

**DEN**  
**GROUP**

ESG REPORT  
2023

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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 mutual values: appreciation, courage, sustainability and happiness. The group employs over 400 professionals. Our turnover in 2023 was EUR 118 million.

DEN Group comprises Finland's largest builder of single-family house DEN Finland Oy, Talliosake Oy as well as its subsidiary Talliosake Sweden AB, which is responsible for Talliosake's operations in Sweden. DEN Finland's brands include Designtalo, Finnlamelli and Ainoakoti, which is a joint brand of DEN Finland

Oy and K-Rauta. The majority of houses are delivered to customers ready to move into. Finnlamelli log houses are also exported to several different countries.

### Finnish production

DEN Finland's factories are located in Nivala and Alajärvi. The building elements of Designtalo and Ainoakoti, and the hall elements of Talliosake are manufactured in Nivala. Finnlamelli's log homes are manufactured in Alajärvi. DEN's own building services technology takes care of the technical design and installations in the Group's projects.



**Appreciation**



**Courage**



**Sustainability**



**Happiness**

## Our position strengthened despite a tough year

The year 2023 was not easy for the construction industry. Many companies went bankrupt and the market shrank due to high interest rates, inflation and reduced purchasing power. Last year, DEN Finland's sales slightly outperformed the market and our sales volume was at pre-COVID-19 levels. The operations of Talliosake were impacted more by the general economic situation.

Thanks to our company's stable financial position, domestic production and the trust of our customers, we have been able to cope despite the challenging market conditions.

When times are tough, sustainability is first and foremost about securing the continuity of all operations. Determined development and adaptation measures have enabled us to reinforce our position as the leading builder of single-family houses in Finland, and we managed to improve DEN Finland's relative profitability.

We have also been successful in taking even better care of our customers: we reduced the number of delays to zero and increased the quality of construction even further.

We also kept the cornerstones of our sustainability work firmly in place. We continued our efforts to reduce our carbon footprint and improve our buildings' energy efficiency as well as occupational safety. We made significant improvements in terms of occupational safety and employee satisfaction.

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**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. We are already minimising waste, both with regard to building materials and wasted space inside homes. Research shows that our houses are energy efficient. We calculate the carbon footprint of all of our operations annually and we have made our production process low-carbon.

### 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's carbon footprint has decreased overall and its calculation has become more accurate

In 2023, DEN's carbon footprint decreased significantly, mainly due to reduced production resulting from the challenging market situation. In terms of net sales, the carbon footprint increased slightly. This is due to the information used in emission calculations becoming more accurate.

Over the last few years, the accuracy of emission calculations has been systematically increased enabling effective choices to reduce emissions.

### **DEN is a trendsetter in reporting emissions in all emission scopes**

DEN's carbon footprint is calculated in accordance with the international Greenhouse Gas Protocol (GHGP) standard. DEN reports its emissions in all three emission scopes (Scope 1–3). The carbon footprint comprises direct emissions arising from operations (Scope 1

and Scope 2) as well as indirect emissions and the carbon emissions occurring during the life cycle of buildings delivered to customers (Scope 3).

Our own production, i.e. our own direct emissions, only constituted 1.5% of the carbon footprint. Scope 3, i.e. indirect emissions and the emissions occurring during the life cycle of buildings sold make up 98% of DEN's carbon footprint. The majority of emissions, 56% of the entire carbon footprint, are specifically the result of energy consumption during the life cycle of buildings.

