

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Dexco is a publicly traded company with 72 years of history that has the Value Proposition of offering Solutions for Better Living to customers and consumers. With our business divisions - Wood, Deca and Tiles - we are working to produce and sell products for the furniture and the finishing sectors in the civil construction industry. We are part of people's daily lives, working in the segments of wood panels, bathroom fixtures and metals, electric showers and ceramic tiles, through our brands recognized in their segments for their design and quality: Durafloor, Duratex, Deca, Hydra, Ceusa Portinari and Castelatto (the latter acquired at the end of 2021). As a member of the Brazilian Association of Publicly-Held Companies (ABRASCA), Dexco maintains its commitment to the ABRASCA Code of Self-Regulation and Good Practices of Publicly-Held Companies, with best market practices and the principles of transparency, equity, accountability, and corporate responsibility.

Nowadays, Dexco has sixteen industrial units located in the South, Southeast and [\[1\]](#) Northeast regions of Brazil and three additional wood panels units in Colombia.

Besides serving the Brazilian market, our products reach over 50 countries, with a special presence in South America, Central America, Africa and the USA. In addition to the factories, Dexco is responsible for more than 146 thousand hectares of planted forests and conservation areas in Brazil and Colombia.

Since 1995, we are certified by the Forest Stewardship Council® (FSC®). Our chain of custody is also certified, ensuring the traceability of the wood used in our production process. In our forest areas in Brazil and Colombia, we produce eucalyptus seedlings in nurseries, planting them at our own farms and at leased farms and using the wood to supply the fiberboard and paneling factories. We also manufacture the resin used to bind the particles



and fibers in MDP and MDF panels. Verticalization of operations and the proximity between planted areas and industrial units are some of our main competitive advantages, adding value to our business at lower costs.

Our investments in open innovation are made through DX Ventures, Dexco's corporate venture capital fund. Despite being created in 2021 with initial capital of BRL 100 million, DX Ventures already planned investments of BRL 134 million in minority stakes in startups and scale-ups connected to our Sustainability Strategy and our value proposition, reinforcing the Dexco's commitment to transforming the construction, renovation and interior design industry.

In 2022, BRL 45 million were invested in two complementary businesses in the civil construction chain that use engineered wood, a product that has a strong connection with sustainability, since, in addition to being renewable, it comes from reforested areas and, during its useful life, stocks carbon taken from the atmosphere.

We calculate our GHG emissions by following the guidelines of The Greenhouse Gas Protocol – the top international benchmark for corporate emission calculation – and its Brazilian counterpart, the Brazilian GHG Protocol Program. Attentive to all opportunities to help fighting climate change, we continually seek to replace the use of fossil fuel with renewable alternatives and adopt new and less polluting equipment in our industrial processes. In 2022, over 55,6% of the energy we used came from renewable sources (including Scope 1 and Scope 2 energy)

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No



C0.3

(C0.3) Select the countries/areas in which you operate.

- Brazil
- Colombia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- BRL

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

- Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Both own land and elsewhere in the value chain [Agriculture/Forestry only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Consumption	No



C-AC0.6f/C-FB0.6f/C-PF0.6f

(C-AC0.6f/C-FB0.6f/C-PF0.6f) Why are emissions from distribution activities within your direct operations not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Other, please specify
Outside the scope of my organization

Please explain

Dexco does not operate the distribution of its own products hiring specialized companies for this service. The evolution of this emissions are assessed every year and calculated within our Scope 3.

C-AC0.6g/C-FB0.6g/C-PF0.6g

(C-AC0.6g/C-FB0.6g/C-PF0.6g) Why are emissions from the consumption of your products not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Analysis in progress

Please explain

Consumption includes the use of goods, waste disposal and end of life treatment of products sold by the organization, and, as Dexco's clients are not the final consumers of its products, we do not keep track of this information for now. However, we are preparing a study that will focus on the disposal of our products after usage. This study will be carried out over the next few years and will provide important information that can be used in our future climate change disclosures.



C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity

Timber

% of revenue dependent on this agricultural commodity

60-80%

Produced or sourced

Both

Please explain

Wood division represented 61% of Dexco’s revenue in 2022. Dexco is the largest producer of wood panels in Brazil and our planted eucalyptus forests in Brazil and Colombia guarantee the supply of our wood panelling factories. These forests are managed using responsible management practices and conservation of native areas. In 2022, Dexco celebrated 27 years of FSC (Forest Stewardship Council) certification for its forest management, as the first company in South America to achieve it. Our chain of custody is also FSC-certified, ensuring the traceability of all the wood (both certified and from other responsible sources) used in our factories to be traced to its origin. FSC license codes: FSC-C006042 (Brasil) e FSC-C109955 (Colômbia).

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	BRDXCOACNOR8



C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	<p>Dexco’s governance structure is composed by the Board of Directors, which establishes the strategic direction of the business, and the Executive Board. The Board of Directors is supported by six Committees that assess and address the most relevant aspects of Dexco’s administration. One of them is the Sustainability Committee.</p> <p>Dexco has a Sustainability Committee with Executives appointed by the Board. This Committee has in its structure an independent member of the Board of Directors as president, as approved in the Company Bylaws.</p> <p>The members and participants of the Sustainability Committee are:</p> <ul style="list-style-type: none"> President, who is also a member of the Board of Directors; Specialist Consultant; An independent member; Members of the Board of Directors, including its Chairman; Chief Executive Officer; ESG Manager. <p>Among the agendas, those referring to climate change are addressed and proposed by the chairman of the Committee, who is responsible for the negotiations and deliberations, also reporting to the Board of Directors.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process 	<p>Dexco’s ESG Policy states how climate change issues are relevant for the Company (item number 9 of the Policy: “Constantly map and assess the business’ risks, vulnerabilities and opportunities in the face of climate change, act to mitigate greenhouse gas emissions and adopt adaptation mechanisms to their impacts”). As an organization committed to ensure the sustainable development of its business, Dexco has an ESG executive management, which encompasses the Sustainability and Social Responsibility areas. Environmental management of our productive activities involves the periodic reporting of performance indicators, which cover our main results in water and energy efficiency and management of materials, waste and emissions. These results are used as foundation to the integrated strategic planning and the evaluation of opportunities for improvements, based on the analysis of external scenarios, materiality and market indicators. In our Sustainability Strategy, climate change has specific goals, discussed at Board level, covering all of our business units.</p> <p>Our Sustainability Committee plays an active role in the definition of priority themes (including those regarding climate change), definition of the strategic positioning of the business units, definition of performance measurements and incorporation of sustainability as a transversal theme in the Company. The Committee’s president and the ESG manager are responsible for communicating and discussing sustainability themes with the Board of Directors, which include climate change issues. Although there is no formalization of how many times a year climate change themes will be brought up to the Committee meetings, the more we move towards our goal of maintaining a positive carbon balance (established in the Sustainability Strategy).</p>



C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	The chairman of our Sustainability Committee is also a member of the Board of Directors, and we consider that he has the necessary skills to deliberate on climate-related issues. This Board member participates in all Committee meetings, in which, in addition to decision-making, also take place discussions and presentations of topics relevant to sustainability (including climate issues) and their connections to Dexco's strategic planning. In addition, he is assisted by a sustainability specialist, also member of the Committee. Currently, the specialist acts as Head of Sustainability at Itaúsa and as Principal at the Finance for Biodiversity Initiative and has also worked with Impact and ESG Consulting for investment firms, taking into account themes such as climate change, and as facilitator for Brazil Coalition Climate, Forests and Agriculture, articulating and facilitating actions to promote a new model of economic development based on the low carbon economy, responding to the challenges of climate change.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Other C-Suite Officer, please specify

People & ESG director

Climate-related responsibilities of this position

Providing climate-related employee incentives

Developing a climate transition plan

Integrating climate-related issues into the strategy



- Setting climate-related corporate targets
- Monitoring progress against climate-related corporate targets
- Managing value chain engagement on climate-related issues

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The People & ESG Head, also a member of the Executive Committee, is considered the highest level of management with responsibilities for climate-related issues. Member of the People, Governance and Nomination Committee – PGNC, responsible for activating leadership goals. She has the necessary skills to deliberate on issues related to setting corporate goals, as well as providing employee incentives (variable compensation influenced by individual leadership goals). She and her team are responsible for developing a climate transition plan and integrating climate-related issues into the company's strategy. In 2022, during the promotion of the new Sustainability Strategy, the board together with the ESG management was responsible for disseminating its content to all its stakeholders.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	In 2020, Dexco established goals linked to ESG aspects for all the company's top leadership. These goals started being monitored in the 2021 performance assessment. The Director of People & ESG, also a member of the Executive Committee, is considered the highest-level manager responsible for climate-related issues. She is a

		<p>participant in the People, Governance, and Nomination Committee (PGNC), which is responsible for activating leadership goals. She has the required skills to deliberate on issues related to defining corporate goals and providing incentives to employees (variable compensation influenced by individual goals for employees in positions above specialists). She is responsible for developing a climate transition plan and integrating climate-related issues into the company's strategy. In 2022, after the release of our new Sustainability Strategy, the director, along with the ESG team, was responsible for disseminating its content to all stakeholders.</p>
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C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Chief Executive Officer (CEO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Shares

Performance indicator(s)

Progress towards a climate-related target

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)



One of the targets for performance evaluation of the CEO comprises the overall implementation of our Sustainability Strategy, representing 10% of his variable compensation. The short-term incentives are given as yearly financial bonus, whereas the long-term incentives are composed of Company's stocks. The amount of granted shares is proportional the CEO performance.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

As part of the CEO's yearly goals contract, 10% of the performance evaluation is related to the execution of our Sustainability Strategy, which has specific targets regarding: carbon balance, absolute GHG emissions reduction, relative emissions reduction in our ceramic tiles business, responsible forestry certification for managed and fostered areas, ecoefficient products, water consumption and energy consumption.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Dexco considers an immediate risk/opportunity as a short-term risk/opportunity in a horizon from 0 to 3 years. Risks or opportunities that lead to prolonged results (actions that can start in the present or in the near future and whose impacts can be extended to the short term) are also included.
Medium-term	3	15	For Dexco, medium-term horizon ranges from 3 to 15 years. Risks or opportunities that lead to prolonged results (actions that can start in the present or in the future and whose impacts can be extended to the medium term) are also included.



Long-term	15	20	Long-term horizon is considered over 15 years, especially for sustainable forest management. Risks or opportunities that lead to perennial results (actions that can start in the present or in the future and whose impacts can be prolonged to the long term) are also included.
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C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

To assess the company's general risks, including the analysis of socio-environmental risks, an evaluation is carried out according to their impact and vulnerability. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, considering the frequency of recurrence of the event, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. There are monitoring for all risks assessed by Dexco. After analysing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. For the two classification "critical" and "high", the socio-environmental risks are considered substantive financial or strategic risks. Critical risks are considered to be above 2% of shareholders' equity (which may cause impacts greater than BRL 114.6 million). High risks are considered to be less than or equal to 2% and above 1% of shareholders' equity (that is, between BRL 57.3 million and BRL 114.6 million). These thresholds were adjusted in 2022, as part of a major risk reassessment conducted by our Internal Controls department, with support of specialized consultants.

As a result, mitigation plans are established and risk managers are designated for continual monitoring, with a check by the Audit area and Sustainability Area. The Risk Commission is responsible for providing accountability every six months to the Audit and Risk Management Committee which advises our Board of Directors.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

A specific climate-related risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

In 2021, we conducted an assessment of physical and transitional climate risks and opportunities and their financial implications for the organization in the short, medium and long term. The assessment was led by the Sustainability and Risk Management areas. The first step was promoting a workshop about climate risks and TCFD with the business units' leadership and the main focal points in each of the business divisions. In 2022, we have deepened the assessment with the financial modelling of the mapped risks and opportunities and the matching of climate risks with Dexco's risk scorecard. The time horizons considered were short-term (up to 3 years), medium-term (3 to 15 years) and long-term (over 15 years), and each risk and opportunity were classified considering its probability of realization and the expected timeframe (short, medium or long term). They were then classified into a scale of financial magnitude (low, medium and high) for identifying the critical risks and opportunities.

The assessment of risks, opportunities and their financial implications is reviewed annually.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Every two years

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Dexco manages risks continually and guarantees compliance with the Risk Policy using a structure that includes: Audit and Risk Management, internal audits, internal controls and Risk Committee. This structure is responsible for internal control and risk management. At the executive level, the committee assesses and monitors risks involved in operations and activities, providing accountability every two months to the Audit and Risk Management Committee. The risk area has daily monitoring of all company's risks and the information is available on a risk management dashboard, updated frequently. The reviewing of Dexco's environmental and social risks takes place every two years. The risks also include climate change as a material theme and are reviewed according to new legal requirement tendency, market demand, investors and sustainability index demand, among others aspects, involving Corporate and industrial management. Every action plan is accompanied monthly by Audit Area to check the implementation. The monitoring of established goals and the progress of compliance and deployment of actions is carried out monthly by the audit area.

