventive safety observations and we have been able to increase their number. These preventive measures make it possible to avoid potentially dangerous situations.

Regular safety walks are organised at the factories. These walks are used to monitor the safety of the working environment by means of active observation. Occupational safety also includes the prevention of long-term harm. For example, in factories the disadvantages of dust are minimised with the right air humidity that binds dust. This way, the amount of dust in the breathing air is kept as low as possible.

The safety and health of customers is also a special concern for DEN. The materials are stored and the elements are processed at DEN's own factories in Nivala and Alajärvi. They are protected from the weather and processed under controlled conditions. The phase of erecting ready-to-move-in single-family houses up to the water ceiling is very fast, so moisture damage caused by the weather is minimised. Research has shown that the indoor air quality of log houses is excellent in terms of health, and the high-quality frame and insulation materials in DEN's prefabricated houses ensure a healthy indoor air quality.

Uniform agreements with suppliers, ethical guidelines and reporting obligations ensure a responsible partner network.

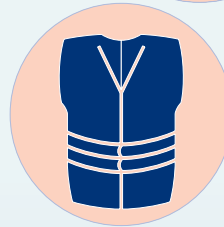
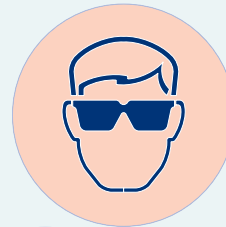
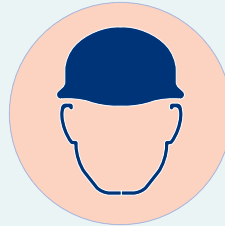


The three cornerstones of DEN's social responsibility:

- Occupational safety and working conditions
- Safe and healthy living
- Responsible supply chain and the best partner experience

More women work at DEN than elsewhere in the industry on average:

- 29% of DEN's managers are women
- Women account for 23% of all employees (industry average <10%)
- Share of women in the board 29%



Occupational safety as a priority:


- Continuous monitoring
- Regular safety walks of factories
- Cleanliness of factories and construction sites
- Guidance, operation and protective equipment at construction sites
- Safety observations
- Long-term occupational safety: for example, dust binding with the right humidity
- In 2022, 33 accidents at work; with the aim of constantly reducing the number
- Number of absences: 2.1% of the total working time of all employees*

*ESG report for 2022

The ethical guidelines provide the framework for good governance

- High-quality management
- Knowing and respecting laws and regulations, as well as own ethical guidelines
- Practices that promote equality, diversity and inclusion and prevent harassment and discrimination
- Transparent reporting and communication

The ethical guidelines are attached to every new employment contract and must be acknowledged when coming to work. Our partners are subject to our own ethical guidelines, which we require all of our partners to follow.



***DEN is a pioneer
in responsible
construction.***

ENVIRONMENT

Description	Unit	Value
Absolute scope 1 greenhouse gas emissions	kg CO ₂ -eq	1003000
Absolute scope 2 greenhouse gas emissions	kg CO ₂ -eq	186000
Absolute scope 3 greenhouse gas emissions	kg CO ₂ -eq	207049000
Absolute combined scope 1 and 2 greenhouse gas emissions	kg CO ₂ -eq	1189000
Absolute combined scope 1, 2, and 3 greenhouse gas emissions	kg CO ₂ -eq	208238000
Revenue (in EUR)	EUR	226326000
Number of full-time equivalents during reporting period (FTEs)	FTEs	519
Scope 1 emission intensity (in context to revenue)	kg CO ₂ -eq/ EUR	0,004431661
Scope 1 emission intensity (in context to number of FTEs)	kg CO ₂ -eq/ FTE	1932,56262
Scope 2 emission intensity (in context to revenue)	kg CO ₂ -eq/ EUR	0,000821823
Scope 2 emission intensity (in context to number of FTEs)	kg CO ₂ -eq/ FTE	358,3815029
Scope 3 emission intensity (in context to revenue)	kg CO ₂ -eq/ EUR	0,914826401
Scope 3 emission intensity (in context to number of FTEs)	kg CO ₂ -eq/ FTE	398938,343
Emission intensity scope 1 and 2 combined (denominator revenue)	kg CO ₂ -eq/ EUR	0,005253484
Emission intensity scope 1, 2 and 3 combined (denominator revenue)	kg CO ₂ -eq/ EUR	0,920079885
Total direct energy consumption in scope 1 (fuel)	kWh	9923082
Renewable fuel consumption in scope 1	kWh	7017070
Total energy consumption in scope 2	kWh	5309598
Renewable energy consumption scope 2	kWh	4699085
Total energy consumption (scope 1 and scope 2) within the company	kWh	15232680
Total energy consumption (scope 1 and scope 2) within the company (renewable)	kWh	11716155
Energy consumption in GWh per million EUR of revenue, per high impact climate sector		Not relevant
Total energy production	kWh	0
Total renewable energy production	kWh	0
Does the company have one or multiple target(s) to reduce its greenhouse emission impact?		Yes