### **The goal is to reduce the carbon footprint relative to net sales**

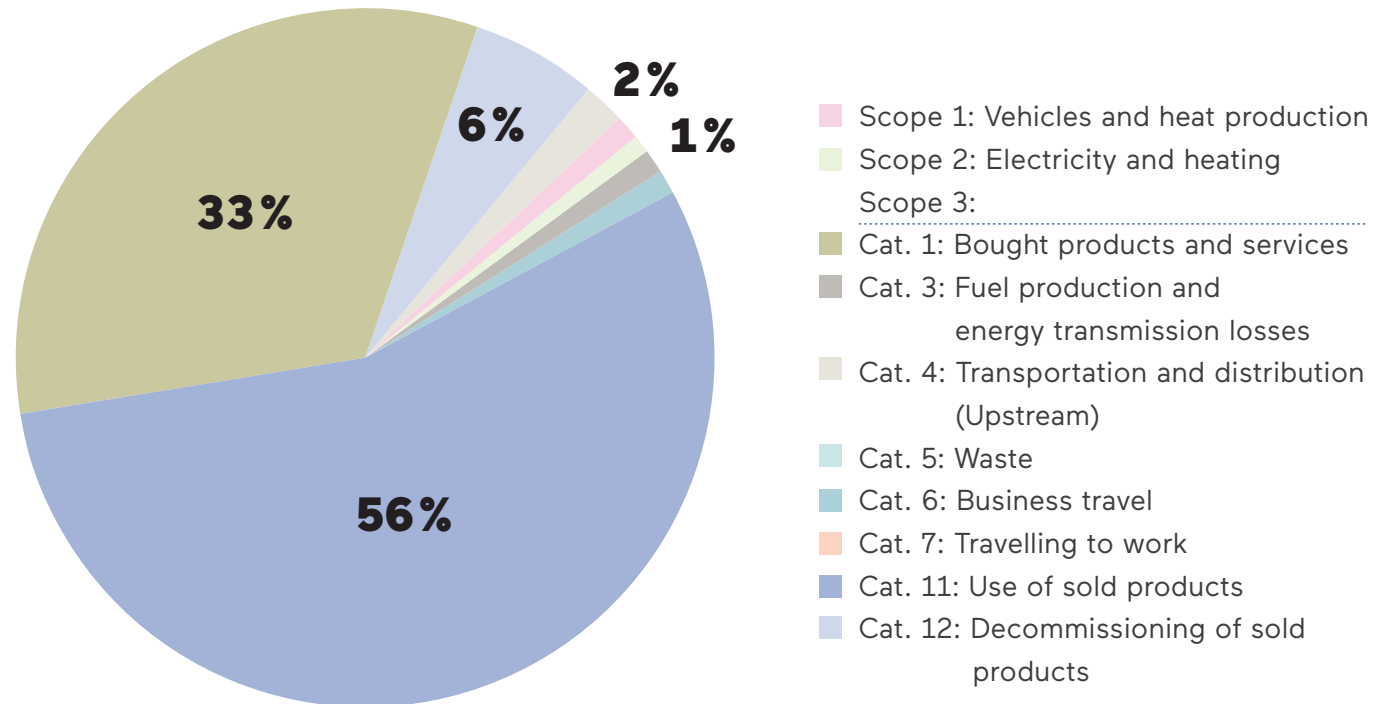
Energy consumption makes up a material part of the emissions that occur during a building's life cycle. In the future, the efforts made to cut emissions will specifically include further improvements to the energy efficiency of buildings.



## DEN's carbon footprint for 2023

In 2023, DEN's carbon footprint was **56 735 tCO<sup>2</sup>e**.

- 98% of the emissions arise from Scope 3, i.e. bought products and services as well as the use of sold products
- 56% of the emissions arise from the energy consumption during the life cycle of sold buildings
- 33% of the emissions arise from procurement
- Our own production only constitutes 1.5% of the emissions



<sup>1</sup>CO<sub>2</sub>e is an abbreviation for carbon dioxide equivalent, which describes the combined effect of different greenhouse gases on global warming.