To assess the company's general risks, including the analysis of socio-environmental risks, they are evaluated according to their impact and vulnerability, following Deloitte's methodology. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, considering the frequency of recurrence of the event, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. The last review of this assessment was finished in 2022 and approved by the board in 2023.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?



	Relevance & inclusion	Please explain
Current regulation	Not relevant, included	Dexco leans on a consultancy (Âmbito) that provides services related to the mapping and updating of legislation related to the environment (and to health and work safety), in order to detect at local level, in each productive unit, the pertinent legislation, including water and climate-related regulations. This service includes a digital platform that helps managing legal requirements applicable, and selecting evidence to comply with this legislation. In addition to external consulting support, updates and notifications from the company's Legal Area ("Legal Flash") about new legislation, including environmental issues, are disclosed internally . There are no risks for Dexco arising from current legislation.
Emerging regulation	Relevant, always included	Any updates arising from emerging regulations are identified through the tools mentioned above (legal consultancy and notifications from the legal area of the company). Legislation and regulatory trends are monitored by Dexco's legal, environmental and sustainability areas. The identification of potential changes in water and climate related pricing structure can also occur through participation in meetings of Governmental Councils related to Environment and Working Groups in entities such as IBA - Brazilian Tree Industry, an important entity that leads discussions related to climate change and water, especially in the forestry sector. Every two years the mapping of possible risks is reviewed and criticality degrees of risk are reconsidered. Progress in the implementation of action plans is evaluated by the Audit and Risk Management area. As an example of one of the risks from regulatory trends assessed by Dexco: Public policies and government changes could lead to changes in processes and requirements, increasing costs and potential emission taxes. Another risk assessed is the implementation of a possible carbon pricing market, without taking into account carbon removals from forests planted in the national territory.
Technology	Not relevant, included	Dexco has invested and implemented clean energy systems during the past few years, especially between 2015 and 2018. In 2017, we began the operation of a new biomass energy generation plant at Agudos (SP, Brazil), to replace natural gas. This investments in new technology allowed an increase of biomass use in our energy matrix. The risk is mapped but not relevant due to all the company efforts on this issue: in 2022, 55.6% of the energy used in our operations came from renewable sources. This percentage has declined in the last years due to the incorporation of ceramic tiles factories, whose energy matrix is considerably based on coal. Since the acquisition of the factories, Dexco has been studying alternatives to make the matrix cleaner and, in 2021, a project aimed at the substitution of coal ovens for wood pellets in 3 units of our Ceramic Tiles division was discussed by the Board of Directors and the Sustainability Committee. One of the risks evaluated by Dexco regarding technology would be the lack of budget planning to further increase the use

		of clean energy sources. We have considered it as "not relevant" because, in the past years, this matter has been being included in our budget planning.
Legal	Not relevant, included	Dexco leans on a consultancy (Âmbito) that provides services related to the mapping and updating of legislation related to the environment (and to health and work safety), in order to detect at local level, in each productive unit, the pertinent legislation, including water and climate-related regulations. This service includes a digital platform that helps managing legal requirements applicable, and selecting evidence to comply with this legislation. In addition to external consulting support, updates and notifications from the company's Legal Area ("Legal Flash") about new legislation, including environmental issues, are disclosed internally . Legislation and regulatory trends are accompanied by Dexco's legal, environmental, and sustainability areas. Every two years the mapping of possible risks is reviewed and criticality degrees of risk are reconsidered. Action plans are evaluated and developments are monitored by the Audit and Risk Management. Currently, there are no risks for Dexco arising from legal obligation. All units have their obligations mapped.
Market	Not relevant, included	Market and also stakeholders demands are included in Dexco's risk analysis. Dexco surveys inputs and assessments using interviews with company executives and external stakeholders (especially investors, customers and opinion-makers), in addition to studies and documents produced by organized civil society organizations. The risks raised are not critical to us. Every two years, the risks are reviewed and the change in the scenario is monitored. Land use and certification of forest management are constantly monitored by Dexco, in order to prevent risks related to market demands.
Reputation	Relevant, always included	The impacts on reputation and image of each risk mapped by Dexco are evaluated and classified according to their criticality. The legal and compliance areas are directly involved in these assessments and in the risk classifications. One of the risks evaluated by Dexco: Increasing greenhouse gases emissions or implementation of an intensive carbon process can impact company image, and also pose a threat to the company's positive carbon balance (removals).
Acute physical	Relevant, always included	Flood and storm risks are considered for forests units and also for manufacturing units. Physical controls were implemented in units that presented flood risks. For example, in Deca São Paulo this risk is no longer critical. For forest units, the risk of transport blockage (wood transportation, mechanization) and access to forests are considered.
Chronic physical	Relevant, always included	Chronic risk assessed is the occurrence of extreme events affecting Dexco's forest productivity. Considering it is a risk that directly affects the continuity of our businesses and our production chain, we have a specific area that evaluates genetic improvement as a tool to face climate change.



		<p>Genetic enhancement of eucalyptus seedlings and management of our forests are at the centre of our investments for Forestry Business.</p> <p>An important part of our forest production process is the genetic improvement program, which started in the 1960s and has constantly generated more productive genetic materials that are adapted to the different climate conditions. In recent years, different Eucalyptus materials have been introduced in regions where we operate as an effort to enrich the genetic basis and allow trees to be generated for commercial planting. In addition to their high productivity, these materials are resistant to pests, forest diseases and environmental stresses such as drought and extreme temperatures.</p>
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C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Company-specific description

In Brazil, although there is still no established regulation on a carbon taxation system or carbon market, these mechanisms are getting closer to being implemented, especially with the global demand for compliance with Article 6 of the Paris Agreement. The transition to a greenhouse gas charging scenario will impact our production costs, causing them to increase, especially if there is no opportunity to offset or trade the carbon captured by the more than 140 thousand hectares of forest that we own. Among our operational units, the Ceramic Tiles units are the most carbon intensive, which led us to develop a project for the substitution of coal for wood biomass. Also, in 2022 we shut down one of these factories and its production was transferred to the more modern and less carbon intensive plants. We see the use of energy from renewable sources as a fundamental issue, a factor that has allowed a significant reduction in the company's direct emissions in recent years. This continuous evolution is mainly due to adjustments in the power plants in the panel factories, with the replacement of fossil fuels such as GMP oil and natural gas with biomass.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,241,672

Potential financial impact figure – maximum (currency)

17,069,454

Explanation of financial impact figure

Estimated financial implications of the risk before taking action: range between BRL 10,2 million and BRL 17,1 million.

Calculation basis: in order to estimate financial implications for the main regulatory risk, prices from the European and Latin carbon markets have been adopted as projected taxation for each carbon equivalent tonnes emitted by Dexco Brazil in 2022. Financial impacts included Scope 1 and 2 emissions (322,674 tCO₂e, considering scope 1 + scope 2). and the adopted carbon taxation ranges between USD 6 (minimum) and USD 10 (maximum considered). Carbon removals are not included on this scenario. The estimated range corresponds to about 0.17% to 0.28% of the company's net revenue in 2020 (R\$ 5.879 billion).

Calculation:

Minimum financial impact = 322,674 tCO₂e x (6 USD x 5.29) = 10,241,672 BRL

Maximum financial impact = 322,674 tCO₂e x (10 USD x 5.29) = 17,069,454 BRL

Exchange rate (December 31, 2022): 1 USD = 5.29 BRL

Only emissions from operations in Brazil were considered in this case, as taxation in Colombia is already implemented.

Cost of response to risk

13,870,000

Description of response and explanation of cost calculation

The adaptation of the Ceramic Tiles units so that, instead of coal, wood pellet starts being used to generate energy could reduce our emissions, thus reducing the potential costs of taxation. The approved budget for this project was BRL 13.87 million.

Among the main benefits of this project are:

- Compliance with the legislation on particulate emissions (reduction of 26t/month of dust);
- Elimination of ash waste generation (534t/month);
- Elimination of the use of 25.4t/month of soda (R\$36.75 thousand/month) for effluent treatment;
- Meeting the CO₂ equivalent target for the Ceramic Tiles division.

- Improvement of visual appearance, considering there is no generation of dust;
- Improvement in relationship with the community (reduction of particulate emissions).

Comment

Our investments in equipment suitability for defossilization of our energy matrix are constant, and vary every year. The most recent one approved is the one mentioned above, regarding the use of wood pellet as fuel in our ceramic tiles units.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Other, please specify

Extreme weather events (extreme temperatures and droughts)

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

Dexco has 21 industrial and forestry units located in the states of Minas Gerais, Paraíba, Pernambuco, Rio Grande do Sul, Rio de Janeiro, Santa Catarina, Sergipe and São Paulo, in addition to three panel factories in Colombia and exports its products to more from 50 countries. The company also owns LD Celulose, through a joint venture with Grupo Lenzing, and Caetex, a joint venture created to plant eucalyptus forests in Alagoas.

During the Climate Risk study carried out in 2021, a tool was developed to model the calculation of the Company's financial impact in the face of risks and opportunities related to climate change. It is assumed that the increase in temperatures and extreme weather events may negatively impact the Company's activities. The objective is to adjust the Company's market price definition in light of weather variables, identifying in advance the events that can create or destroy value.

Regarding extreme weather events, we came to the conclusion that our forestry operations can be negatively impacted by the increase of occurrence of such events. In our study of climate risks and opportunities, we identified through the ThinkHazard tool (GFDRR), that four Dexco forestry units are located in areas at high risk for extreme temperatures and droughts. They are: Uberaba, Agudos, Lençóis Paulista, Maceió. The study entitled "Impact of climate change on eucalyptus productivity in two regions of Brazil" demonstrates the vulnerability of forest systems to climate variation, especially to increased temperature and decreased precipitation. In this way, we have modelled the impact over the Company since it is expected that the probability of a drop in productivity will increase, increasing as the effects of climate change intensify.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

31,218,932

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The estimated financial impact of the risk is BRL 31.2 million. The estimate was calculated based on the EBITDA of Dexco's forestry division, subtracting the percentage related to the reduction in eucalyptus productivity due to extreme weather events, according to the study "Impact of climate change on eucalyptus productivity in two regions of Brazil" (-0.3% in year 1, reaching -3.2% in the long term, as climate change

intensifies).

Following this rationale, the portion of Dexco's planted forests exposed to extreme weather events was considered, which are those located in areas of high exposure for the occurrence of these events (67% of the total planted areas).

The financial impact was calculated using the discounted cash flow method for a period of 10 years, considering that the frequency and intensity of these events should increase, according to the confidence level of the scenarios proposed by the IPCC.

Variables considered in the tool for the potential financial impact figure associated with this risk:

The study "Impact of climate change on eucalyptus productivity in two regions of Brazil" indicates a decrease in eucalyptus productivity between 5.9 and 10.7% according to the A2 scenario and of 6.6 and 10.3% for the scenario B2 between 2011-2040, based in the east-central region of Minas Gerais. The study "Impact of climate change on eucalyptus productivity in northern Espírito Santo and southern Bahia" indicates a decrease in eucalyptus productivity between 6 and 11% according to the A2 scenario and 7 and 10% for the B2 scenario between 2011-2040 in the northern region of Espírito Santo and southern Bahia. Based on those studies, the decrease in productivity was distributed along a 10-year period, starting in 0.3% in Year 1 and reaching 3.2% in Year 10.

Dexco forestry units located in areas at high risk for extreme temperatures and droughts are: Uberaba, Agudos, Lençóis Paulista, Maceió, corresponding to 69% of all of our units.

EBITDA of Forestry Division in December 2022 adopted as default value for a 10-year period.

Planted area in December 2022 adopted as default value for a 10-year period.

Probability of damage by extreme event based on the confidence level of the scenarios proposed by IPCC, varying from 30% to 60% from Year 1 to 10.

Cost of response to risk

1,644,419

Description of response and explanation of cost calculation

For over 40 years, we have been carrying out a genetic improvement program aimed at the selection of eucalyptus species that are well adapted to different climatic conditions and present higher quality standards (such as density and resistance to pests and diseases). This genetic improvement program generates forests more adapted to climate change, while also increasing productivity and resistance to pests and diseases. Since 2008, we also have been participating in the Eucflux program. This is a cooperative initiative coordinated by universities and research institutes to periodically collect data on carbon, water and nutrients flows of the planted forests. With these initiatives, we have practically doubled our productivity: in the 1980's, it was around 30.0 m³/ha/yr. and, in 2020 we reached 54.0 m³/ha/yr, (forests located in São

Paulo) above Brazilian current average of 35.3 m³/ha/yr, according to data from the 2020 Annual Report of the Brazilian Industry of Trees (IBÁ). In 2021, the productivity was 51.0 m³/ha/yr.

