

Welcome to your CDP Forests Questionnaire 2023

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Dexco is a publicly traded company with 71 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 Ceramic tile - we are working to produce and sell products for the furniture and 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 and Portinari. 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 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 140 thousand hectares of planted forests and conservation areas in Brazil and Colombia.

Since 1995, we are certified by the Forest Stewardship Council® (FSC®) and we were the 1st Company in the entire southern hemisphere and the 5th in the world to obtain this certificate of responsible forest stewardship. 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.

In 2021, we created our Corporate Venture Capital (CVC) fund, DX Ventures, which has initial capital of R\$100 million for investments in startups and scale-ups. By the end of the year, we closed two investments through DX Ventures totaling R\$ 45 million: Urbem (specialized in the production of engineered wood from reforestation raw material. The products are structural elements of buildings, such as slabs, beams and pillars) and Noah Wood Building Design (whose value proposition is to develop buildings using engineered wood as raw material, such as those produced by Urbem). The two initiatives are complementary in the construction value chain and are connected to our Sustainability Strategy. We want to be protagonists in the transformation of the civil construction sector and actively participate in the value chain of engineered wood, a renewable raw material that acts to remove carbon from the atmosphere, storing it throughout its useful life and makes perfect sense for our strategy.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

| | Start Date | End Date |
|----------------|-----------------|-------------------|
| Reporting year | January 1, 2022 | December 31, 2022 |

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

BRL

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Production

Processing

Trading

Manufacturing

Are you disclosing information on embedded commodities?

Yes

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Operational control

F0.6

(F0.6) Select the countries/areas in which you operate.

Brazil

Colombia

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No



F0.8

(F0.8) 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 |
| Yes, a Ticker Symbol | DXCO3 |

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

- Growing/production of raw materials
- Harvesting
- Milling
- Crushing
- Exporting/trading
- Using as input into manufacturing process for power generation
- Using as input into product manufacturing

Form of commodity

- Hardwood logs
- Softwood logs
- Sawn timber, veneer, chips
- Boards, plywood, engineered wood



Source

- Owned/managed land
- Smallholders
- Contracted suppliers (processors)

Country/Area of origin

- Brazil
- Colombia

% of procurement spend

6-10%

Comment

Dexco manages forest plantations to ensure the supply of raw materials to our fiberboard (MDF and MDP) factories of the Wood Division. We are responsible for more than 146 thousand hectares of planted forests and conservation areas, distributed on owned and leased land, both in Brazil and Colombia. In addition to wood from our own forests, we also buy wood from third parties. The percentage of procurement spending was calculated considering both wood produced by Dexco and sourced from the market. The total spending with suppliers covers 100% of Dexco, including our Building Finishes division (Deca, Hydra, Ceusa, Portinari and Castelatto).

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

| | % of revenue dependent on commodity | Comment |
|-----------------|--|--|
| Timber products | 61-70% | In 2022, the Wood Division represented 61% of Dexco's revenue. |

F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

Brazil

Land type

Tree plantations

Area (Hectares)

44,907

% Area certified

96

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

Since 1995 Dexco's forest management is FSC-certified, being the first company in the southern hemisphere to achieve this certification. As part of FSC's Policy for Association (FSC-POL-01-004) and Principles and Criteria (FSC-STD-01-001), no significant conversion of natural forests is allowed after November 1994. Our planted forests are established only in areas already anthropized, with usually long history of human use. No areas with native ecosystems are converted to planted forests. In order to ensure compliance to this requirement, we have surveillance teams that patrol our forest areas to prevent illegal activities, such as any kind of deforestation. We also have procedures in place to monitor changes on the development of set-aside areas using satellite imagery.

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

Colombia

Land type

Tree plantations

Area (Hectares)

4,641

% Area certified

97.8

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

As part of FSC's Policy for Association (FSC-POL-01-004) and Principles and Criteria (FSC-STD-01-001), no significant conversion of natural forests is allowed after November 1994. We carry out monthly monitoring of the established areas and the harvested areas, collecting the cartographic information and recording it in the database of the Geographic Information System, guaranteeing that the monitoring area is always updated.