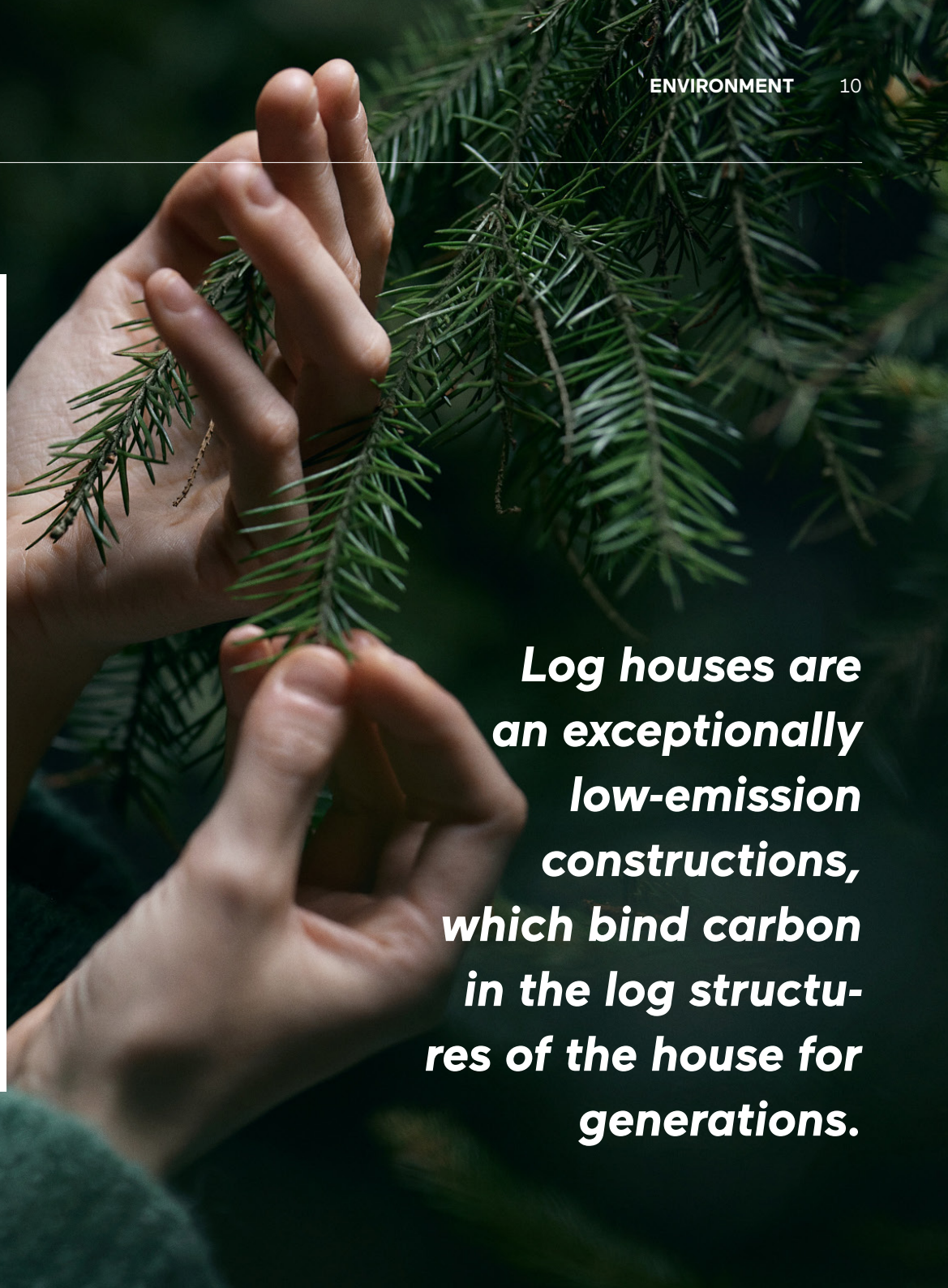
## DEN's carbon footprint for 2023

Scope	Category	2021	2022	2023	Change 2022-2023
Scope 1		795,4	1 002,6	526,0	-48%
Scope 2		1 108,1	185,6	349,0	88%
Scope 3		105 574,8	96 731,5	55 860,4	-42%
	Cat. 1: Bought products and services	43 257,2	45 714,8	18 947,6	-59%
	Cat. 3: Fuel production and energy transmission losses	472,2	501,6	321,1	-36%
	Cat. 4: Transportation and distribution (Upstream)	1 963,7	1 980,1	984,7	-50%
	Cat. 5: Waste	133,1	43,0	14,5	-66%
	Cat. 6: Business travel	657,5	762,7	317,3	-58%
	Cat. 7: Travelling to work	344,6	398,0	197,6	-50%
	Cat. 11: Use of sold products	54 905,7	43 840,4	31 586,7	-28%
	Cat. 12: Decommissioning of sold products	3 840,8	3 491,0	3 490,9	0%
	<b>Total</b>	<b>107 478</b>	<b>97 920</b>	<b>56 735</b>	<b>-42%</b>

## DEN knows the origins of your home

The traceability of materials is important. For example, the logs we use are made from Finnish PEFC-certified spruce. Log houses are an exceptionally low-emission constructions, which bind carbon in the log structures of the house for generations.

