

Climate-Related
**Risks and
Opportunities**
Report
2023



This document provides an overview of our assessment, in line with the disclosure recommendations of the Task Force on Climate-Related Financial Disclosures - TCFD, and additional details can be found on Dexco's ESG Portal and in additional materials described, where applicable.

The sections covered by the TCFD include Governance, which clarifies the role of management in overseeing climate risks and opportunities; Strategy, discussing the assessment and management of climate risks and opportunities by management and their effects on business strategy, financial planning, and organizational resilience under many climate scenarios; Risk Management, detailing the integration of identifying, assessing, and managing climate risks into the organization's risk management; and Metrics and Targets, reporting the metrics used to assess and manage climate risks and opportunities, greenhouse gas emissions, and performance against climate targets.

For the year 2023, Dexco continues to align with the recommendations of the TCFD, updating our progress and commitments to reflect the latest advancements in our strategies, operations, and reporting, while maintaining our commitment to transparency and responsible management of climate risks and opportunities.

Innovating responsibly, Dexco shapes the future by uniting sustainable development and commitment to future generations, ensuring a legacy of value and respect for our planet.

Summary



Governance

A. Board oversight	Dexco has a robust governance structure, with a notable focus on the Sustainability Committee, which is responsible for advising the Board of Directors on sustainability issues, including integrating socio-environmental aspects into the company's strategic planning and daily operations. This demonstrates a clear commitment to supervising climate-related risks and opportunities, indicating full adherence to TCFD criteria.
B. Management Role	Dexco's management demonstrates an active role in assessing and managing climate-related risks and opportunities, evidenced by the various climate-related initiatives and programs implemented by the company. These implemented initiatives and programs are supported by policies such as the ESG Policy, Environmental Policy, and Internal Control System and Risk Management Policy, which establish clear guidelines for sustainable management and the mitigation of environmental impacts, reaffirming adherence to TCFD standards with full compliance .

Strategy

A. Short, medium, and long-term risks and opportunities	Dexco identifies and assesses climate-related risks and opportunities across different time horizons, as evidenced in its sustainability policies and strategies. This process of identification and assessment demonstrates full adherence .
B. Impact on business, strategy, and financial planning	Dexco seeks to integrate climate considerations into its strategy and financial planning, especially through its Sustainability Strategy 2025, although there are still opportunities for quantifying impacts, which demonstrates partial adherence to the recommendation.
C. Strategy resilience	The conduct of climate scenarios analyses, including consideration of a 2°C or lower, indicates efforts to ensure the resilience of the company's strategy in the face of climate change. However, there is a need for quantitative assessments of the financial impacts resulting from the identified risks. Therefore, Dexco demonstrates partial adherence to the recommendation.

Risk Management

A. Identification and assessment of climate risks	Dexco has well-established processes for identifying and assessing climate-related risks, indicating full adherence .
B. Management of climate risks	The company has clear and structured processes for managing climate risks, including continuous monitoring and periodic review of its risk matrix, indicating full adherence .
C. Integration into overall risk management	Dexco integrates climate risks into the overall risk management of the company, demonstrating full adherence to the recommendation.

Metrics and targets

A. Metrics for assessing climate risks and opportunities	The disclosure of various climate-related metrics, including greenhouse gas emissions, demonstrates full adherence .
B. Greenhouse gas emissions and related risks	The company reports on its greenhouse gas emissions and related risks, demonstrating transparency and commitment to emission management, representing full adherence .
C. Goals for managing climate risks and opportunities	The establishment of clear goals for managing climate-related risks and opportunities, including the goal of maintaining a positive carbon balance between 2020 and 2030, indicates full adherence .

Assurance Letter

Governance

Disclose the organization’s governance around climate-related risks and opportunities.

Describe the board’s oversight of climate-related risks and opportunities.