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

Brazil

Land type

Tree plantations

Area (Hectares)

42,668

% Area certified

93.4

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

Since 1995 Dexco's forest management is FSC-certified, being the first company in the southern hemisphere to achieve this certification. As part of FSC's Policy for Association (FSC-POL-01-004) and Principles and Criteria (FSC-STD-01-001), no significant conversion of natural forests is allowed after November 1994. Our planted forests are established only in areas already anthropized, with usually long history of human use. No areas with native ecosystems are converted to planted forests. In order to ensure compliance to this requirement, we have surveillance teams that patrol our forest areas to prevent illegal activities, such as any kind of deforestation. We also have procedures in place to monitor changes on the development of set-aside areas using satellite imagery.

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

Colombia

Land type

Tree plantations

Area (Hectares)

2,695

% Area certified

48.7

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

As part of FSC's Policy for Association (FSC-POL-01-004) and Principles and Criteria (FSC-STD-01-001), no significant conversion of natural forests is allowed after November 1994. We carry out monthly monitoring of the established areas and the harvested areas, collecting the cartographic information and recording it in the database of the Geographic Information System, guaranteeing that the monitoring area is always updated.

F1.4

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

Forest risk commodity

Timber products

Country/Area

Brazil

Type of control

Own land

Land type

Set-aside land

Area (hectares)

18,288

% covered by natural forests

100

Please explain

These set-aside areas are used exclusively for conservation purposes, surpassing the required minimum required by the Brazilian Forest Code (20%). They include permanent preservation areas (APPs), legal reserves (RLs) and other additional conservation areas. We monitor the regeneration stage of these areas using satellite imagery, classifying them in initial, intermediate and advanced stages.

Forest risk commodity

Timber products

Country/Area

Colombia

Type of control

Own land

Land type

Set-aside land

Area (hectares)

2,975

% covered by natural forests

100

Please explain

Since 2011, we have carried out the work of characterizing forest conservation areas to determine the existence of species of special importance ("Assessment of the biological diversity of forests associated with the production centers of Dexco S.A.").

In 2012, we began the process of identifying High Conservation Value Attributes as part of the preparation process for Voluntary Forest Certification. In 2014, after this identification, the update of High Conservation Value Forests was carried. From these analyses, the list of Dexco's High Conservation Value Areas ("HCVA") was obtained. In 2020, the species *Atapetes blancae* was identified on our areas and included on our HCVAs list. All these set-aside areas are used exclusively for conservation and are covered with natural vegetation in different ecological stages.

Forest risk commodity

Timber products

Country/Area

Colombia

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

889

% covered by natural forests

100

Please explain

Since 2011, we have carried out the work of characterizing forest conservation areas to determine the existence of species of special importance ("Assessment of the biological diversity of forests associated with the production centers of Dexco S.A.").

In 2012, we began the process of identifying High Conservation Value Attributes as part of the preparation process for Voluntary Forest Certification. In 2014, after this identification, the update of High Conservation Value Forests was carried. From these analyses, the list of Dexco's High Conservation Value Areas ("HCVA") was obtained. In 2020, the species *Atapletes blancae* was identified on our areas and included on our HCVAs list. All these set-aside areas are used exclusively for conservation and are covered with natural vegetation in different ecological stages.

Forest risk commodity



Timber products

Country/Area

Brazil

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

24,454

% covered by natural forests

100

Please explain

These set-aside areas are used exclusively for conservation purposes, surpassing the required minimum required by the Brazilian Forest Code (20%). They include permanent preservation areas (APPs), legal reserves (RLs) and other additional conservation areas. We monitor the regeneration stage of these areas using satellite imagery, classifying them in initial, intermediate and advanced stages.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

| | Data availability/Disclosure |
|-----------------|---|
| Timber products | Consumption and production data available, disclosing |

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

4,855,658

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Total harvested volume in areas managed by Dexco in Brazil and Colombia. As part of FSC's Policy for Association (FSC-POL-01-004) and Principles and Criteria (FSC-STD-01-001), no significant conversion of natural forests is allowed after November 1994.