The costs considered here correspond to the annual costs of our genetic breeding program in 2022 (BRL 1.64 million).

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Wildfire

Primary potential financial impact

Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Company-specific description

Dexco has 21 industrial and forestry units located in the states of Minas Gerais, Paraíba, Pernambuco, Rio Grande do Sul, Rio de Janeiro, Santa Catarina, Sergipe and São Paulo, in addition to three panel factories in Colombia and exports its products to more from 50 countries. The company also owns LD Celulose, through a joint venture with Grupo Lenzing, and Caetex, a joint venture created to plant eucalyptus forests in Alagoas.

During the Climate Risk study carried out in 2021, a tool was developed to model the calculation of the Company's financial impact in the face of risks and opportunities related to climate change. It is assumed that the increase in temperatures and extreme weather events may negatively impact the Company's activities. The objective is to adjust the Company's market price definition in light of weather variables, identifying in advance the events that can create or destroy value.

Although most fires in Brazil are started by humans, climate change represents an increase in the severity of outbreaks, due to a combination of

high temperatures, low humidity, low precipitation and frequency of strong winds. We have modelled the impact over the Company considering that in the last 40 years the fire climate index increased by 12%, in accordance to the study "Observed increases in extreme fire weather driven by atmospheric humidity and temperature".

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

233,076,541

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Variables considered in the tool for the potential financial impact figure associated with this risk:

Based on the historical record of fires that affected our units in the last 10 years, we calculated the average number of fires per year (33).

From the historical record of our financial losses in the last 5 years related to the occurrence of forest fires, both referring to the decrease in available biological assets and the decrease in products in stock, we established an average financial impact of the occurrence of fires per year (BRL 1.11 million).

The study "Observed increases in extreme fire weather driven by atmospheric humidity and temperature" demonstrates that, between 1979 and

2020, trends in extreme annual values of the fire climate index vary regionally with global increases in mean values of 12%. The decrease in relative humidity and the increase in temperature were the predominant factors. From this data, we calculated the CAGR rate of fire weather intensity per year (28.27%).

Probability of occurrence was based on the confidence level of the scenarios proposed by IPCC, varying from 70% to 80% from Year 1 to 10. The estimated financial impact (BRL 233 million) represents 3.9% of Dexco's shareholders' equity (December 2022)

Cost of response to risk

9,322,282

Description of response and explanation of cost calculation

The occurrence of forest fires, either natural or human-induced, is inherent in the process. Our mitigation actions include fire brigade training, firefighting with water trucks, an emergency action plan and a local community communication plan for care and cooperation.

To fight possible forest fires, we keep our forest unit teams ready, through training and development, so that we can promptly and actively respond to emergencies. In 2019, we replaced motorbikes by vehicles less vulnerable to accidents, equipped with a rapid response kit to fight forest fires at the first signs of fire. Radio and camera systems and satellite surveillance equipment installed in our forests allow real-time surveillance of our assets. Most fires in the last five years occurred accidentally. These were small-scale fires, with no significant financial losses. In cases where the forest is severely damaged, its value is written-off in our biological assets. In 2022, we spent BRL 9.32 million on fire fighting and prevention .

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify

Issuance of ESG debt - Sustainable finances

Primary potential financial impact

Increased access to capital

Company-specific description

ESG credit operations are growing significantly in Brazil and worldwide. In 2021, the volume of debt securities with ESG attributes was a world record and reached almost US\$ 1 trillion, while an estimate indicates that in 2022 a new record should be reached, with US\$ 1.35 trillion in sustainable bonds, as calculated by Moody's. This number represents double what was issued in 2020 and a 36% growth over the total for 2021, considering all types of ESG debt, from green bonds to sustainability-linked bonds. There is evidence that green or ESG lending has a premium (greenium) over traditional operations. This driver models a reduction in the cost of capital, due to the possibility of issuing ESG debt. Due to the trend of sustainable debt issuances in the market and mainly in forest sector players, such as Dexco, it is believed that we have a high probability of reaching 100% of our ESG debt issuance at the end of the 10-year period.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

14,285,540

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The financial impact of the opportunity (brought) to present value is BRL 14,285,540 calculated by the discounted cash flow method for a period of 10 years. This represents 0.24% of our shareholders' equity at the end of 2022.

The estimate of the amount was calculated based on the company's total debt (BRL 5.8 billion - short and long-term loans, financing and debentures), and the average debt term (4.1 years). The percentage drop in the cost of debt of 0.2% was considered, according to the study "Drivers of green bond issuance and new evidence on the "greenium" (Feb, 2021).

Since this is an estimate, the value of the gain was multiplied by the probability of this opportunity occurring, which, due to the trend of sustainable debt issuances in the market and especially in players in the forestry sector, such as Dexco, can reach 100% issuance of ESG debt at the end of the 10-year period.

Variables considered in the tool for the potential financial impact figure associated with this opportunity:

As of December 31, 2022, the Company's total consolidated debt was BRL 5.8 billion (understood here as short-term and long-term loans, financing and debentures).

The average cost of financing at the end of the period was equivalent to 107.0% of the CDI, with an average maturity of 4.1 years.

According to the study "Drivers of green bond issuance and new evidence on the "greenium"" (Feb, 2021), due to a greater demand for green bonds, the issuer's debt cost is reduced by approx. 20bps (0.2%).

Due to the trend of sustainable debt issuances in the market and mainly in forest sector players, such as Dexco, it is believed that we have a high probability of reaching 100% of our ESG debt issuance at the end of the 10-year period.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Internally, we began preparations to meet the eligibility criteria for a possible labelled issue linked to ESG credits. An example is the establishment of emission reduction targets that take into account the SBTi recommendations. The cost here was considered zero as, at the moment, efforts for this preparation are concentrated internally in our ESG team.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years



Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

We still do not have a formalized and public transition plan, however, we already have actions focused on this theme that meet the elements considered essential for a credible transition plan. Our emissions inventory for scopes 1, 2 and 3 is prepared following the standards of the GHG Protocol methodology and, in addition to being publicly available, it is audited by a third party annually. In 2022, we conducted the financial modelling of the mapped risks and opportunities and the matching of climate risks with Dexco's risk scorecard. In 2021, we released our new sustainability strategy with science-based emission reduction targets. Emissions from all our business units are measured and monitored monthly, along with other environmental performance indicators. Regarding governance, the chairman of our Sustainability Committee is also a member of the Board of Directors and has the necessary skills to deliberate on climate-related issues. This Board member participates in all Committee meetings, in which, in addition to decision-making, also take place discussions and presentations of topics relevant to sustainability (including climate issues) and their connections to Dexco's strategic planning. In addition, he is assisted by a sustainability specialist. For the next two years, we are committed to having a formalized transition plan, including the implementation of a reliable stakeholder feedback mechanism as well.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	Company-wide	1.5°C	For the survey of transition risks and opportunities, the study considered the advance of the transition to a low carbon economy as a global response to the threat of climate change. The effort is aimed at



Bespoke transition scenario			keeping global warming at a maximum of 1.5° C above pre-industrial levels, according to the IPCC report. The objective of the study was to identify the Company's exposure to the four categories of risks related to the transition to a low carbon economy (Regulatory and legal, technological, market and reputation) defined by the TCFD, listing the main controversies related to the transition. Taking into account the particularities of Dexco's activities, the study presented a qualitative analysis of risks from a sectoral and geographic perspective (location of the Company's activities). Based on desk research in public sources, proxies were developed to estimate the magnitude of the financial impact, the probability of occurrence and the materialization horizon (Short term 1 to 3 years; Medium term 4 to 14 years; and Long term 15 years or more) of each identified risk. The identified risks and opportunities were classified on a criticality scale and the most critical were analysed quantitatively through calculations based on the company's financial parameters such as market cap and discount rate.
Physical climate scenarios RCP 4.5	Company-wide		For the evaluation of physical risks (acute and chronic), the climate experiments HadGEM and MIROC with ETA regional model were the main sources of information used, with the average time horizon (2040/2070) and number of rounds of future simulations (RCPs 4.5 and 8.5). Simulations of climate scenarios were carried out for each city where there are Dexco units, pointing out the specific climate risks that can interfere in the company's operations and chain.
Physical climate scenarios RCP 8.5	Company-wide		For the evaluation of physical risks (acute and chronic), the climate experiments HadGEM and MIROC with ETA regional model were the main sources of information used, with the average time horizon (2040/2070) and number of rounds of future simulations (RCPs 4.5 and 8.5). Simulations of climate scenarios were carried out for each city where there are Dexco units, pointing out the specific climate risks that can interfere in the company's operations and chain.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1



Focal questions

The main question was "what risks and opportunities can the company be exposed to considering a scenario of intensification of climate change?". In order to identify these, we had to answer the secondary question: "what could be the consequences from different levels of global temperature increase regarding rainfall, extreme temperatures, droughts and winds regime?" Therefore, using different physical climate scenarios (RCP 4.5 and 8.5) allows us to understand the possible changes on climate variables on pessimistic and optimistic scenarios. The transition scenario helped us to estimate quantitative impacts of these possible changes.

Results of the climate-related scenario analysis with respect to the focal questions

After carrying out the study, we were able to prioritize the most critical risks and the most relevant opportunities, incorporating them into the company's corporate risk matrix. Once identified, these risks became drivers for internal analysis and strategic decision-making, such as possible improvements in infrastructure and control measures in our operating units. As a result of the analysis of the combined scenarios, we identified the two most critical risks: forest fires and droughts. We also identified other risks and opportunities with potential of smaller financial impacts, such as the issuance of green bonds, development of new products from renewable raw materials to substitute climate intensive sources (plastic and concrete, for example), higher insurance premiums, new restrictive legislation on certain markets regarding GHG emissions. This analysis supported the prioritization of our actions in order to be less exposed to climate risks and to be prepared to capture future climate-related opportunities. As an example of a tangible action, the results reaffirmed the need for us to maintain investments on our decades-long genetic breeding program in our forestry activities to be better prepared for the environmental conditions that our forests could be exposed as a result of climate change.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The search for sustainable innovations in products and services is driven by our purpose to offer Solutions for Better Living. Our Sustainability Strategy has water related targets, focusing on ecoefficiency and reduction in consumption. A study was carried out in 2015 involving the Evaluation of the Sustainability Index of Hydrographic

		Basins to assess the hydrological resources of the basins where our industrial units are located, using the most recent data made available by international organisms, hydrographic basin committees and government bodies. Aware of the importance of reducing water consumption not only within its production process, but also during the use of its products, Dexco began to look for more conscientious consumption solutions. In 2017, we introduced the Deca Comfort technology, that brings more comfort to consumers while also helps to save water resources (up to 60% water savings in relation to products without this technology). This innovation, which has no impact on the design of taps and mixers, guarantees a standard flow, regardless of whether a building has low or high pressure plumbing system.
Supply chain and/or value chain	Yes	<p>An important factor that allows our operations to be stable is the constant control and monitoring of our supply chain, in order to avoid risks. Similarly, companies with which we relate and sell products and services to are increasingly interested in the full extent of their value chains, which also involves the suppliers of their suppliers. In this way, Dexco's potential entry into a carbon market would be more facilitated as the company keeps improving its supply chain management.</p> <p>In Brazil we have developed the GFD - Dexco's Supplier Management program, through which critical and highly critical suppliers respond to socio-environmental questionnaires and undergo on-site visits. These questionnaires also help us to understand how suppliers address industrial emissions issues. In 2022, 395 suppliers were selected and invited to participate in the program. Of that total, 264 responded to the self-assessment questionnaire, representing 58% of our supplier spending. We also promote activities such as workshops to assist the suppliers to improve their adherence to issues of relevance to GFD. In 2021, the program started being implemented in Colombia, reinforcing our commitment to the development and engagement of our supply chain. Also, the decision of discontinuing the production of wood hardboards in 2018 took into consideration, among other factors, the large amounts of water needed of its manufacturing process. This, along with the fact that the plant was located in a water-stressed area, posed a risk that more frequent extreme events such as droughts intensified by climate change could hinder the operation of this plant.</p>
Investment in R&D	Yes	To better understand the impacts of the use of natural resources, the influence of climatic seasonality and the sustainability of planted forests, there should be long-term monitoring of carbon, water and nutrient flows in these ecosystems. Therefore, since 2008, Dexco is one of the companies that has been participating in "Eucflux - Torre de Fluxo", a cooperative program, which has an experimental research