If so, please describe the targets for greenhouse gas emission reduction.		2022: increasing the share of renewable energy in energy consumption
Has the company committed to the Science-Based Target initiative?		We have not committed to the Science-Based Targets initiative
Does the company have targets addressing its energy consumption?		We have targets on renewable energy procurement, We have targets on energy reduction
Does the company have initiatives in place to reduce energy consumption?		No
Does the company have an energy management policy in place?		Yes, a part of the Code of Conduct or another policy
Does the company use a recognized energy management system?		Yes
Does the company have a water management policy in place?		No
Total water consumption as of the reporting period	litres	
How many tonnes of emissions of nitrates, phosphates, pesticides and priority substances does the company release into water?	tonnes	0
Does the company have a waste management policy in place?		No
Amount of non-hazardous waste generated within the reporting period	tonnes	870
Amount of non-hazardous waste recycled within the reporting period	tonnes	484
Hazardous and radioactive waste generated within the reporting period	tonnes	24
Does the company follow a formal environmental policy?		Yes, a part of the Code of Conduct or another policy
Does the company have a biodiversity policy?		Yes, a part of the Code of Conduct or another policy
Does the company have sites or operations located in or near to biodiversity sensitive areas?		No, we do not have sites or operations located in or near to biodiversity sensitive areas
Do company activities negatively affect biodiversity sensitive areas?		No
Is the company active in the fossil fuel sector? (i.e. companies that have a revenue share in the exploration, extraction, refining, transportation and distribution, storage, retailing, marketing, trading, or power, heat, or cooling production from oil and gas.)		No
Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.		Raw materials (supply and pricing), changes in consumer demand, changes in regulation, accidents in production that would cause emissions
Describe the company processes for identifying and assessing climate-related risks.		Part of general strategy work and risk assessment procedure
Describe the company processes for managing climate-related risks.		Part of general strategy work and risk assessment procedure. Carbon footprint is calculated on a yearly basis and concrete roadmap is updated to reduce emissions.

HEALTH AND SAFETY

Net new hires: Total net new hires		62
Net new hires: Annual percent attrition	%	10,9
Employee turnover: % year-over-year change for full-time employees	%	4,8
Employee turnover: % year-over-year change for part-time employees	%	4,6
Gender of employees: % women (full-time equivalents)	%	22,9
Total number of employees in the management team	# of FTE	7
Gender of employees in the management team: number of women (full-time equivalents)	# of FTE	2
Median male compensation to median female compensation (ratio)		1,1
What was the average female gross hourly pay (in EUR) during the reporting period?		20,36
What was the average male gross hourly pay (in EUR) during the reporting period?		22,37
Work-related injuries: Number of work-related injuries		32
Work-related injuries: Number of work-related fatalities		0
Work-related injuries: Days lost due to injury	days	144
Absence rate during the reporting period	%	2,08
Does the company conduct an employee survey?		Yes, we conduct a survey (not specifically eNPS though)
If the company does not conduct an eNPS: What is the scale (and name) of the employee survey?		1-5
What was the percentage of employees responding to the survey?	%	60,4
What is the company's most recent score in the latest employee engagement survey (max 2 year old data)?		67,5
Does the company follow a sexual harassment and/or non-discrimination policy?		Yes, a part of the Code of Conduct or another policy
Number of incidents of discrimination reported in the past 12 months?		0
Number of discrimination incidents sanctioned in the past 12 months?		0
Does the company follow an occupational health and/or global health & safety policy?		Yes, a standalone policy
Does the company have a diversity and inclusion policy?		Yes, a part of the Code of Conduct or another policy

GOOD GOVERNANCE

Does the company have a policy to monitor compliance with the UNGC Principles or OECD Guidelines for Multinational Enterprises, or grievance/complaints handling mechanisms to address violations of the UNGC Principles or OECD Guidelines for Multinational Enterprises?		Yes, a part of the Code of Conduct or another policy
Has the company been subject to any controversy that might have adversely affected its reputation in accordance with the UNGC Principles, OECD Guidelines for Multinational Enterprises or local laws in the last 12 months?		No
If yes, please comment:		-
Number of confirmed corruption cases or lawsuits against the company/employees in accordance with the OECD Guidelines for Multinational Enterprises or local laws in the last 12 months?	# of cases	0
Does the company have a code of conduct?		Yes
Does the company have a supplier code of conduct?		Yes, a standalone policy
Does the company follow a human rights policy?		Yes, a part of the Code of Conduct or another policy
Does the company follow a child and/or forced labour policy?		Yes, a part of the Code of Conduct or another policy
Does the company follow an anti-corruption policy?		Yes, a part of the Code of Conduct or another policy
Does the company have a whistleblowing policy in place?		Yes, a part of the Code of Conduct or another policy
Does the company follow a Data Privacy policy?		Yes, a part of the Code of Conduct or another policy
Does the company have a cybersecurity policy?		Yes, a part of the Code of Conduct or another policy
Total number of board members	# of board members	7
Number of female board members	# of female board members	2
Does the company's Board of Directors oversee and/or manage ESG related risks (including climate-related risks)?		Yes
Does the company's senior management team oversee and/or manage ESG risks (including climate-related risks)?		Yes
Are executives formally incentivized to perform on sustainability?		Yes
Is the company involved in manufacturing or selling of controversial weapons?		No

DEN

***Better life one
space at a time.***