- Finnlamelli log houses are made from PEFC-certified spruce from Finnish forests. Of all of the wood we use, 90% is PEFC-certified.
- The wood we use comes from sustainably managed forests and its origin can be ascertained.
- Spruce logs store carbon from the trees in the structure of the house for generations to come.
- Thanks to cutting-edge technology, the processing of logs at our own factory in Alajärvi is energy efficient.



**Log houses are an exceptionally low-emission constructions, which bind carbon in the log structures of the house for generations.**





## 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.



## Occupational safety and employee satisfaction improved significantly

DEN monitors the implementation of occupational safety in real time. In 2023, DEN's accident rate – i.e. accidents leading to sick leave relative to working hours – was 7.1; in the previous year, it was 20.7.

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.

In the employee survey, the percentage of satisfied employees was 88%, a significant improvement on the previous year's figure of 68%. eNPS also increased significantly to 33 from 17 in the previous year.

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-into, single-family houses up to the roof 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.



## In 2023, DEN made great strides in improving occupational safety and employee satisfaction

### The three cornerstones of DEN's social responsibility:

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

### Satisfied employees:

- We measure employee satisfaction on a regular basis
- A response rate of 70% (60% in 2022)
- eNPS 33 (17 in 2022)
- 88% satisfied employees (68% in 2022)

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

- Women account for 23% of all employees (industry average <10%)
- Share of women on the Board of Directors 29%



### Occupational safety as a priority:


- Continuous monitoring
- Regular safety walks at factories
- Cleanliness of factories and construction sites
- Instructions, operations and PPE at construction sites
- Safety observations as part of prevention
- Long-term occupational safety: such as dust-binding with the right humidity
- In 2023: 8 accidents at work (33 in 2022); the goal is to keep reducing the number
- Absences amounted to 2.0% (2.1% in 2022) of the total working hours of all employees



## 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.

A photograph showing a man and a woman sitting at a table, looking at architectural plans. The man is wearing a dark polo shirt with 'DESIGNAL' visible on it. The woman is wearing a light-colored blazer. They are in a professional setting, likely an office or meeting room.

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



## ENVIRONMENT

Description	Unit	Value
Absolute scope 1 greenhouse gas emissions	Tonnes	526
Absolute scope 2 greenhouse gas emissions	Tonnes	349
Absolute scope 3 greenhouse gas emissions	Tonnes	55 860
Absolute combined scope 1 and 2 greenhouse gas emissions	Tonnes	875
Absolute combined scope 1, 2, and 3 greenhouse gas emissions	Tonnes	56735
Revenue	EUR	118 194 000
Number of full-time equivalents during reporting period	FTEs	436
Scope 1 emission intensity (in context to revenue)	kg CO <sub>2</sub> -eq/ EUR	0,004450311
Scope 1 emission intensity (in context to number of FTEs)	kg CO <sub>2</sub> -eq/ FTE	1 206,42
Scope 2 emission intensity (in context to revenue)	kg CO <sub>2</sub> -eq/ EUR	0,003020458
Scope 2 emission intensity (in context to number of FTEs)	kg CO <sub>2</sub> -eq/ FTE	818,8073394
Scope 3 emission intensity (in context to revenue)	kg CO <sub>2</sub> -eq/ EUR	0,4715637
Scope 3 emission intensity (in context to number of FTEs)	kg CO <sub>2</sub> -eq/ FTE	127 834,86
Emission intensity scope 1 and 2 combined (in context to revenue)	kg CO <sub>2</sub> -eq/ EUR	0,007470768
Emission intensity scope 1, 2 and 3 combined (in context to revenue)	kg CO <sub>2</sub> -eq/ EUR	0,479034469
Total direct energy consumption in scope 1 (fuel)	kWh	7 723 659
Renewable fuel consumption in scope 1	kWh	6 367 575
Total energy consumption in scope 2	kWh	4 800 148
Renewable energy consumption scope 2	kWh	3 997 771
Total energy consumption (scope 1 and scope 2) within the company	kWh	12 523 807
Total energy consumption (scope 1 and scope 2) within the company (renewable)	kWh	10 365 346
Total energy production	kWh	5 500 000
Total renewable energy production	kWh	5 500 000
Target(s) to reduce greenhouse emission impact		Our goal is to reduce our carbon footprint in relation to revenue by improving the energy efficiency of the houses we produce.