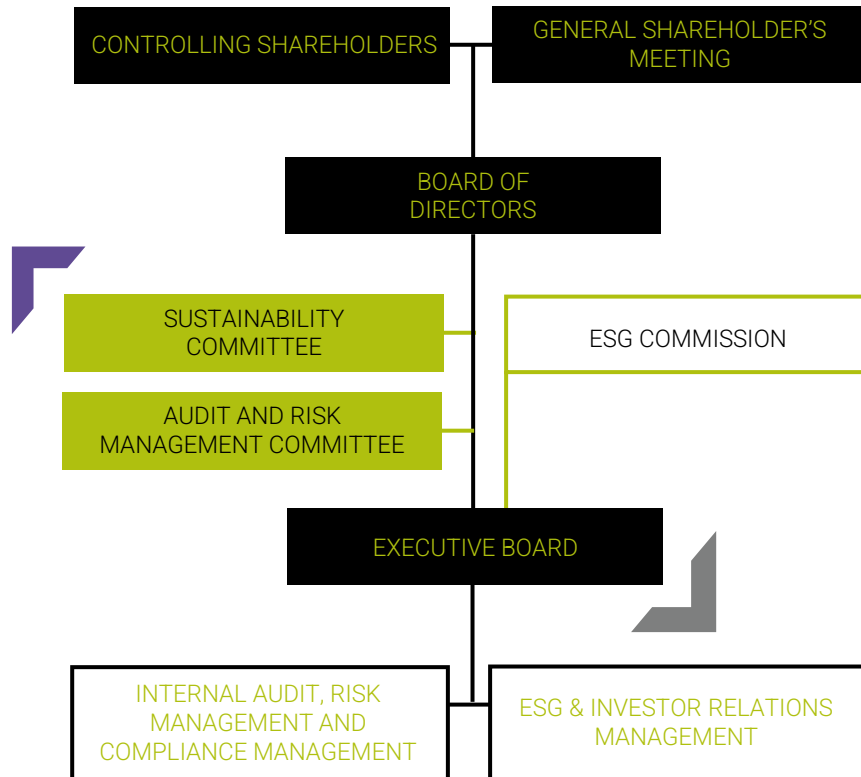
Describe management’s role in assessing and managing climate-related risks and opportunities.

The governance structure of Dexco S.A. regarding climate change and environmental sustainability includes several key components, aligned with its corporate governance and sustainability strategy. This governance model integrates environmental considerations into its core business strategies, ensuring a responsible approach to forest management, biodiversity conservation, and overall environmental management.

Corporate governance framework

The corporate governance of Dexco is structured to oversee and guide the company’s strategies, including environmental and climate-related issues. The board of directors plays a crucial role in setting the strategic direction, with sustainability and climate change considerations integrated into the company’s long-term planning and risk management processes. This body is involved in all matters concerning Dexco’s ESG commitments.

Below, we highlight the key entities in our governance framework¹ that are particularly focused on sustainability and climate change:



¹ – Reflects only the management structures that have direct actions in the described actions.

Sustainability Committee

Dexco has a dedicated Sustainability Committee, operating to support the board of directors and tasked with advising and making recommendations on sustainability issues, including climate change. This committee, chaired by an independent director, ensures that sustainability is integrated into the company's strategic planning and operations, facilitating a coordinated approach to environmental management and climate change mitigation.

Sustainability Committee Agenda

In the year 2023, Dexco's Sustainability Committee held eight meetings, exceeding the number stipulated in its Internal Regulations, which foresee six annual meetings. The agendas included discussions on SCS Certification (carbon-neutral), the carbon market in Brazil, and COP 28. All committees of Dexco report their activities and discussed topics to the Board of Directors at least once a year. Furthermore, documents and public commitments, such as the Integrated Report, ESG Policy, and Dexco's Sustainability Strategy, undergo approval processes before being disclosed, involving the Executive Committee, the Sustainability Committee itself, and the Company's Board of Directors.

Environmental Governance

The governance related to environmental and sustainability issues is detailed in various policies and standards outlining Dexco's commitments to environmental management, sustainability practices, and alignment of its operations with sustainable development goals.

In 2023, the ESG Management was integrated into the Finance Directorate, driving discussions on climate-related impacts in the company's financial management, aligning with the expected synergies by investors and market players. Additionally, all members of Dexco's Executive Board have a portion of their variable compensation tied to ESG goals, ensuring robustness and reliability in the company's sustainability agenda.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

To provide a detailed and objective analysis of the climate change-related risks faced, Dexco classifies risks into short-term (0-3 years), medium-term (3-15 years), and long-term (more than 15 years).

To classify risks and opportunities according to the significance of their financial impacts, Dexco uses the same criteria adopted in the Company's corporate risk gauge. Thus, risks and opportunities whose financial impact exceeds Dexco's defined appetite are classified as significant.

For the assessment of physical risks (acute and chronic) conducted at the corporate level, climate experiments HadGEM and MIROC with regional model ETA were the main sources of information used, with a medium-term time horizon (2040/2070) and the number of future simulations (RCPs 4.5 and 8.5). Climate scenario simulations were conducted for each city where Dexco has units, pinpointing specific climate risks that may affect Dexco's operations. Additionally, employees' empirical knowledge and Dexco's expertise in forest management were used in identifying risks and opportunities for forest operations.