		<p>base installed in an area of 200 hectares that periodically captures data of our planted forests, contributing to scientific studies regarding the best sustainability practices and production optimization for specific types of cultivation. Coordinated by IPEF (Institute of Science and Forest Research) and CIRAD (Agricultural Research for Development), the program was renewed in 2017 for its 2nd phase and now has 6 companies. This program aims to quantify the inputs and outputs of carbon, water and nutrients for a complete rotation of Eucalyptus, increasing the collection of biogeochemical cycles of forests, helping to formulate practical recommendations, optimize production and ensure the sustainability of crops. This program has already provided relevant information to improve forest management, such as the reduction in the fertilization of forest plantations. It also showed that one hectare of planted forest sequesters more than one tonne of CO2 per month and that, after harvesting, the carbon balance is again positive seven months after planting the new stand. In this sense, advances in this field of research provide specific data applicable to our planted areas and assist in the improvement of carbon capture and balance measurement methodologies. Since there is still no official consolidated methodology or regulation in Brazil in terms of carbon balance and commercialization, Dexco invests in its own studies. In 2022, Dexco led the creation of another research initiative on IPEF, focused on the possible effects of climate change on planted forests and looking for ways of improving the estimations of land-based carbon fluxes and stocks, using the long history of scientific data and studies conducted by IPEF itself, universities and other research institutes.</p>
Operations	Yes	<p>Dexco's investments in equipment adaptations and replacement of fuels led to operational adjustments in some production lines and increase or reduce the demand for certain types of materials. There are plans for the substitution of coal for wood pellet in our ceramic tiles factories, which could result in significant reductions on our GHG emissions. In 2022, we also installed a new coating at the Itapetinga plant. This project enabled us to reduce the consumption of natural gas by replacing it with biomass. Currently, the lines have a heater that runs on gas. With this new equipment, a biomass-powered heater will be installed, which will be able to partially supply the thermal energy demand of other coating lines as well. Also in 2022, we decided to shut down one of our ceramic tiles plant, which was more costly and less energy-efficient than the other newer units. This decision is aligned with our constant efforts to improve the ecoefficiency of our operations.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Acquisitions and divestments	<p>Colombia started carbon taxation on December 2016 and Treasury Ministry established incidence of taxes for fuel purchases. In June 2017 the Environmental Ministry enacted a decree for emission compensation. Companies in charge of taxation started to have the alternative of offsetting their emissions. At the beginning of 2017, the compensation could be only with projects carried out in the Colombian territory. At Dexco Colombia, this system and also the projects for offsetting are already established and it is the first big company in Colombia to assurance its carbon credits. Our strategy in Colombia is the maintenance of the "CARVIDA" project, related to compensation of carbon bonus through carbon capture from forests.</p> <p>In 2018, we received the Icontec Forest Compensation certificate, an achievement linked to the Carvida program – a carbon bonus for life. Between 2010 and 2017, our forests captured 956 thousand tons of carbon dioxide, equivalent to the total emissions of all the vehicles that circulate in the Metropolitan Area of Valle de Aburrá (Medellin and neighboring municipalities) for 14 days each year, over the period mentioned. The recognition serves as evidenced that our Greenhouse Gas Forests Compensation program based on forest cultivation is the largest in Colombia.</p> <p>Since the market carbon implementation in Colombia, we have already provided income of about USD 3.954 million. In 2020, the quantification of carbon credits was not updated, however, in 2021 they were quantified in 597,466 credits. From that total, 200,000 credits were negotiated, resulting in revenues of USD 824,000.00.</p> <p>In 2022, we continued our studies to improve the carbon capture accounting and carbon pools/sinks in order to improve our carbon balance methodology. We also actively participate in forums and committees of the IBA ("Brazilian Tree Industry"), a leading actor on discussions related to new carbon regulations in Brazil, such as the implementation of a national regulated carbon market.</p> <p>Starting in 2020, climatic issues started to be considered in the studies and processes for mergers and acquisitions. Once an acquisition occurs, Dexco implements a Social-Environmental Program in the new operational units. This Program focuses on the standardization and dissemination of our socio-environmental policies, practices and systems over a 2-year timeline. The objective of the Program is to mitigate and avoid risks and impacts related to our business,</p>

		<p>including carbon emissions issues. Thus, in the case of business expansion through the acquisition of new companies, such as the acquisition of Cecrisa (Portinari) at the end of 2019, we perform a systematic integration of the business in socio-environmental terms, evaluating, among other issues, the impact of the energy matrix on our carbon emissions. With the acquisition of Castelato in 2022, this program was expanded to cover their operations as well.</p> <p>In 2019, new projects were proposed by our Innovation Center considering the influence of a future carbon tax on the energy matrix. We analysed the viability of the implementation of a clean energy matrix based on solar energy in our operational units. The cost avoided by the non-emission of carbon from fossil sources and the taxation that would possibly be in force in Brazil was used to calculate the Net Present Value.</p>
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C3.5

(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	No, but we plan to in the next two years

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

- Absolute target
- Intensity target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2020

Base year Scope 1 emissions covered by target (metric tons CO2e)

511,275.86

Base year Scope 2 emissions covered by target (metric tons CO2e)

103,758.14

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

615,034

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

37

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

387,471.42

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

303,445.14

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

42,977.34

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

346,422.49

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

118.0385237327

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The target covers all Dexco S.A operations (Tiles, Deca and Wood Divisions, in Brazil and Colombia), including scope 1 and 2 emissions. For reporting purposes, we are considering the base year 2020, the year in which it was achieved the definition of the goals. However, each business has a specific base year, depending on the representativeness of emissions from its production units. The absolute emissions (Scopes 1+2) against the baseline scenario for each business are:

Sanitary Ware: 96,146 tCO₂e (2015)

Metals: 8,744 tCO₂e (2016)

Wood: 291,116 tCO₂e (2018)

Hydra: 960 tCO₂e (2017)

Ceramic tile: 191,535 tCO₂e (2020)

Wood - Colombia: 26,535 tCO₂e(2020)

Plan for achieving target, and progress made to the end of the reporting year

The absolute emission targets for scopes 1 and 2 were established according to the challenges of each Dexco division, considering a baseline for each business. An annual reduction was established for each business with the objective of achieving a 37% reduction in emissions by 2030. The actions that guide these commitments are closely related to the continuous improvement of production processes, aiming a eco-efficiency in the use of resources (mainly fuels), in addition to replacing fossil fuels with renewable ones. Carbon removal via forests is based on a robust model of responsible forest management, verified against international standards (FSC®). In 2022, the forestry area obtained FSC® certification validation for three ecosystem services, one of which is the carbon balance (balance of removals versus emissions).

List the emissions reduction initiatives which contributed most to achieving this target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Is this a science-based target?

No, and we do not anticipate setting one in the next two years

Target ambition

Year target was set

2021

Target coverage

Business division

Scope(s)

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Intensity metric

Other, please specify
tCO₂e/ton

Base year

2020

Intensity figure in base year for Scope 1 (metric tons CO₂e per unit of activity)

1.32

Intensity figure in base year for Scope 2 (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

1.32

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

98.3

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

% of total base year emissions in all selected Scopes covered by this intensity figure

98.3

Target year

2030

Targeted reduction from base year (%)

15

Intensity figure in target year for all selected Scopes (metric tons CO₂e per unit of activity) [auto-calculated]

1.122

% change anticipated in absolute Scope 1+2 emissions

-50.3

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO₂e per unit of activity)

1.01

Intensity figure in reporting year for Scope 2 (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)



Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

1.01

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

156.5656565657

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

Dexco has taken on the goal of reducing emissions intensity by 15% (Scope 1 - fixed sources: atomizers, dryers, and kilns) in the Ceramic Coatings business by 2030.

Dexco has diverse businesses, and it is important to understand the complexity and impact of each of our Divisions individually, with actions that are viable for each one of them. In the Ceramic Coatings Division, we still operate with coal-fired equipment, which has a negative influence on our carbon balance, and it is where we need to concentrate efforts to reduce emissions. The expectation is to challenge ourselves and seek eco-efficient solutions and processes, resulting in a lower climate impact.

Plan for achieving target, and progress made to the end of the reporting year

In 2022, the Ceramic Coatings units became more eco-efficient in terms of energy (natural gas and coal), with process improvements to reduce the consumption of these fuels per kilogram of mass produced. The energy optimization and operational efforts carried out throughout the year yielded expected results, although they were strongly influenced by production stops and restarts. However, the overall operation's good performance and the shutdown of less efficient production lines contributed to the reduction of total emissions.

The optimization efforts, improvements in the energy matrix, and the efficiency of our production lines will elevate the unit to another level of emissions in 2023 within DEXCO's operations. In 2021, the budget was approved for the replacement of the energy matrix in three ceramic coatings factories. The project is being implemented and will replace coal with wood pellets. This change will result in a 26% reduction in Dexco's total emissions.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2021

Target coverage

Company-wide

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2020

Consumption or production of selected energy carrier in base year (MWh)

1,596,147.097

% share of low-carbon or renewable energy in base year

56

Target year

2030

% share of low-carbon or renewable energy in target year

50

% share of low-carbon or renewable energy in reporting year

55.6

% of target achieved relative to base year [auto-calculated]

6.666666667

Target status in reporting year

Underway

Is this target part of an emissions target?

This target is part of one of the three major commitments that Dexco has made in its Sustainability Strategy. Maintaining our energy matrix made up predominantly of renewable sources is part of the Company's commitment of maintaining a positive carbon balance even considering business growth, and also contributes to the achievement of one other target that focus on reducing GHG emissions.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This goal encompasses Dexco's operations both in Brazil and Colombia, taking into account the consumption of fuels and electricity in its operations (scopes 1 and 2). Furthermore, the goal also includes the newly acquired units by the company, meaning that emission reduction targets apply to all existing and future Dexco operations, aiming to reduce the environmental impact across the entirety of its activities.

Plan for achieving target, and progress made to the end of the reporting year

To ensure that we achieve our goal of maintaining the percentage of renewable energy usage at least 50%, Dexco has been studying alternatives to replace fossil fuels. One example is the project to replace coal with biomass as the main fuel for ceramic kilns. At the Itapetinga Panels facility, the engineering department implemented several Industry 4.0-focused improvements that aid in better operational management.

Initiatives like these led to a reduction in the consumption of fuel oil by approximately 54%. In addition to the decrease in production demand, this optimization can also be attributed to the partial substitution of this fuel with biomass.

List the actions which contributed most to achieving this target

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2021

Target coverage

Business division

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

GJ

Target denominator (intensity targets only)

unit of production

Base year

2019

Figure or percentage in base year

2.73

Target year

2025

Figure or percentage in target year

2.047

Figure or percentage in reporting year

1.957

% of target achieved relative to base year [auto-calculated]

113.17715959

Target status in reporting year

Underway

Is this target part of an emissions target?

This goal is part of one of the three major commitments made by Dexco in its Sustainability Strategy, published in 2021. Maintaining our energy matrix predominantly composed of renewable sources is part of the company's commitment to maintaining a positive carbon balance, even considering the growth of our businesses. Additionally, it contributes to achieving another goal focused on reducing greenhouse gas emissions (GEE).

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The goal encompasses all operations of Dexco S.A (including the divisions Revestimentos, Deca, and Madeira in Brazil), including emissions from scopes 1 and 2. For reporting purposes, the most representative business unit is being considered. However, each business has a specific baseline year and a target for achievement, according to the consumption of its production units. The targets concerning the baseline scenario for each business can be found on our website at <https://www.dex.co/esg/>.



Plan for achieving target, and progress made to the end of the reporting year

In 2022, there was a decline in production demands compared to 2021, a record year for results. However, energy consumption remained high due to the minimum demands to maintain installed capacity. The units have been implementing actions to meet the goals of reducing relative consumption.

In the Ceramic Coatings units, in their search for alternative fuels, the consumption of energy from coal was reduced by 16% compared to the previous year. The energy optimization and operational efforts carried out throughout the year yielded expected results, although they were strongly influenced by production stops and restarts. Nevertheless, the good performance of the operation and the shutdown of less efficient lines contributed to the reduction of total emissions.

In the Metal and Barbosa Panels units, studies are being conducted to improve energy efficiency in their production equipment. In the Sanitaryware unit, results were achieved through better furnace efficiency and temperature scales (regulation of firing ramps) within the firing kilns.

In the Panels unit, there is a highlight on the contributions of Industry 4.0, which aids in better control of electricity consumption of the equipment.