Description	Unit	Value
Has the company committed to the Science-Based Target initiative?		We have not yet committed to the Science-Based Targets initiative
Targets addressing energy consumption		Our goal is that all of our bought energy is renewable
Initiatives in place to reduce energy consumption		No initiatives at the moment
Energy management policy		Yes, a part of the Code of Conduct
Energy management system		Yes
Water management policy		Yes, a part of the Code of Conduct
Total water consumption as of the reporting period	Litres	1 535 000
Waste management policy		Yes, a part of the Code of Conduct
Amount of non-hazardous waste generated within the reporting period	Tonnes	1 773
Amount of non-hazardous waste recycled within the reporting period	Tonnes	1 729
Hazardous and radioactive waste generated within the reporting period	Tonnes	19
Environmental policy		Yes, a part of the Code of Conduct
Biodiversity policy		Yes, a part of the Code of Conduct
Sites or operations located in or near to biodiversity sensitive areas		No
Climate-related risks and opportunities identified		<p>Risks:</p> <ul style="list-style-type: none"> <li>- Supply, pricing of raw materials</li> <li>- Changes in consumer demand</li> <li>- Changes in regulation that significantly increase costs</li> <li>- Accidents in production</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>- Market interest in the use of wood as a construction material</li> <li>- Position in the forefront of the industry in sustainability and transparency</li> </ul>
Processes for identifying, assessing and managing climate-related risks		Part of general strategy work and risk assessment procedure. Carbon footprint is calculated on a yearly basis and a concrete sustainability roadmap is updated.

All emissions data is not comparable with previous years due to changes on data and calculation.



## SOCIAL

Description	Unit	Value
Net new hires: Organic net new hires (FTEs)		-46
Number of full-time equivalents during previous reporting period (FTEs)		509
Net new hires: Total net new hires		-73
Net new hires: Annual percent attrition		0,1077
Employee turnover: % year-over-year change for full-time employees	%	11,78
Employee turnover: % year-over-year change for part-time employees	%	0,25
Gender of employees: % women (full-time equivalents)	%	22,56
Total number of employees in the management team (Group)		3
Gender of employees in the management team: number of women (full-time equivalents)		0
Median male compensation to median female compensation (ratio)		1,08
Average female gross hourly pay (in EUR)	EUR	21,55
Average male gross hourly pay (in EUR)	EUR	23,2
Unadjusted gender pay gap		0,07112069
Work-related injuries: Number of work-related injuries		8
Work-related injuries: Number of work-related fatalities		0
Work-related injuries: Days lost due to injury		23
Absence rate	%	2
Employee survey		Yes, eNPS
Percentage of employees responding to the survey	%	70
Most recent score in the latest employee engagement survey		eNPS 33, satisfaction 88%
Sexual harassment and/or non-discrimination policy		Yes, a part of the Code of Conduct
Number of incidents of discrimination reported in the past 12 months?		0
Number of discrimination incidents sanctioned in the past 12 months?		0
Occupational health and/or global health & safety policy		Yes, a part of the Code of Conduct
Diversity and inclusion policy?		Yes, a part of the Code of Conduct

## GOVERNANCE

Description	Unit	Value
Specify the industry/industries		F41.2.0 - Construction of residential and non-residential buildings
Policy to monitor compliance with the UNGC Principles or grievance/complaints handling mechanisms to address violations of the UNGC Principles		Yes, a part of the Code of Conduct
Has the company been subject to any controversy that might have adversely affected its reputation in accordance with the UNGC Principles or local laws in the last 12 months?		No
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?		0
Code of conduct		Yes
Supplier code of conduct		Yes, a standalone policy
Human rights policy		Yes, a part of the Code of Conduct
Child and/or forced labour policy		Yes, a part of the Code of Conduct
Anti-corruption policy		Yes, a part of the Code of Conduct
Whistleblowing policy		Yes, a part of the Code of Conduct
Data Privacy policy		Yes, a part of the Code of Conduct
Does the company have a cybersecurity policy		Yes, a part of the Code of Conduct
Total number of board members		7
Number of female board members		2
Number of independent board members		5
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



# DEN

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