Additional Documents

- [Environmental Policy](#) (PO.02, p. 1)
- [ESG Policy](#) (PO.18, p. 2)
- [Internal Controls and Risk Management Systems Policy](#) (PO. 04, p .5)
- [Corporate Standard for Responsible Forestry Management](#) (NO.70, p. 1)
- [Sustainability Committee Charter](#) (p. 1)
- [Charter of the Executive Board](#) (p. 3)

Strategy

CLIMATE-RELATED RISKS

The assessment of climate risks was conducted per unit (forest and manufacturing), thus already considering the geographic variation among them and the different exposures to risk factors (such as water availability, winds, and temperature).

Short Term	<p>Acute Physical Risks: Extreme weather events such as storms and droughts can immediately impact Dexco's operations, damaging infrastructure or biological assets (forests) and affecting the supply chain.</p> <p>Stricter Environmental Regulations: Rapid changes in environmental legislation may impose additional compliance costs, affecting profitability.</p>
Medium Term	<p>Energy Transition: As Dexco moves towards cleaner and more sustainable energy sources, there may be significant transition costs and risks of operational disruption.</p> <p>Reputation Risks: Public and investor perception of climate risk management can affect the company's reputation and its competitiveness in the market.</p>
Long Term	<p>Chronic Physical Risks: Prolonged changes in climate, such as sea level rise, alterations in rainfall patterns, and higher temperatures, may require significant investments in adaptation and mitigation.</p> <p>Market Risks: Changes in consumer preferences and regulatory environment can decrease demand for products considered less sustainable, affecting the company's long-term business model.</p>

CLIMATE-RELATED OPPORTUNITIES

Dexco's initiatives not only help combat climate change but also create significant value for the company, its stakeholders, and society, aligning economic performance with environmental responsibility.

Short Term	<p>Energy Efficiency: Implementing improvements in energy efficiency can reduce operational costs and enhance competitiveness.</p> <p>Sustainable Products: Developing and offering more sustainable products can meet the growing market demand for environmentally friendly solutions.</p>
Medium Term	<p>Sustainability Innovation: Investing in R&D for sustainable solutions can open up new markets and revenue opportunities.</p> <p>Strategic Partnerships: Collaborating with suppliers, customers, and non-governmental organizations on sustainability initiatives can enhance the value chain.</p>
Long Term	<p>Sustainability Leadership: Positioning itself as a leader in sustainability can strengthen Dexco's brand and foster customer and investor loyalty.</p> <p>Long-Term Resilience: Investing in climate change adaptation can ensure long-term operational and financial sustainability, safeguarding against chronic risks.</p>

Strategy

CLIMATE RISKS IMPACTS

The impact of climate-related risks and opportunities on Dexco's business, strategy, and financial planning is addressed in various dimensions, integrating environmental sustainability with corporate governance and strategic direction for its management. This holistic approach underscores the company's commitment to mitigating environmental risks while seeking to capitalize on opportunities for innovation and growth within a framework of sustainable development.

Project planning at Dexco may also consider the potential impacts of climate change on project conception or adaptation, which can affect the organization's financial planning. Ongoing projects are internally classified qualitatively based on their potential climate impact. This information can serve as input for adjustments and decision-making. Budget planning is conducted annually.

For the expansion project of the forest base in Northeast Brazil, through the Caetex joint venture, a study was conducted to assess the productivity potential of eucalyptus forests considering climate change scenarios. The results allowed for the prioritization of locations for project implementation.



Category	Risk	Time Horizon	Potential Impact	Management Impact
Physical Risks Acutes	Extreme weather events , such as storms and droughts, can affect Dexco's immediate operations by damaging infrastructure, biological assets, and disrupting the supply chain.	Short to Long Term	<p>Business – They can affect operational infrastructure and the supply chain, leading to operational disruptions and increasing maintenance and insurance costs. In cases of significant events, the ability to serve customers may be affected;</p> <p>Strategy – Adapting to physical risks may require diversifying production locations and reshaping the supply chain to make it more resilient;</p> <p>Financial Planning – Costs associated with mitigating physical risks and regulatory adaptation may affect cost projections and investment needs. The occurrence of extreme weather events can impact company assets (effects on biological assets due to forest fires, for example).</p>	<ul style="list-style-type: none"> ▶ Emergency response plans; ▶ Adequate insurance; ▶ Supply chain diversification.
Transition Risks Policies and Legislation	Stricter environmental regulations , such as rapid changes in environmental legislation, can impose additional compliance costs, affecting profitability.	Medium to Long Term	<p>Business – The need to align with stricter environmental regulations may require changes in production processes and product lines, impacting the current business model;</p> <p>Strategy – Transition risks may encourage innovation, leading to the development of more sustainable products and services, and the redefinition of target markets;</p> <p>Financial Planning – Financial planning should consider funds for R&D and energy transition, balancing short-term costs with the long-term benefits of a more sustainable operation.</p>	<ul style="list-style-type: none"> ▶ Investments in sustainable technologies; ▶ Sectoral engagement to influence public policies.