List the actions which contributed most to achieving this target

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0

To be implemented*	1	120,000
Implementation commenced*	0	0
Implemented*	1	2,430.51
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

2,430.51

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5,067,033

Investment required (unit currency – as specified in C0.4)

6,000,000

Payback period



1-3 years

Estimated lifetime of the initiative

1-2 years

Comment

In the Itapetininga Panels unit, we had several engineering projects that implemented various Industry 4.0-oriented improvements, which aids in better operational management. Initiatives like these led to a reduction in fuel oil consumption by approximately 54% compared to the year 2021. Besides the decrease in production demand, this optimization can also be attributed to the partial substitution of this oil with biomass. A thermal fluid heating system was implemented, that uses biomass as fuel, intensifying the consumption of surplus biomass from the process, thereby reducing the consumption of fuel oil.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	At Dexco we have an Innovation Program called Imagine, which incentivizes all employees to submit ideas that could have positive impacts on our operations. One of the categories in which these ideas can be classified is ecoefficiency, which comprises initiatives related to energy and fuel consumption reduction, that have a direct impact on our scopes 1 and 2 emissions.

C-AC4.4/C-FB4.4/C-PF4.4

(C-AC4.4/C-FB4.4/C-PF4.4) Do you implement agriculture or forest management practices on your own land with a climate change mitigation and/or adaptation benefit?

Yes

C-AC4.4a/C-FB4.4a/C-PF4.4a

(C-AC4.4a/C-FB4.4a/C-PF4.4a) Specify the agricultural or forest management practice(s) implemented on your own land with climate change mitigation and/or adaptation benefits and provide a corresponding emissions figure, if known.

Management practice reference number

MP1

Management practice

Biodiversity considerations

Description of management practice

All forest areas of Dexco have conservation areas and productive areas. In addition to contributing to the carbon balance, the conservation areas maintained by Dexco serve as habitats for native flora and fauna. In these areas, no forest operations are carried out.

Primary climate change-related benefit

Increase carbon sink (mitigation)

Estimated CO2e savings (metric tons CO2e)

196,366.15

Please explain

The number of calculated removals refers to the maintenance of conservation areas.

Management practice reference number

MP2

Management practice

Composting

Description of management practice

At the Wood Division, we have continued to reuse biomass and sludge ash from effluent treatment to produce natural fertilizers at the composting plants installed at the Agudos (SP) and Uberaba (MG) units. In 2022, 32,709.45 ton of sludge waste were destined for composting

and incorporated into the soil for fertilization.

Primary climate change-related benefit

Reduced demand for fertilizers (adaptation)

Estimated CO2e savings (metric tons CO2e)

207.46

Please explain

Dexco, when consuming organic fertilizer, incorporating into the soil in addition to or replacing traditional nitrogen fertilizer, no longer emits, in due proportions, carbon of fossil origin into the atmosphere. In 2022, the amount of organic fertilizer used represented the equivalent of 250,46 tons CO2e of emissions avoided by not using nitrogen fertilizer.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

No taxonomy used to classify product(s) or service(s) as low carbon

Type of product(s) or service(s)

Heating and cooling
Other, please specify
Electronic showers

Description of product(s) or service(s)

Electronic and digital showers (Hydra brand)

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions (ILCA)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

1 shower

Reference product/service or baseline scenario used

Traditional electric showers with pre-set heating/temperature levels

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

0.01719

Explain your calculation of avoided emissions, including any assumptions

Electronic and digital showers allow the user to have precise control of the heating level. Compared to the traditional electric showers (with 3 or 4 pre-set heating/temperature levels), this avoids unnecessary energy use to reach the desired comfort water temperature. These energy savings avoid GHG emissions.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

2.7

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with

Castelatto LTDA

Details of structural change(s), including completion dates

We consolidated the acquisition of Castelatto, a company specialized in architectural concrete floors and coverings. The acquisition took place at the end of the year 2021. Therefore, there were no structural changes in Dexco's emissions inventory for that year. The control of their



emission-related activities started to be accounted for and monitored in the year 2022. Additionally, Dexco's Sustainability strategy was revisited, including emission targets. The baseline years were revised according to current challenges and the company's emission evolution.

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
Row 1	No

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	No, because the impact does not meet our significance threshold	The emissions from the newly acquired units, considering scope 1 + 2, account for 0.07% of the company's total emissions.	No

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1, 2020

Base year end
December 31, 2020



Base year emissions (metric tons CO2e)

290,135.18

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads), Wood (Panels and Forests) and Ceramic Tiles.

Scope 2 (location-based)

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

57,523.28

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads), Wood (Panels and Forests) and Ceramic Tiles.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO₂e)

5,028.45

Comment

This base value covers the operations of the Wood (Panels and Forests)

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not applicable.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)



Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

42,639.53

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads), Wood (Panels and Forests) and Ceramic .

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

21,835.04

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads), Wood (Panels and Forests) and Ceramic Tiles.

Scope 3 category 6: Business travel

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

473.66

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware).

Scope 3 category 7: Employee commuting

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

1,644.14

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware).

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not applicable.

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO₂e)

11,054.19

Comment

This base value covers the operations of the Wood (Panels and Forests).

Scope 3 category 10: Processing of sold products



Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end



Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.



Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not applicable.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Brazil GHG Protocol Programme

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol Agricultural Guidance: Interpreting the Corporate Accounting and Reporting Standard for the Agricultural Sector

The Greenhouse Gas Protocol: Scope 2 Guidance

Other, please specify

US EPA CLIMATE LEADER,

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

303,445.14

Comment

Brazil operations scope 1 - 287,133.45 tCO₂e
Colombia operations scope 1 - 16,311.70 tCO₂e

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

In 2022, Dexco consumed 889,011,45 MWh, supplied by ELETROPAULO METROPOLITANA ELETRICIDADE DE SAO PAULO S.A. from SHP - Small Hydroelectric Power. Enel no longer provides energy purchase certificates as it used to until 2020

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

42,977.34

Comment

In accordance with Scope 2, our consumption based on location was 889.307,11 MWhMWh, which corresponds to 42.977,34 tCO₂e (total emission of 35.541,11 tCO₂e in Brazil and 7.436,24 tCO₂e in Colombia).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

5,841.91

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Dexco follows the GHG Protocol methodology to calculate its Emissions Inventory, including scope 3 and IPCC emission factors. Emissions refer to leased farms with operations carried out by third parties, with information referring to the Taquari Florestal unit. Dexco still does not calculate the emissions that occur in the extraction and production of products (raw material). It is possibly a relevant issue, but we must expand

our knowledge. According to studies carried out in the Life Cycle Assessment of some products in our portfolio, emissions related to production inputs are possibly the 3rd most relevant value in our supply chain. Dexco is evaluating this category.

Capital goods

Evaluation status

Relevant, not yet calculated

Please explain

Dexco still does not calculate emissions resulting from the extraction and production of capital goods (equipment). Dexco began to understand and map the sources of Scope 3 emissions and create an action plan to report the relevant sources of emissions in the coming years, and this category is being evaluated by the company. The focus is on the most significant emission sources for the products, aiming to improve efficiency and reduce the environmental impact of these items.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Please explain

Dexco does not calculate emissions resulting from the extraction and production of fuels used in our supply chain. At the moment it is not a relevant issue. According to studies carried out in the Life Cycle Assessment of some products in our portfolio, the emissions related to these fuels are not relevant to the product's environmental footprint.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

42,642.292

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Dexco uses the GHG Protocol methodology to calculate its Emissions Inventory, including scope 3, and the IPCC emission factors. For this category, emissions from the transport and distribution of products purchased by vehicles that are not owned or operated by the organization, as well as other third-party transport and distribution (including inbound and outbound logistics), are calculated using the distance-based method. Information on the distance traveled by upstream transport is accounted for and determined by the Supply area. The emission factors (emission/km traveled) are applied to calculate the GHG emissions of each fuel.

Dexco's Supply area has an outsourced system for surveying and mapping routes, which makes it possible to collect information to calculate emissions. Currently, this system has been expanded and unified for the company's businesses.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

33,807.587

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Dexco follows the GHG Protocol methodology to calculate its Emissions Inventory, including scope 3, IPCC and emission factors for the sewage system in Brazil.

For this category, emissions from effluents and solid waste are calculated by applying the factors for each type of waste disposal and for each type of effluent treatment.

The emissions of this category were approximately 19% higher compared to the previous year, due to the effects of the high production demand we experienced in 2021 and the reconfigurations in the production plants for better efficiency.

Emissions from solid waste and effluents are calculated using factors recommended in the literature and in the IPCC. The factors are not specific to the recipients to which we ship our waste.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

910.806

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

We calculate emissions from air travel for Dexco employees. All flights are informed by the contracted Travel Agency (Turismo de Maringá) and our Supplement Area is responsible for the dates. Travel is classified into short, medium and long distance and the respective conversion factors are applied in the calculation of emissions.

The increase in emissions related to business travel is a consequence of the effects brought about by the post-pandemic period. All flight data is provided by our contracted Travel Agency

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,475.003

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Dexco follows the GHG Protocol methodology for calculating our Emissions Inventory, including scope 3, and IPCC emission factors.

Emissions related to public transport by Duratex employees are calculated based on information on fuel consumption or the mileage of the vehicles that make the journey (home/work/home). Emission factors are applied for each situation.

Distance and fuel information is provided by third-party companies that provide transportation services to Dexco. Data is collected and entered into an emissions calculation system.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

For now, this category is not relevant. Dexco started expanding the mapping of its Scope 3 sources and an action plan was built to report the most relevant emission sources in the coming years. The company understands that the category of leased assets is not representative when compared to the other categories of scope 3.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

15,925.628

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Dexco uses the GHG Protocol methodology to calculate its Emissions Inventory, including scope 3, and IPCC emission factors. For this category, emissions from transport and distribution of produced products are calculated, by vehicles that are not owned or operated by the organization, as well as other third-party transport and distribution (including inbound and outbound logistics), using the distance-based method. Information on the distance traveled by upstream transport is accounted for and determined by the company's Logistics area, and applied to calculate GHG emissions for each fuel.

Dexco's Procurement area has an outsourced system for surveying and mapping routes, which makes it possible to collect information to calculate emissions. Currently, this system has been expanded and unified for the company's business.

Processing of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

220.073

Emissions calculation methodology

Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

These emissions are relevant to the Wood Business, in which our wood products are processed by the woodworking and furniture industries. Dexco started to understand and map the sources of Scope 3 emissions and created an action plan to report the most relevant sources of emissions in the coming years. In 2020, this category was analyzed by Dexco, and a process was created together with the furniture industries to map their emissions.

For this category, we calculate emissions from our customers' electricity and fuel data.

Use of sold products

Evaluation status

Relevant, not yet calculated

Please explain

Dexco began to understand and map the sources of Scope 3 emissions and create an action plan to report the relevant sources of emissions in the coming years. This question would be representative for Deca products. According to studies carried out in the Life Cycle Assessment of some products in our portfolio, emissions related to this water treatment represent a significant percentage of the use of the phase product. When using our products, greenhouse gas emissions may be related to the consumption of electricity and gas in our showers. However, considering the company's entire portfolio (about 12%), we are researching an action plan to report on the most relevant emission sources in the coming years. This category is being analyzed by Dexco.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

The company's products have a long durability and the emissions from the end-of-life treatment of the products sold are not representative when compared to the other phases of their life cycle studies.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Not applicable for Dexco. We do not have downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Dexco does not have franchises . This category is not applicable to Dexco´s operations

Investments

Evaluation status

Relevant, not yet calculated

Please explain

This category is not applicable to Dexco´s operations. Our inventory is based on our operating limit. Although Dexco has investments in other companies, there is no operational control.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not applicable for Dexco.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not applicable for Dexco.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

Yes

C-AC6.8a/C-FB6.8a/C-PF6.8a

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from land use management

Emissions (metric tons CO2)

604,009.9

Methodology

Default emissions factors

Please explain

Based on emission data from the company's forest management and biogenic emissions from forest fires, these numbers include emissions from Dexco S.A.'s balance: 597,966.70 tCO₂e and 4,492.29 tCO₂e in Brazil, and 1,550.91 tCO₂e of renewable CO₂ emissions.

CO2 removals from land use management

Emissions (metric tons CO2)

196,366.15

Methodology

Default emissions factors

Please explain

This amount includes removals from conservation areas of forests in the units in Brazil (-196,366.15 tCO₂e).

Sequestration during land use change

Emissions (metric tons CO₂)

0

Methodology

Default emissions factors

Please explain

Not applicable. At Dexco there is no change in land use.

CO₂ emissions from biofuel combustion (land machinery)

Emissions (metric tons CO₂)

2,566.12

Methodology

Default emissions factors

Please explain



Biogenic carbon results from the use of ethanol, ethanol on gasoline, and biodiesel in diesel. This amount includes Brazil (2,551.83 tCO₂e) and Colombia (54.29 tCO₂e) emissions.

CO₂ emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO₂)

363,164.32

Methodology

Default emissions factors

Please explain

For processing/manufacturing machinery, the biogenic carbon comes from burning biomass (this amount includes 340,337.72 tCO₂e Brazil and 22,826.60 tCO₂e Colombia emissions).

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Timber

Do you collect or calculate GHG emissions for this commodity?