Production figures from Brazil and Colombia were added. The % for conversion-free wood was calculated in proportion of the amount produced. As the production reported represents all wood produced in areas managed directly by Dexco, 100% of this volume is covered by our Internal Standard for Responsible Forest Management, which forbids any kind of deforestation or conversion of natural ecosystems. Our monitoring procedures ensure its compliance on the ground. Therefore, 100% can be considered deforestation and conversion free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

5,193,384

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

99.1

Please explain

Figure considers total consumption from our wood panels factories in Brazil and Colombia. The % verified as deforestation-free represents the amount of wood that can be traced back to its management unit. The remaining 0.9% represents the amount of wood subproducts bought from

sawmills in Colombia, which was not verified, but is compliant to Colombian laws and have the required ICA (Colombian Agriculture Institute) permits.

F1.5b

(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.

Timber products – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

0

% of DCF production/consumption volume verified through monitoring systems

100

% of DCF production/consumption volume physically certified

0

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

100

Timber products – Non DCF

% of non-DCF production/consumption volume from unknown origin

0

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

100

% of non-DCF production/consumption volume traceable to production unit level

0

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

100

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Rio Grande do Sul

% of total production/consumption volume

7.63

Please explain

Total volume produced on forests located in Rio Grande do Sul state. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the Pampa and Mata Atlântica Biomes.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

São Paulo

% of total production/consumption volume

55.43

Please explain

Total volume produced on forests located in São Paulo state. The number was calculated by adding up the sales documents issued in 2022.

These areas are located in the Cerrado and Mata Atlântica Biomes

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Minas Gerais

% of total production/consumption volume

33.86

Please explain

Total volume produced on forests located in Minas Gerais state. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the Cerrado Biome.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Antioquia

% of total production/consumption volume

2.6

Please explain

Total volume produced on forests located in Antioquia department. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the following life zones: Lower montane moist forest, Premontane moist forest, Lowland moist forest.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Tolima

% of total production/consumption volume

0.25

Please explain

Total volume produced on forests located in Tolima department. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the Lower montane moist forest life zone.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Santander

% of total production/consumption volume

0.21

Please explain

Total volume produced on forests located in Santander department. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the Lowland moist forest life zone.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Caldas

% of total production/consumption volume

0.02

Please explain

Total volume produced on forests located in Caldas department. The number was calculated by adding up the sales documents issued in 2022. These areas are located in the Lower montane moist forest life zone.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Acute physical

Primary impact driver

Wildfires

Primary impact

Impact on company assets

Description of impact

As a result of managing more than 146 thousand hectares of forests, we have an inherent risk of wildfires. Most wildfire occurrences are small-scale and quickly controlled, with little to no impact on our forest assets. However, on large scale fires the financial impacts can range from decreased productivity to a complete write-off of the biological asset or harvested wood. This, in turn, could affect the availability of wood for supplying our fiberboard factories. In the last 5 years (2018-2022), the total financial impact from fires was BRL xxxx, mainly from a significant fire in 2018. This amount represents xx% of the total value of our biological assets at the end of 2022. There were no supply issues in any of our Wood division factories due to the occurrence or wildfires.

Primary response

Improve emergency response systems in sourcing region(s)

Total financial impact

9,322,282

Description of response

Our response to this impact is focused on monitoring the occurrence of wildfires and maintaining the resources for the quick control. We have a robust structure with surveillance on the ground and cameras on towers for identifying fire spots. Most of our forest workers are trained for firefighting, so when a forest fire is detected we can quickly reach the site and control it. If needed, fire trucks and aircraft can also be employed. In order to help us preventing fires, we engage with the neighbours of our forests to raise their awareness to the risk of wildfires. Every farm has signs with Dexco's phone number, which can be used by anyone to report fires. In 2022, we spent BRL 9.32 million on fire fighting and prevention.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

During the last 5 years

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Dexco only uses wood from planted forests in its production processes. The standard harvesting age is 6 years for Eucalyptus and 12 years for Pinus, therefore no supply areas (either from own forests or procured from the market) could have been converted in the last 5 years.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

- Direct operations
- Supply chain

Coverage

- Full

Risk assessment procedure

- Assessed as part of an established enterprise risk management framework

Frequency of assessment

- Annually

How far into the future are risks considered?