Strategy



CLIMATE **OPPORTUNITIES IMPACTS**

Category	Opportunity	Time Horizon	Potential Impact	Management Impact
Energy Matrix	<p>Energy Efficiency</p> <p>Implementing improvements in energy efficiency can reduce operational costs and enhance competitiveness.</p>	Short to Medium Term	<p>Business – It can reduce operational costs and improve profit margins;</p> <p>Strategy – Integrating sustainability as a central pillar in the business strategy can differentiate Dexco in the market, attracting customers and partners aligned with environmental values;</p> <p>Financial Planning – Investments in energy efficiency can have a significant financial return through the reduction of operational costs.</p>	<ul style="list-style-type: none"> ▶ Transition initiatives to renewable energy; ▶ Investment in innovation of sustainable products.
Markets	<p>Sustainable Products and Services</p> <p>Developing and offering more sustainable products can meet the growing market demand for environmentally friendly solutions.</p>	Medium to Long Term	<p>Business – Meeting the growing demand for products with sustainability attributes can open up new markets and strengthen competitiveness;</p> <p>Strategy – Innovation in sustainable products and energy efficiency can redefine the company's value proposition, aligning it with future market expectations;</p> <p>Financial Planning – Diversifying into sustainable products and services can open up additional revenue streams and increase the financial resilience of the company in the face of market changes.</p>	<ul style="list-style-type: none"> ▶ Proactive engagement with stakeholders, such as customers and consumers; ▶ Development and promotion of sustainable products.

Strategy

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The risk hierarchy reflects Dexco's ability to effectively manage immediate risks while preparing for future challenges. The company's emphasis on resilience through sustainable practices, innovation, and stakeholder engagement is crucial for navigating the risk and opportunity landscape presented by climate change. By aligning its strategy with sustainable development goals and proactively adapting to future environmental regulations, Dexco not only mitigates risks but also positions itself to capitalize on emerging opportunities in the sustainable market.

RESILIENCE

Dexco's resilience to climate-related scenarios, including a 2°C or lower scenario, is intrinsically embedded in its strategic framework and operational practices. The organization's comprehensive approach to environmental sustainability, social responsibility, and governance principles (ESG) forms the foundation of its resilience strategy, enabling it to adapt and thrive under different climate futures.

- ▶ **Strategy Resilience:** Dexco's strategic resilience is sustained by its robust environmental policies, which emphasize responsible forest management, biodiversity conservation, and protection of water resources. By committing to zero deforestation and ensuring responsible sourcing practices, Dexco mitigates risks associated with resource scarcity and regulatory compliance, crucial under a 2°C or lower scenario, where stricter environmental regulations and ecosystem stresses are anticipated.

The company's investment in research and development for sustainable product innovation further exemplifies its strategic resilience. By focusing on developing products with eco-efficiency attributes and optimizing natural resource utilization, Dexco aligns its product portfolio with future market demands in a low-carbon economy, ensuring its competitive advantage.

- ▶ **Operational Resilience:** Operational resilience is achieved through Dexco's commitment to environmental conservation and efficient resource use. The company's practices of maintaining areas designated for conservation of native vegetation in its forests and implementing rigorous environmental monitoring and management systems are essential for adapting to the physical risks presented by climate change.

Specifically, regarding forest management, the genetic improvement program maintained for decades by Dexco provides the foundation for sustaining forestry operations in a changing climate scenario in the regions where it operates, through the development of genetic materials with characteristics that bring plasticity and versatility for their use in different environments.

These practices ensure the sustainability of its raw material supply and the minimization of its operational footprint, key factors in maintaining operational continuity and efficiency in a changing climate.

- ▶ **Financial Resilience:** Financially, Dexco's ESG-focused strategy positions it favorably for resilience under a 2°C or lower scenario. The company's focus on sustainability and responsible business practices increases its attractiveness to investors and customers increasingly concerned about environmental impact, boosting brand value and potentially unlocking access to green financing and investment, with the possibility of reducing capital costs. Additionally, by proactively addressing climate risks and opportunities, Dexco mitigates potential financial liabilities associated with environmental degradation and non-compliance, protecting its financial health and sustainability.
- ▶ **Adaptation and Future Readiness:** Dexco's engagement with stakeholders, including communities, investors, customers, consumers, and regulatory bodies, ensures that it remains responsive and adaptable to evolving climate scenarios. The company's policies on human rights, community engagement, and labor practices enhance its social resilience, fostering goodwill and cooperation essential for navigating the socioeconomic challenges of climate change.