Yes

Reporting emissions by

Total

Emissions (metric tons CO₂e)

78,900.23

Denominator: unit of production

Change from last reporting year

Much lower

Please explain

The indicator of 55,450.58 tCO₂e in Brazil and 23,449.65 tCO₂e in Colombia represents the absolute emissions from Dexco Panels' production. These values reflect the total greenhouse gas emissions generated by Dexco Panels' production operations in both Brazil and Colombia.

Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00004082

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

346,422.49

Metric denominator

unit total revenue

Metric denominator: Unit total

8,486,650,000



Scope 2 figure used

Location-based

% change from previous year

29

Direction of change

Decreased

Reason(s) for change

Change in revenue

Please explain

Even amidst a challenging scenario, Dexco ended the year with a slightly higher Net Revenue than in 2021, a result of price adjustments in the Construction Finishes Division, combined with an improved mix in the Wood Division, which were the main drivers of this progress during the year. Emissions decreased by approximately 27% compared to 2021, primarily due to lower production throughout the company compared to previous years.

It is important to highlight that Dexco's Sustainability Strategy goals include the newly acquired businesses by the company. In 2021, science-based goals were disclosed along with the new Company's Sustainability Strategy. The goals aim to reduce emissions and maintain a positive carbon balance within the business.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	283,287.2	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	9,020.974	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	8,808.741	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	2,328.224	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Brazil	287,133.45
Colombia	16,311.7

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Deca (included Metals, Sanitary Ware and Hydra)	43,754.92
Wood (included Forest and Wood Panels)	55,981.93
Central Office, Show Room and Distribution Center	79.12
Ceusa - Ceramic tiles and floors	187,317.48
Dexco Colombia (Wood Panels)	16,311.7

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Central Office	24.37	-23.558145	-46.659214
Forest Area - Agudos	10,619.93	-22.488451	-49.133606
Forest Area - Itapetininga	7,232.26	-23.586486	-48.105526
Forest Area - Taquari	1,552.83	-29.803859	-51.846371
Forest Area - Uberaba	6,755.56	-19.75334	-47.97688
Panels - Agudos	14,964.17	-22.488451	-49.133606
Panels - Botucatu	13.51	-22.879022	-48.452454
Panels - Itapetininga	7,216.75	-23.586486	-48.105526
Panels - Taquari	2,435.47	-29.803859	-51.846371
Panels - Uberaba	5,191.43	-19.742167	-47.978368

Show Room - Deca	0.16	-23.568771	-46.672883
Metals - Jacareí	162.85	-23.28647	-45.9779
Metals - Jundiaí	1,149.28	-23.202716	-46.843107
Metals - São Paulo	1,779.14	-46.843107	-46.688054
Ceramics - João Pessoa	10,803.47	-7.178436	-34.910088
Ceramics - Jundiaí I	20,626.3	-23.18171	-46.861324
Ceramics - Queimados	8,690.86	-22.730522	-43.62375
Ceramics - Recife	333.65	-8.254303	-35.027161
Hydra - Aracajú	209.37	-10.916818	-37.073895
Ceusa - Urussanga	187,086.22	-28.533263	-49.319493
Duratex Colombia - Panels Barbosa	1,121.98	6.43161	-75.346086
Duratex Colombia - Panels Manizales	4,779.92	5.030965	-75.432513
Duratex Colombia - Panels Yarumal	10,310.61	6.812468	-75.495412
Distribution Center Pernambuco	25.29	-8.261007	-35.017262
Distribution Center Tubarão	0.06	-2.848	-49.03
Distribution Center Betim	19.77	-19.985502	-44.19023
Distribution Center Ceramics MG	0	-19.813478	-43.884447
Distribution Center Ceramics SC	0	-28.471164	-49.033994
Distribution Center Hydra	9.39	-10.916904	-37.073991
Show Room RC	0.08	-23.575357	-46.666158
Castelatto - Portão	30.09	-23.133081	-46.351944

Castelatto - Rosário	201.17	-23.114772	-46.351162
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C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Mobile Combustion	29,630.37
Stationary Combustion	251,439.88
Industrial Process	4,077.35
Solid Waste and liquid effluents	7,234.7
Fugitive sources	2,333.55
Agriculture emissions	8,010.55
Land use	718.74

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Yes

C-AC7.4a/C-FB7.4a/C-PF7.4a

(C-AC7.4a/C-FB7.4a/C-PF7.4a) Select the form(s) in which you are reporting your agricultural/forestry emissions.

Emissions disaggregated by category (advised by the GHG Protocol)

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions category

Total

Emissions (metric tons CO2e)

260,893.736

Methodology

Default emissions factor

Please explain

This total includes all scope 1 emissions related to the production process of operations in Brazil.

Activity

Processing/Manufacturing

Emissions category

Total



Emissions (metric tons CO2e)

16,013.41

Methodology

Default emissions factor

Please explain

This total includes all scope 1 emissions related to the production process of operations in Colombia.

Activity

Agriculture/Forestry

Emissions category

Non-mechanical

Emissions (metric tons CO2e)

8,010.554

Methodology

Default emissions factor

Please explain

Emissions refer to agricultural fertilizing activities(7911.37 tCO2e in Brazil and 99.18 tCO2e Colombia).

Activity

Agriculture/Forestry

Emissions category

Non-mechanical

Emissions (metric tons CO2e)

718.74

Methodology

Default emissions factor

Please explain

Emissions refer to emissions from fire in planted forests. (519.64 tCO2e Brazil and 199.1 tCO2e Colombia).

Activity

Agriculture/Forestry

Emissions category

Non-mechanical

Emissions (metric tons CO2e)

302,647.28

Methodology

Region-specific emissions factors

Please explain

Within the total scope 1 (286,534.68 tCO2e Brazil and 16,122.60tCO2 Colombia), these emissions refer to the emissions from mechanized agricultural activities, including equipment used for operations in forests.

Activity

Agriculture/Forestry



Emissions category

Total

Emissions (metric tons CO2e)

8,129.292

Methodology

Default emissions factor

Please explain

These emissions refer to the total agricultural emissions (fires and fertilizers).

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Brazil	35,541.108	0
Colombia	7,436.24	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
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Deca (included Metals, Sanitary Ware and Hydra)	4,937.352	0
Wood (included Forest and Wood Panels)	25,658.38	0
Central Office and Show Room	66.27	0
Ceusa - Ceramic tiles and floors	4,879.099	0
Duratex Colombia	7,436.235	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Central Office	55.775	0
Forest Area - Agudos	21.583	0
Forest Area - Itapetininga	0.224	0
Forest Area - Taquari	0	0
Forest Area - Uberaba	7.335	0
Hydra Aracajú	323.65	0
Ceramics - João Pessoa	410.458	0
Ceramics - Jundiá I	858.329	0
Ceramics - Queimados	672.974	0
Ceramics - Recife	668.247	0
Metals - Jacareí	166.139	0
Metals - Jundiá	750.421	0

Metals - São Paulo	1,087.13	0
Panels - Agudos	9,489.324	0
Panels - Botucatu	0	0
Panels - Itapetininga	6,838.467	0
Panels - Taquari	3,191.76	0
Panels - Uberaba	6,109.69	0
Ceusa - Urussanga	4,836.52	0
Duratex Colombia - Panels Barbosa	4,712.845	0
Duratex Colombia - Panels Manizales	894.33	0
Duratex Colombia - Panels Yarumal	1,829.059	0
Show Room Deca	2.577	0
Show Room RC	1.169	0
CD Tubarão	3.86	0
CD Betim	0.638	0
Depósito RC	0.035	0
Revestimento ceramico SC	0	0
CD Hydra Aracaju	2.049	0
CD Pernambuco	0.165	0
Castelatto - Portão	3.96	0



Castelatto - Rosário	38.62	0
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C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electrical Energy Acquisition	42,977.34	0

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
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<p>Change in renewable energy consumption</p>	<p>64,953</p>	<p>Decreased</p>	<p>61</p>	<p>Change in renewable energy consumption 64,953 Decreased 61 As renewable energy sources, the company consumes biomass and electricity in its operations in Brazil and Colombia, in addition to ethanol in the Brazilian units. In this scenario, we experienced a decrease of approximately 61.5% in emissions, mainly due to the decline in production in some units. The total emissions related to the consumption of renewable energy in Brazilian operations were 95,314.0 tCO₂e in 2021 and 34,224.56 tCO₂e in 2022, representing a reduction of 64%. For the Colombian production units, total emissions were 10,320.62 tCO₂e in 2021 and 6,457.06 tCO₂e in 2022, a reduction of 37.5%. Emissions from the consumption of electricity from renewable sources decreased from 98,717.12 tCO₂e in 2021 to 33,780.96 tCO₂e in 2022.</p> <p>Apart from a scenario of reduced production demand, another significant justification is the average emission factors of the captive electricity market, which was 0.0540 tCO₂e/MWh in 2021 and 0.0270 tCO₂e/MWh in 2022, due to the previous year's hydropower crisis.</p> <p>Regarding the consumption of biomass as a source of energy (our main renewable fuel in scope 1), emissions decreased by 0.242%. In 2021, we emitted 6,916.50 tCO₂e, and in 2022, it was 6,900.12 tCO₂e. Although it was a slight decrease, it's worth noting that in 2022, there was a decline in our production while the consumption of biomass remained constant, as the company has projects to reduce fossil fuel consumption and increase the use of renewable fuels.</p> <p>In Painéis Itapetininga, various engineering projects were implemented, focused on Industry 4.0, which helped improve operations' management. This initiative led to a reduction in fuel oil consumption by approximately 54%. Besides the production demand decrease, this optimization can also be attributed to the partial replacement of fuel oil with biomass.</p> <p>In the case of ethanol, there was a decrease in consumption and emissions, but it does not represent a significant portion of the total emissions from these fuels.</p>
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				<p>For the calculations, we combined the emissions values from renewable energy sources of the units in Brazil and Colombia, resulting in 105,634.62 tCO₂e in 2021 and 40,681.62 tCO₂e in 2022. There is an increase of 61.5% in emissions from 2021 to 2022, calculated as follows: $= 1 - (40,681.62 / 105,634.62) = -61.488\%$.</p>
Other emissions reduction activities	125,266.51	Decreased	27	<p>Other emissions reduction activities 125,266.51 Decreased 27 In the last year, absolute GHG emissions from Scope 1 + 2 had a reduction of approximately 27% compared to the same period in the previous year. This difference is mainly due to the decline in production in some units. However, it is possible to notice that in relative emissions, their intensity increased, meaning emissions per productivity. This increase is due to production declines while the productive equipment needs to maintain its installed capacity. In other words, even though the production is lower, the productive equipment still needs to function, consuming the same amount of fuels.</p> <p>It is important to highlight that Dexco revisited its emission targets, aiming to ensure sustainable business growth and maintain a positive carbon balance. During the reevaluation process for the new Sustainability Strategy, the historical and potential factors of each Division were analyzed, including energy matrix, eco-efficiency, production capacity, and supply chain management. Considering absolute emissions (Scope 1+2) in comparison with each business's baseline scenario, the goal is to reduce emissions by 37% by 2030. Considering Scopes 1+2 (operational control approach), Dexco emitted 390,390 tCO₂e (- 43% with respect to the baseline). This reduction is due to the decline in production demands and a decrease in Scope 2 emission factors. Additionally, projects were structured to reduce energy consumption in the factories, operational improvements were made, and less efficient production lines were shut down to achieve optimization. The energy optimization and operational efforts carried out throughout the year produced the expected results, although they were significantly influenced by production stoppages and resumptions. In the Ceramic</p>

				Coatings Division, the good performance of operations and the shutdown of less efficient production lines contributed to a 23% reduction in total emissions compared to the baseline. For the calculations, the emissions values from all company units were combined, considering Scope 1 + 2 emissions from units in Brazil and Colombia. In 2021, the emissions totaled 471,688.99 tCO ₂ e, and in 2022, a total of 346,422.49 tCO ₂ e was emitted. There is a 27% decrease in emissions from 2021 to 2022, calculated as follows: $= 1 - (346,422.49 / 471,688.99) = 27\%$.
Divestment	0	No change	0	There was no divestment in the year 2022
Acquisitions	273.839	Increased	0.079	At the end of 2021, as previously mentioned, we acquired Castelatto. The production process of cement coatings does not generate as many emissions compared to other processes in our other production units. For the calculation, we used the total emissions value from all production units (346,422.49 tCO ₂ e), considering Scope 1 + 2, and the values from the newly acquired unit - Castelatto (273.84 tCO ₂ e). There is a 0.079% increase in emissions from 2021 to 2022, calculated as follows: $= 1 - (273.84 / 346,422.49) = 0.079\%$.
Mergers	0	No change	0	Not applicable in this reporting period for Dexco.
Change in output	0	No change	0	The production's effect was not relevant to the impact on emissions compared to 2021-2022.
Change in methodology	0	No change	0	There was no change in the period as a justification to represent an reduction or increase in emissions.
Change in boundary	0	No change	0	There was no change in the period as a justification to represent an reduction or increase in emissions.