Risk Management

Disclose how the organization identifies, assesses, and manages risks related to climate change

Describe the organization’s processes for managing, identifying and assessing risks related to climate change.

Describe how the processes used by the organization for identifying, evaluating, and managing risks related to climate change are integrated into the organization's overall risk management.

POLICIES AND ALIGNMENT WITH INTERNATIONAL STANDARDS

Dexco's holistic approach to climate-related risk management, based on robust policies, national and international standards, and frameworks, exemplifies its commitment to environmental management, social responsibility, and sustainable development in all facets of its operations.

Dexco reaffirms its commitment to zero deforestation or conversion of natural ecosystems, ensuring that its forestry operations are conducted in a manner that cares for biodiversity and respects the communities living in the surroundings of its forests.

The company's practices are designed to conserve natural resources such as water, air, and soil, and maintain ecosystem services, with a clear policy against the use of unacceptable sources of wood, established in its Corporate Standard for Responsible Forestry Management and its Forest Management Plans.

These documents also emphasize the biodiversity conservation and respect for the rights of local and indigenous communities, as well as detailing operational practices, environmental programs, and socioeconomic aspects of forest areas managed by Dexco.

This plan is designed to ensure the economic viability of wood production, social inclusion and development, and environmental conservation.

Dexco also has an Environmental Policy, where it reaffirms its responsibility for the rational and sustainable use of natural resources, pollution prevention, and waste management. This document emphasizes continuous improvement in environmental performance and active engagement with stakeholders on environmental and social issues. In its Human Rights Policy, the company highlights the importance of respecting human rights in its operations and supply chain, addressing health and safety, diversity and inclusion, and community engagement. In the ESG Policy, Dexco outlines the integration of environmental, social, and governance factors into its business strategy, reinforcing commitments to governance, culture, production processes, products, supply chain management, stakeholder engagement, and innovation.

EXTREME WEATHER EVENTS

Dexco has issued a Market Announcement informing its shareholders and the general market that it temporarily suspended the activities of its panel and forestry operations at the Taquari (RS) unit on May 4, 2024, due to an extreme weather event involving heavy rains that affected the state of Rio Grande do Sul at the end of April 2024. No industrial or forestry assets of Dexco were affected by the rains; however, the supply of inputs and the transportation of products are impacted by the road conditions. On May 9, 2024, the Company announced the gradual resumption of its panel and forestry operations at the Taquari (RS) unit, taking all necessary safety measures. It is worth noting that no industrial or forestry assets of Dexco were affected by the rains in the region.

Risk Management

PROCESSES AND PRACTICES

CLIMATE RISKS MANAGEMENT

Definition of Policies: Dexco establishes clear policies for climate-related risk management, including principles for mitigation, adaptation, and response to extreme weather events. These documents are public and available to all stakeholders. The Internal Controls and Risk Management System Policy (PO.04) sets out the premises for risk management at Dexco, also covering climatic aspects. The criteria for classifying and prioritizing climate risks follow the same guidelines used for other risks in the Company, taking into account potential financial, operational, and reputational impacts, for example. The levels of risk appetite and tolerance are approved by the Board of Directors.

Risk assessment: The initial process for assessing climate risks and opportunities involved literature review, interviews with business managers, and cross-referencing the geographic location of units with databases related to physical risks. Based on this information, priority risks and opportunities were identified, for which potential financial impacts were estimated. The risks and opportunities are classified according to types defined by the TCFD:

- ▶ Physical Risks: acute or chronic;
- ▶ Transition Risks: policies and legislation, technologies, markets, reputation;
- ▶ Opportunities: resource efficiency, energy matrix, products and services, markets, and resilience.

CONTINUOUS MONITORING AND RISK ASSESSMENT

Resource Allocation: Financial, human, and technical resources are allocated to implement the necessary mitigation and adaptation measures across all Dexco's businesses.

Monitoring System: Dexco establishes systems for continuous monitoring of climate risks, using performance indicators and other means of assessment to track the evolution of risks and the effectiveness of mitigation measures. The continuous monitoring of emerging policies and legal requirements related to climate change, especially regarding emission limits, allows Dexco to anticipate regulatory trends, estimating their potential impacts and opportunities that may arise from this new context. Additionally, through participation in sectoral entities, it seeks to influence the development of public policies for climate change mitigation and adaptation.

DEVELOPMENT OF ACTION PLANS AND MITIGATION

Integration with Corporate Strategies: Risk management policies are integrated into overall corporate strategies, ensuring that climate risk management is aligned with the company's business objectives. The Company's risk map includes an item on climate change that considers the organization as a whole, with classification following the standard assessment criteria for all risks. This risk unfolds into assessments to identify specific risks and opportunities for the businesses, considering their contexts. Additionally, in 2023, all risks listed on this map underwent a complementary qualitative analysis of their exposure and potential impacts due to climate change.

Specific Plans: Based on the risk assessment, specific action and mitigation plans are developed to address the identified priority risks.



Risk Management

COMMUNICATION AND STAKEHOLDER ENGAGEMENT

Periodic Review: Climate risks and management strategies are reviewed periodically to adjust action plans based on new information and changes in the business environment.

Internal Communication: Internal Communication: Policies, plans, and progress in climate risk management are communicated internally to ensure the engagement and collaboration of all employees, with direct involvement of Senior Management.

ADAPTATION AND CONTINUOUS IMPROVEMENT

External Engagement: Dexco engages with external stakeholders, including investors, customers, and communities, to communicate its climate risk management strategies and get feedback.

Feedback and Adjustments: The risk management process is adaptable, allowing for continuous adjustments and improvements based on feedback from stakeholders, such as risk owners and Senior Management, performance analysis, and emerging climate-related trends.

INTEGRATION INTO DECISION-MAKING PROCESSES

Implementation of Measures: Mitigation measures may include diversifying the supply chain, investing in more efficient and sustainable technologies, and adopting operational practices that reduce the company's vulnerability to the effects of climate change.

Incorporation into Planning: Climate risk management is integrated into decision-making processes at all levels of the organization, from operational management to long-term strategy, such as its 2025 Sustainability Strategy.

POLICIES AND ALIGNMENT WITH INTERNATIONAL STANDARDS

Dexco's holistic approach to climate-related risk management, based on robust policies and national and international standards and frameworks, exemplifies its commitment to environmental management, social responsibility, and sustainable development across all facets of its operations.

Dexco reaffirms its commitment to zero deforestation or conversion of natural ecosystems, ensuring that its forestry operations are conducted in a manner that preserves biodiversity and respects the communities living in the surroundings of its forests. The company's practices are designed to conserve natural resources such as water, air, and soil, and maintain ecosystem services, with a clear policy against the use of unacceptable sources of wood, established in its Corporate Standard for Responsible Forestry Management and its Forest Management Plans.

These documents also emphasize biodiversity conservation and respect for the rights of local and indigenous communities, in addition to detailing operational practices, environmental programs, and socio-economic aspects of the forest areas managed by Dexco. This plan is designed to ensure the economic viability of wood production, social inclusion and development, and environmental conservation.

A Dexco has an Environmental Policy, where it emphasizes its responsibility for the rational and sustainable use of natural resources, pollution prevention, and waste management. This document emphasizes the continuous improvement in environmental performance and active engagement with stakeholders on environmental and social issues. In its Human Rights Policy, the company highlights the importance of respecting human rights in its operations and supply chain, addressing health and safety, diversity and inclusion, and community engagement. In the ESG Policy, Dexco outlines the integration of environmental, social, and governance factors into its business strategy, reinforcing commitments to governance, culture, production processes, products, supply chain management, stakeholder engagement, and innovation.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

In this section, Dexco aims to list climate-related metrics to provide stakeholders with transparency on the company's sustainability journey. The performance history for each metric can be found in the Integrated Report 2023.

Metric	Reference
Energy	
Energy consumption within the organization	GRI 302-1
Energy consumption outside the organization	GRI 302-2
Energy intensity	GRI 302-3
Percentage of grid electricity	SASB CG-BF-131a.1
Percentage renewable	SASB CG-BF-131a.1
Emissions	
Direct greenhouse gas emissions (scope 1)	GRI 305-1
Indirect greenhouse gas emissions (scope 2)	GRI 305-2
Other indirect greenhouse gas emissions (scope 3)	GRI 305-3

Metric	Reference
Greenhouse gas emission intensity	GRI 305-4
Emissions of ozone-depleting substances (ODS)	GRI 305-6
Water and effluents	
Water catchment	GRI 303-3
Water disposal	GRI 303-4
Water consumption	GRI 303-5
Materials	
Materials used	GRI 301-1
Raw materials or recycled materials used	GRI 301-2
Recovered products and their packaging	GRI 301-3
Biodiversity and land use	
Protected or restored habitats	GRI 304-3
Total number of species included on the IUCN Red List and national conservation lists with habitats in areas affected by operations	GRI 304-4
Forest area owned, leased and/or managed by the entity	SASB RR-FM-000.A
Waste	
Waste generated	GRI 306-3
Waste not destined for final disposal	GRI 306-4
Waste destined for final disposal	GRI 306-6