Change in physical operating conditions	0	No change	0	There was no change in the period as a justification to represent an reduction or increase in emissions.
Unidentified	0	No change	0	Not applicable
Other	0	No change	0	There was no change in the period as a justification to represent an reduction or increase in emissions.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	1,009,015.95	1,157,991.31	2,167,007.26
Consumption of purchased or acquired electricity		696,325.12	192,981.99	889,307.11
Total energy consumption		1,705,341.06	1,350,973.31	3,056,314.37

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
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Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

1,008,789.08

Comment

The following emission factors for stationary combustion of biomass from wood were considered:

CO2 116.0 kg GHG/GJ

CH4 0.0348 kg GHG/GJ

N2O 0.00464 kg GHG/GJ

In the Wood Division, in the production of MDF and MDP panels, the raw material comes from certified forest plantations and other controlled sources. After harvesting, the wood is debarked and chipped. The bark, dust, and other wood residues are used as biomass for energy generation, maximizing the utilization of inputs in the process.

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Dexco does not use other biomass.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

226.86

Comment

The following emission factors for stationary combustion of ethanol were considered:

CO₂ 145.7 t GHG/m³

CH₄ 0.0384 t GHG/m³

N₂O 0.0013 tGHG/m³

Net calorific value of ethanol 6300 kcal/kg

Density of ethanol 809 kg/m³ (BEM 2015)

Conversion factor kcal - MWh 0.000001 MWh/kcal

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

219,875.98

Comment

Comment

The following emission factors for stationary combustion of sub-bituminous coal were considered:

CO2 181.6 kg GHG/GJ

CH4 0.00189 kg GHG/GJ

N2O 0,00283 kg GHG/GJ

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

104,714.08

Comment

Fuel Oil Number 1

The following emission factors for stationary combustion of fuel oil were considered:

CO2 77.4 kg GHG/GJ

CH4 0.003 kg GHG/GJ

N2O 0.0040 kg GHG/GJ

Diesel

The following emission factors for stationary combustion of fuel oil were considered:

CO2 74.1 kg GHG/GJ

CH4 0.0039 kg GHG/GJ

N2O 0.00439 kg GHG/GJ

Gasoline

The following emission factors for stationary combustion of gasoline were considered:

CO2 69.3 kg GHG/GJ

CH4 0.025 kg GHG/GJ

N2O 0.008 kg GHG/GJ

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

833,401.24

Comment

Natural Gas

Comment

The following emission factors for stationary combustion of natural gas were considered:

CO2 56.1 kg GHG / GJ

CH4 0.001 kg GHG / GJ

N2O 0.0001 kg GHG / GJ

Liquefied Petroleum Gas (LPG)

Comment

The following emission factors for stationary combustion of liquefied petroleum gas were considered:

CO2 63.1 kg GHG/GJ

CH4 0.001 kg GHG/GJ

N2O 0.0001 kg GHG/GJ

acetylene

Comment

The following emission factors for stationary combustion of acetylene were considered:

CO2 3,38462 kg GHG/GJ

Propane

The following emission factors for stationary combustion of propane were considered:

CO2 3,00 kg GHG/GJ

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Dexco does not use any other non-renewable fuels.

Total fuel

Heating value

LHV

Total fuel MWh consumed by the organization

2,167,007.26

Comment

The total amount of fuels used by the company, including units in Brazil and Colombia, is 2,167,007.26 MWh (2,037,215.65 MWh from Brazil and 129,791.3 MWh from Colombia).

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Brazil

Consumption of purchased electricity (MWh)

830,289.37

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

830,289.37

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

431,694.8

Metric numerator

Generation of waste in Dexco (unit - tonne)

Metric denominator (intensity metric only)

Not applicable

% change from previous year

5.01

Direction of change

Increased

Please explain

We continuously invest in initiatives to optimize the use of materials. In 2022, we reused over 152,000 tons of waste internally, including ceramic breakage, shards of ceramics, and plastic materials, for example. This amount corresponds to 35% of the waste generated within the Company during the same period. The ashes and sludge generated by the production processes in the Wood Division at the Agudos and Uberaba factories are treated in composting centers, where they are transformed into organic fertilizers. In 2022, more than 30,000 tons of waste were converted into inputs for our forests through this process, contributing to a reduction in the consumption of non-renewable origin fertilizers. For 2023, the expansion of this practice is planned, including the Itapetininga (SP) unit. Despite the 5% increase in reported waste generation, the proportion of waste destined for landfills relative to the total inventoried waste is only 0.9%. Additionally, over 341,000 tons of waste (79%) were internally recycled / reused in the production processes in 2022.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Integrated Report 2022.pdf

Page/ section reference

Page 164 Verified Emission Data - broken down according to the criteria and guidelines of the GRI - Global Reporting Initiative), the Sustainability Accounting Standards Board - SASB, and in accordance with the specifications of the Brazilian GHG Protocol Program.

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Integrated Report 2022.pdf

Page/ section reference

Page 164 Verified Emission Data - broken down according to the criteria and guidelines of the GRI - Global Reporting Initiative), the Sustainability Accounting Standards Board - SASB, and in accordance with the specifications of the Brazilian GHG Protocol Program.

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

- Scope 3: Purchased goods and services
- Scope 3: Upstream transportation and distribution
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting
- Scope 3: Downstream transportation and distribution
- Scope 3: Processing of sold products

Verification or assurance cycle in place

Annual process


Status in the current reporting year


Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Esclarecimentos - GEE 2022 EN.pdf

 Anexo II - Registro Publico - PBGHGProtocol 2023.pdf

 Integrated Report 2022.pdf

Page/section reference

Page 164 Verified Emission Data - broken down according to the criteria and guidelines of the GRI - Global Reporting Initiative), the Sustainability Accounting Standards Board - SASB, and in accordance with the specifications of the Brazilian GHG Protocol Program.

Relevant standard

ABNT NBR ISO 14064-3:2007 (Associação Brasileira de Normas Técnicas)

Proportion of reported emissions verified (%)

100

C10.2






(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

 Integrated Report 2022.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Emissions reduction activities	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6.  1
C7. Emissions breakdown	Year on year change in emissions (Scope 1)	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6.  1
C7. Emissions breakdown	Year on year change in emissions (Scope 2)	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6.  1
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6.  1
C7. Emissions breakdown	Year on year change in emissions (Scope 3)	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6.  1

C7. Emissions breakdown	Year on year emissions intensity figure	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 305-1, 305-2, 305-3, 305-4, 305-5, and 305-6. 📎 ₁
C8. Energy	Energy consumption	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 302-1, 302-2 e 302-3. 📎 ₁
C9. Additional metrics	Waste data	GRI - Global Reporting Initiative	Audit of the company's Integrated Report following the GRI guidelines, the recently published 2022 report contains emission data in accordance with GRI indicators 306-1, 306-2, 306-3, 306-4, 306-5 e 306-6. 📎 ₁

📎₁ Integrated Report 2022.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Colombia carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Colombia carbon tax

Period start date

January 1, 2022

Period end date

December 31, 2022

% of total Scope 1 emissions covered by tax

66

Total cost of tax paid

217,414.42

Comment

These emissions covered by taxes correspond to 66% of the total Scope 1 emissions in Colombia. The total cost of the paid tax was BRL 217,414.42, which is equivalent to 199,321,195.50 COP.

Exchange rate (31/DEC/2022): 1 BRL = 916.78 COP

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Colombia started carbon taxation on December, 2016 and Treasury Ministry established incidence of taxes for fuel purchases. On June, 2017 the Environmental Ministry enacted a decree for emission compensation. Companies in charge of taxation started to have the alternative of offsetting their emissions. At the beginning of 2017, the compensation could be only with projects carried out in the Colombian territory. At Dexco Colombia, this

system and also the projects for offsetting are already established and it is the first big company in Colombia to assure its carbon credits. Our strategy in Colombia is the maintenance of the "CARVIDA" project, related to compensation of carbon bonus through carbon capture from forests.

In 2018, we received the Icontec Forest Compensation certificate, an achievement linked to the Carvida program – a carbon bonus for life. Between 2010 and 2017, our forests captured 956 thousand tons of carbon dioxide, equivalent to the total emissions of all the vehicles that circulate in the Metropolitan Area of Valle de Aburrá (Medellin and neighboring municipalities) for 14 days each year, over the period mentioned. The recognition serves as evidenced that our Greenhouse Gas Forests Compensation program based on forest cultivation is the largest in Colombia.

Since the market carbon implementation in Colombia, we have already provided income of about U\$S 3.954 millions. In 2020, the quantification of carbon credits was not updated, however, in 2021 they were quantified in 597,466 credits. From that total, 200,000 credits were commercialized and the company had an income of USD 824,000.00. In 2022, the novelty was our first commercialization to foreign countries, where a block of 389,000 metric tons of CO₂e was sold for US\$1.5 million as voluntary offset, rather than the usual tax offset. This volume is part of the tons that were certified in 2021. In Brazil, we follow up the discussions for the implementation of the national carbon market on a sectoral and internal basis. We also actively participate in the IBÁ (Brazilian Tree Industry) Climate Change Committee.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

Provide training, support, and best practices on how to make credible renewable energy usage claims

Climate change performance is featured in supplier awards scheme

% of suppliers by number

4

% total procurement spend (direct and indirect)

58

% of supplier-related Scope 3 emissions as reported in C6.5

99.8

Rationale for the coverage of your engagement

Since 2013, we have been implementing the Dexco Supplier Management Program (GFD), a comprehensive set of mechanisms to identify, select, and monitor the social, environmental, economic, and quality performance of suppliers that provide essential products and services for our operations. In the GFD dynamic, critical and highly critical suppliers are invited to respond to a self-assessment questionnaire. Participants are classified into the following groups: Industry, Hard Services, Utilities, Services, and Mining. The selection criteria include the volume of payments made to the supplier, the criticality of their sector for our business, and their participation history in the program. In 2022, the total number of suppliers was 6,300. Out of this total, 395 were invited to respond to the questionnaire, and 264 actively participated in the Program,

representing 58% of purchasing expenses in Brazil. The questionnaire includes questions related to greenhouse gas management, GHG inventories, water and biodiversity management, among others. In relation to the Environmental dimension of the GFD Program, the following topics are addressed: Existence of an environmental management system; Occurrence of environmental violations or complaints; Waste management and disposal; Water (consumption, reduction targets, effluent disposal, and significant spill incidents); Energy (access to energy in the required quantity and quality, consumption levels, reduction targets, energy matrix); Atmospheric emissions; Greenhouse gas emissions (initiatives and reduction targets); Noise; Biodiversity (operational impact on biodiversity and conservation actions); Use of renewable or recycled raw materials; Product and packaging recovery initiatives; Environmental origin of wood; Freight efficiency; Energy efficiency, electric matrix, energy conservation initiatives.

Impact of engagement, including measures of success

For 2022, we initiated the Supplier Academy program, which consists of a series of mini-courses aimed at improving suppliers' performance in socio-environmental topics. One of these courses addresses climate change issues and how to address them in their daily operational controls. It's worth mentioning that two Supply Academies were held in 2022, focusing on GHG inventory and environmental indicators. These Academies were conducted by Dexco's ESG team and can be considered one of the contributing factors to the increase in scores and improvement in the companies' performance in environmental topics compared to the previous year. For instance, in terms of greenhouse gas (GHG) emissions reduction targets, 69% of the suppliers reported not having targets, which is an improvement compared to 2021 when 75% of the suppliers reported not having such targets, and to 2020 when 83% of the companies reported not having them. Regarding emission reduction targets, it's important to highlight that in 2021, 77% of the companies stated that they perform GHG inventories.

Comment

As we became more critical in evaluating climate change issues in the questionnaire, 69% of the suppliers reported not having goals, which is an improvement compared to 2021, when 75% of the suppliers reported not having such goals, and to 2020, when 83% of the companies reported not having them.

Regarding the Energy Matrix - 51% of the suppliers reported being unaware of the share of renewable sources in their energy matrix, and 22% have a share of renewable sources in their energy matrix equal to or below 50%.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.