Metrics and Targets

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

To calculate of Dexco's direct and indirect greenhouse gas emissions (tCO₂e), the following gases were considered: CO₂, CH₄, N₂O, and HFCs. The chosen consolidation approach for reporting emissions was operational control. For the calculations, the Climas System was used - a platform used by Dexco for managing socio-environmental indicators, based on the guidelines of the GHG Protocol Program, and the IPCC - Intergovernmental Panel on Climate Change.

The calculation includes emissions from the production process and forestry, as well as emissions from fires. For Scope 3, the categories included in the calculation were: purchased goods and services, home-to-work travel, waste generated in operations, transport and distribution (downstream and upstream), and processing of sold products, and business trips.

GHG EMISSIONS¹ tCO₂e

Emissions	2021	2022	2023
Scope 1	355,406.27	379,636.94	303,593.78
Scope 2	118,678.99	47,694.77	46,078.89
Scope 1 + scope 2	474,085.26	427,331.71	349,672.27
Scope 3	101,758.60	102,399.17	118,136.66
Total	575,843.86	529,730.88	467,809.33

It includes emissions from operations in Brazil and Colombia, using the operational control approach (contemplate data from Caetex and LD Celulose according to their ownership stakes of 60% and 49%, respectively). Base value (reference) for the target: 615,034 tCO₂e (scopes 1 + 2).

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Objective	Metric	Base Year	Deadline Year	Reference	Target
Maintain a positive carbon balance (accumulated net removals) ² .	tCO ₂ e	2020	2030	-.3	Accumulated balance > 0
Reduce absolute GHG emissions (Scopes 1+2).	tCO ₂ e/year	2020 ¹	2030	615,000 tCO ₂ e/year	-37%
Reduce emissions intensity in the Coatings Division ⁴ .	tCO ₂ e/t product	2020	2030	0.3255 tCO ₂ e/t ⁵	-15%

1. Composite baseline, with specific baseline year for each business, as published in the 2021 version of the Strategy. Since it is the most recent baseline among the businesses, the year 2020 is considered as the consolidated baseline year.
2. Net removals = removals - emissions. The balance includes Dexco and its equity interests, with no information from Colombia, which are accounted for according to local regulations.
3. There is no reference for this target, as it considers the cumulative carbon balance from 2020 to 2030.
4. Dexco's most carbon-intensive business division.
5. Reference adjusted due to update in the calculation methodology of the indicator; the ambition of the target remains unchanged.

In 2023, Dexco conducted a review of its Sustainability Strategy 2025, aiming to maintain its current objectives and align them with the company's reality. In this movement, Dexco classified its objectives as Completed, Revised, Unchanged, and Included. **The goals related to Climate Change were not changed and, therefore, were classified as Unchanged, maintaining their ambition and objectives as originally contracted in 2021.**



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Independent auditors' limited assurance report on the TCFD recommendations contained in the Climate-related Risks and Opportunities Report.

To the
Shareholders, Board of Directors and Officers
Dexco S/A
São Paulo - SP

Introduction

We have been engaged by Dexco S.A. ("Dexco") to submit our limited assurance report on the climate recommendations and disclosures issued by the Task Force on Climate-Related Financial Disclosures (TCFD) ("TCFD guidelines") contained in the Climate-Related Risks and Opportunities Report for the year ended December 31, 2023.

Our limited assurance does not extend to information from prior periods or any other information disclosed in conjunction with the Climate-Related Risks and Opportunities Report, including any embedded images, audio files or videos.

Dexco management's responsibility

Dexco management is responsible for:

- Select and establish the appropriate criteria for the preparation of the information contained in the Climate-Related Risks and Opportunities Report;
- Prepare the information in accordance with the criteria and guidelines for climate disclosures in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017) and its annex Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021), hereinafter collectively referred to as the TCFD guidelines;
- Design, implement and maintain internal control over the relevant information for the preparation of the indicators contained in the Climate-related Risks and Opportunities Report that are free from material misstatement, regardless of whether caused by fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the recommendations contained in the Climate-Related Risks and Opportunities Report, based on the limited assurance engagements conducted in accordance with Technical Communiqué (CTO) No. 07/2022, issued by the Federal Accounting Council – CFC, and based on NBC TO 3000 – Assurance Engagements Other than Audit and Review, also issued by the CFC, which is equivalent to the international standard ISAE 3000, Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB) and in NBC TO 3410 – Assurance works for reporting greenhouse gas (GHG) emissions and climate change, which is equivalent to the international standard ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, also issued by the IAASB. These standards require the auditor to comply with ethical requirements, independence, and other responsibilities related to them, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In addition, these standards require that work be planned and executed with the aim of obtaining limited assurance that the recommendations contained in the Climate-related Risks and Opportunities Report, taken together, are free from material misstatements.

A limited assurance engagement conducted in accordance with ISA 3000 (ISAE 3000) and ISA 3410 (ISAE 3410) consists primarily of inquiries to Dexco's management and other Dexco professionals who are involved in the preparation of the information, as well as the application of analytical procedures to obtain evidence that enables us to conclude, in the form of limited assurance, about the information taken together. Specifically the NBC TO 3410 standard, the work involves assessing the appropriateness in the circumstances of use as a basis for the preparation of the GHG statement by Dexco, assessing the risks of material misstatement due to fraud or error, responding to the risks assessed as necessary in the circumstances, and evaluating the overall presentation of the GHG statement. A limited assurance engagement also requires the performance of additional procedures when the practitioner becomes aware of matters that lead the practitioner to believe that the recommendations disclosed in the Climate-related Risks and Opportunities Report, taken together, may be materially misstated.

The procedures selected were based on our understanding of the aspects relating to the compilation, materiality and presentation of the recommendations contained in the Climate-related Risks and Opportunities Report, other circumstances of the engagement, and our consideration of areas and processes associated with the material information disclosed in the Climate-related Risks and Opportunities Report, where relevant distortions could exist. The procedures included, among others:

- a) the planning of the work, considering the relevance, the volume of quantitative and qualitative information and the operational and internal control systems that served as the basis for the preparation of the recommendations contained in the Climate-Related Risks and Opportunities Report;
- b) the understanding of the calculation methodology and the procedures for compiling the TCFD guidelines through inquiries with the managers responsible for the preparation of the information;
- c) the application of analytical procedures on quantitative information and inquiries about qualitative information and its correlation with the guidelines contained in the Climate-Related Risks and Opportunities Report;

- d) for cases in which the TCFD guidelines correlate with financial indicators, the comparison of the disclosed recommendations with the financial statements and/or accounting records.

We believe that the evidence obtained in our work is sufficient and appropriate to support our conclusion in the limited form.

Scope and limitations

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than in a reasonable assurance engagement. As a result, the level of assurance achieved in a limited assurance engagement is substantially lower than that which would have been achieved if a reasonable assurance engagement had been performed. Had we carried out reasonable assurance work, we could have identified other issues and possible misstatements that may exist in the recommendations contained in the Climate-related Risks and Opportunities Report. As such, we do not express an opinion on this information.

Non-financial data are subject to more limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, relevance and accuracy of data are subject to individual assumptions and judgments. In addition, we do not perform any work on reported data for prior periods, nor on future projections and targets.

The preparation and presentation of the TCFD guidelines followed the TCFD guidelines and is therefore not intended to ensure compliance with social, economic, environmental or engineering laws and regulations. These standards provide, however, for the presentation and disclosure of any non-compliance with such regulations when significant sanctions or fines occur. Our assurance report should be read and understood in this context, inherent in the selected criteria (TCFD guidelines).

Basis for modified Conclusion

In the preparation and disclosure of its Climate-related Risks and Opportunities Report, Dexco has not fully complied with all the requirements of the TCFD guidelines with respect to the following items related to the topic Strategy: (i) describe the impacts of climate change-related risks and opportunities on the organization's business, strategy and financial planning, and (ii) describe the resilience of the organization's strategy, considering different climate change scenarios, including a 2°C or less scenario. Consequently, it was not possible to obtain sufficient and appropriate evidence to support our conclusion on these two items.


Modified conclusion

Based on the procedures undertaken, described in this report, and the evidence obtained, with the exception of the subject matter described in the paragraph " Basis for modified Conclusion", nothing has come to our attention to lead us to believe that the climate recommendations and disclosures contained in Dexco's Climate-related Risks and Opportunities Report for the year ended December 31, 2023, have not been elaborated, in all relevant respects, in accordance with the TCFD guidelines.

São Paulo, June 04, 2024

Ernst & Young

Auditores Independentes S/S Ltda.
CRC SP - 034519/O


Vanessa Lima Pereira
Accountant CRC - SP282743/O

DEXCO

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