One very important stakeholder within our value chain is the communities surrounding our operations. In the Agudos forest unit, located in the state of São Paulo, we have a project called "Espaço Arvorar" (Arbor Space), which is open to the public for visitation. Espaço Arvorar is a dedicated space for raising awareness about the history and importance of wood through sensory experiences and information. Through the activities carried out in this space, visitors are introduced to topics related to climate issues while learning about the importance of forests and how Dexco preserves these areas. The visits are free, and in a playful manner, visitors learn about the use of wood, the significance of biodiversity, native forests, the benefits of planted forests for carbon stock, carbon sequestration, types of tools made of wood, and wood usage for housing. The opportunity is open to students and other interested individuals from all over Brazil. In 2019, we received 8030 visitors at Espaço Arvorar. In 2020 and 2021, due to pandemic-related health restrictions, visitation was limited. However, in 2022, Espaço Arvorar resumed its activities with 2,153 visitors throughout the year, although the number of visits was below the usual figures due to safety protocols restricting certain situations.

Another important factor within our value chain is the exchange of knowledge that occurs during our participation in forums, events, and thematic study groups. In 2022, we provided training to our internal audience on ESG-related topics through the dissemination of the Sustainability Strategy book, open discussions with the Manager of the area, web series, and workshops with the leadership of the commercial areas and the engineering channel. Additionally, during the year, we conducted a workshop at an event targeting the construction audience, focusing on topics related to climate change.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization’s purchasing process?

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization’s purchasing process and the compliance mechanisms in place.

Climate-related requirement

Measuring product-level emissions

Description of this climate related requirement

We have been carrying out the Dexco Supplier Management Program (GFD), a comprehensive set of mechanisms to identify, select, and monitor the social, environmental, economic, and quality performance of suppliers who provide essential products and services for our operations. The questionnaire includes questions related to greenhouse gas management, GHG inventory, water and biodiversity management, among others. It is worth mentioning that two Supply Academies were held in 2022, focusing on GHG inventory and environmental indicators. These academies were conducted by the Dexco ESG team and can be considered one of the contributing factors to the improvement in scores in this area.

Regarding the Energy Matrix - 51% of the suppliers reported being unaware of the proportion of renewable sources in their energy matrix, and 22% reported a share of renewable sources equal to or below 50%.

For 2022, we initiated the Suppliers Academy Program, which will consist of a series of mini-courses aimed at improving the performance of suppliers in socio-environmental topics. One of these courses will address climate change issues and how to address them in their daily operational controls.

% suppliers by procurement spend that have to comply with this climate-related requirement

58

% suppliers by procurement spend in compliance with this climate-related requirement

77

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

First-party verification

Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

 GFD 2022 Results Report.pdf

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Other, please specify

Encouraging good management practices through fostered forests

Description of management practice

Dexco fosters more than 22,000 hectares of forests, destined to supply its panels plants. We share our technical knowledge with fostered smallholders to encourage best management practices in their forests, in order to reduce socio-environmental impacts and increase forest productivity.

Your role in the implementation

Knowledge sharing

Operational

Explanation of how you encourage implementation

Dexco has a due diligence system for the supply of controlled timber and for fostered forests. Through this system, we ensure the compliance of non-certified timber suppliers with labor, environmental, land, tax and occupational health and safety legislation, laying the foundation for future certification. We also provide tree saplings for timber producers, which give preference to wood supply to Dexco. Additionally, one of the targets of the Sustainability Strategy is "For 80% of areas to be certified (FSC) by 2035.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fossil fuel (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

The good management practices we encourage in fostered areas allow the reduction of the use of inputs and natural resources, in addition to increase productivity. By using the seedlings we supply, all the benefits of the genetic improvement program are shared with the fostered smallholders, such as the utilization of genetic materials well adapted to the local conditions, giving them better resilience to climate change.

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, but we plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Through involvement with associations and trade organizations, we anticipate trends and progress in the market. Corporately, we participate in the Brazilian Association of Publicly Traded Companies (Abrasca), the Federation of Industries of the State of São Paulo (Fiesp), the Brazilian Institute of Investor Relations (IBRI), Ethos Institut Ethos and Brazilian Business Network for Life Cycle Assessment (Rede ACV).

Under the auspices of our forestry activities, associations considered strategic to are: Brazilian Tree Industry (Ibá); Forestry Science and Research Institute (Ipef); and Forestry Investigation Society (Sociedade de Investigações Florestais - SIF).

As a Deca Business we also participate of: Brazilian Association of Sanitation Materials (Asfama), National Confederation of Industries (CNI), Brazilian Association of Building Materials Industry (ABRAMAT).

Our participation in associations and committees focused on specific topics, such as Climate Change, ensures that we are aligned with global sustainability trends and gives us theoretical and practical foundations so that we can strategically plan the future of our business. The benchmark with other participants in these groups brings an innovative look at the changes and process improvements that we intend to implement, such as those described in our sustainability strategy.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

IBÁ (Indústria Brasileira de Árvores) - Brazilian Tree Industry

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

The Brazilian Tree Industry (Ibá) is the association responsible for institutionally representing the planted tree production chain, from the fields to the factory, with its main stakeholders. Ibá strives to make the sector more competitive, bringing member companies into line with the highest standards of science, technology, and environmental responsibility throughout the entire forest production chain, in the search for innovative solutions for the Brazilian and global markets. The association maintains active participation in the most important national and international forums and councils, as well as debates, meetings, and public consultations.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

140,000

Describe the aim of your organization's funding

The main topics of discussion are best practices in forest management, environmental services, climate change, technology and innovation, sustainability in the industry's production chain and engagement with civil society in decision making.

In order to organize agendas and proposals, as well as to discuss strategies and positions on matters of interest to the industry, Ibá leads 14 committees: Government Relations, Tax and Fiscal, Legal, Foreign Trade, Immune Paper, Cardboard and Packaging Paper, Climate, Steering Committee for Panels, Steering Committee for Laminate Flooring, Steering Committee for Forestry, Forest Defense, Forest Certification, Biotechnology, and Communications.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication



In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

 Integrated Report 2022.pdf

Page/Section reference

Governance - pages 64, 65, 66

Emissions Figures - pages 28, 29, 89, 91, 92, 93, 94

Emission targets - 29 and 89

Content elements

Governance

Emissions figures

Emission targets

Comment

Our Integrated Report is public at: <https://www.dex.co/esg/relato/>

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
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Row 1	UN Global Compact	As a signatory of the EU Global Compact, we take into consideration the Ten Universal Principles and the Sustainable Development Goals (SDGs) in our strategy and operations. In the process of developing our new Sustainability Strategy, we also aimed for a stronger alignment with the 17 SDGs of the UN's 2030 Agenda. We have identified five priority SDGs, which include Decent Work and Economic Growth (SDG 8), Innovation and Infrastructure (SDG 9), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), and Life on Land (SDG 15). We have outlined our key contributions that have already been made and our aspirations to further enhance this alignment in the future.
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C13. Other land management impacts

C-AC13.1/C-FB13.1/C-PF13.1

(C-AC13.1/C-FB13.1/C-PF13.1) Do you know if any of the management practices implemented on your own land disclosed in C-AC4.4a/C-FB4.4a/C-PF4.4a have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.1a/C-FB13.1a/C-PF13.1a

(C-AC13.1a/C-FB13.1a/C-PF13.1a) Provide details on those management practices that have other impacts besides climate change mitigation/adaptation and on your management response.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impact

Every time Dexco acquires a new area for forest planting, a positive impact is generated on conserving biodiversity. Our forests are planted only in areas which were already used for commercial activities, so not only deforestation is prevented, but also part of these areas is set aside for conservation purposes, where the natural regeneration of these areas is made possible.

Along with planted forests, Dexco maintains areas of native vegetation containing habitats suited to the development of local fauna and flora. These areas are connected through the biodiversity corridors at Dexco's units, contributing to the preservation of animal and plant species. Studies have been conducted since the 1970s in partnership with universities in the conservation areas have monitored the positive impacts of the biodiversity conservation actions we carry out.

In these locations, measures are in place to protect the environmental values, such as prohibiting hunting and fishing, patrols by forest rangers, actions for preservation and mitigation of forest fires, reduced speed limits and control of invasive species. These actions aim to protect old growth forests, thus also protecting the biodiversity found in these areas, including species within the local flora and fauna that are rare or threatened by extinction. We have already identified more than 2,000 flora and fauna species. From this total, 39 species are classified as highly threatened, threatened and vulnerable, according to the International Union for Conservation of Nature (IUCN).

Have you implemented any response(s) to these impacts?

Yes

Description of the response(s)

Dexco is responsible for 134,675 hectares of own and leased areas in Brazil, 32.4% of which are set aside for conservation. We continue to adopt best forestry management practices, certified according to FSC standards, ensuring the maintenance of conservation areas and habitats suited to development of fauna and flora. These conservation areas in our forest areas are interspersed with planted eucalyptus, allowing for connection between conservation areas and facilitating the flow of animals and plants.

In Rio Grande do Sul, we also help producers by supporting their environmental licensing processes, sharing our intellectual capital so that these forest owners meet all of the legal requirements for forestry management.

Since 1977, Dexco has carried out various studies on plant and animal life through partnerships with universities and research institutions that showed considerable diversity of wildlife and plant life in the conservation areas and forest plantations throughout different biomes. In 2019, we

renewed our participation in the program for another seven years.

These studies contribute to the development of scientific research in Brazil by sharing the results with the scientific community through theses, dissertations, papers and participation at congresses.

In 2019, we underwent an international consultancy assessment that ranked our management practices among the best standards worldwide, which reflects our commitment to sustainable development since the beginning of our operations. In 2020, we were nominated by the Annual Summary of Timber and Pulp Assessments as the most transparent Company in Brazil and the Americas in ESG commitments in the wood and pulp industries. This ranking is developed by the Sustainability Policy Transparency Toolkit (SPOTT) program. The Company was ranked 4th out of a total of 100 companies appraised in the world ranking. In 2020, we scored 76.1%, up 10.2 percentage points from 2019. The average score of all appraised companies was 22.6% in 2020.

Management practice reference number

MP2

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Yield

Other, please specify

Local community

Description of impact

Dexco does not use fire as a management practice. Actions guarantee prevention and combating of forest fires, so as to protect crop and conservation areas, as well as the community and employees, machinery and company facilities. The destruction of plant cover, resulting in an increase in the occurrence of ecological and humanitarian disasters, such as: soil erosion and major floods.

Have you implemented any response(s) to these impacts?

Yes

Description of the response(s)

Many forest workers are qualified as forest firefighters; surrounding communities are informed about forest operations and are given a communication channel that can be used to report fires; firebreaks maintenance.

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Other, please specify

Working conditions



Description of impacts

Dexco provides technical guidance to its outgrowers, ensuring that the best forest management practices are in place. By doing this, the conservation areas are adequately protected (no harvesting there), the soil is protected and the workers' rights are respected.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

The due diligence system we have established for wood procurement ensures these positive impacts are amplified. Desk and field audits are conducted on all wood suppliers. If issues are found, an action plan is generated with a deadline to follow up. If there are major or recurring problems, the supplier is suspended until the issue is resolved.

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, executive management-level responsibility	The Wood Division's Operation Director, who advises the Vice President of the Wood Division, is the responsible for the approval and follow up of our internal regulation of responsible forest stewardship. Through this Policy, Dexco recognizes the importance of forests and other natural ecosystems, committing to prevent or minimize adverse impacts and enhance those that are beneficial, aiming at a balance between environmental, social and economic aspects of the business, taking into account the UN Sustainable Development Goals and ensuring that forest stewardship is carried out responsibly.

		Among our commitments, we also highlight not commercially exploit species protected by CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna).
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C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Adoption of the mitigation hierarchy approach Commitment to not explore or develop in legally designated protected areas Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no conversion of High Conservation Value areas Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples Commitment to no trade of CITES listed species	SDG Other, please specify FSC

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations
Upstream

Tools and methods to assess impacts and/or dependencies on biodiversity

Biodiversity indicators for site-based impacts

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

We conduct environmental impact assessments in our operations, and biodiversity impacts are taken into account in our forestry operations. When purchasing wood from our suppliers in Brazil, we conduct field audits to evaluate whether the operations are not located in protected areas.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations

Tools and methods to assess impacts and/or dependencies on biodiversity

Biodiversity indicators for site-based impacts

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

There are monitoring activities carried out by the forestry team, scientific research, and surveys of fauna and flora.

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Education & awareness Law & policy


C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?




	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	State and benefit indicators

C15.7

(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators	Since the 1970s, we have maintained partnerships with universities and research institutes to monitor and catalog local biodiversity, contributing to scientific research on the environment.  1, 2, 3



-  ¹Integrated Report 2022.pdf
-  ²Forest Management Plan 2022.pdf
-  ³Responsible forest management.pdf

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

More information regarding our climate-related practices and commitments can be found in our 2022 Integrated Report and in our ESG Portal (<https://www.dex.co/en/esg/>)

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Dexco's Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

<input type="checkbox"/>	I understand that my response will be shared with all requesting stakeholders	Response permission
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Please select your submission options	Yes	Public
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Please confirm below

I have read and accept the applicable Terms