- > 6 years

Tools and methods used

- Internal company methods
- External consultants

Issues considered

- Availability of forest risk commodities
- Quality of forests risk commodities
- Impact of activity on the status of ecosystems and habitats

Regulation
Climate change
Impact on water security
Loss of markets
Corruption
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Suppliers

Please explain

We consider the impacts of our operations on ecosystems, habitats and local communities as the most significant risk related to forests, being managed through our social and environmental impact assessments, which is conducted for all our forestry activities. This is done through internal procedures that take the scale and intensity of the impacts to establish control measures. For social impacts we have communication channels where our impacted stakeholders can contribute to our assessment, such as e-mail, phone and field visits to communities, conducted by internal teams. Continuous monitoring of our activities allows us to identify any new risks that may arise from operations. We also have a due diligence system for our wood suppliers that requires us to conduct field audits where social and environmental aspects are considered.

In 2021 we conducted a climate risks study with external consultants, where physical and transition risks were assessed. The most relevant physical risks related to forests were forest fires and droughts. These can impact our forests productivity, which could reduce the availability of wood to use in our factories as well as its quality. Among other objectives, our forest breeding program aims to develop Eucalyptus varieties that are adapted to warmer conditions. Regulation risks were also considered in this assessment, with potential impacts regarding adaptation to new laws that could raise the costs of forest management (a mandatory fuel surcharge, for instance).

A review of our corporate risk assessment was conducted in 2022 by external consultants, which covered issues such as wood harvesting and

transportation, corruption, forest fires and genetic materials management.

Our FSC forest management certification allows us to reach some markets (specially for exports) that would not be accessible without having our forest-based products certified. The aforementioned social and environmental impact assessments have been helping us to keep this certification continuously since 1995. Additionally, we also have occupational hazards assessments for all our operations, where we consider our activities' risks to our employees, also helping us to set adequate control measures to mitigate them.

Since 2021, we are members of São Paulo Forest Forum, where forests issues are discussed among forestry companies, NGOs and Universities.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

| | Value chain mapping |
|-----------------|--|
| Timber products | Yes, we have mapped the entire value chain |

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations

Tier 1 suppliers

Tier 2 suppliers

Smallholders



% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

In Brazil, as part of our due diligence system for wood procurement (based on FSC chain of custody and controlled wood standards), we collect the geographic coordinates of all our direct (logs) and indirect suppliers (chips and sawdust from sawmills). All sawmills that sell wood to Dexco are required to report monthly to us the list of all their suppliers, so we can keep track and map of all our tier 2 suppliers on the same way we do for our tier 1 suppliers. For our own operations, we have a full geodatabase for all management units, as required by FSC forest management standards. This also includes farms that are not yet part of the FSC-certified scope. In Colombia, all wood procured from third parties must be registered on ICA (Agriculture Institute of Colombia), which gives traceability up the supply unit. For wood subproducts sourced from mills, these mills must also keep the ICA registries from their suppliers.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

| | Use of a classification system to determine deforestation and/or conversion risk of sourcing areas | Methodology used for classifying levels of risk | Use of risk classification | Attachment indicating risk classification for each sourcing area (optional) |
|---|--|---|--|---|
| 1 | Yes, we use a classification system | As all our factories in Brazil have FSC Chain of Custody certification, we must follow the FSC Controlled Wood standard for wood sourced from the | As stated on the FSC Controlled Wood National Risk Assessment for Brazil, the category 4 is considered not applicable for plantations. | |

| | | | |
|--|--|--|--|
| | <p>market that is not certified. Since 2019, Brazil has an official FSC National Risk Assessment for Controlled Wood from forest plantations, with a category regarding the risk of conversion of forests to plantations or other non-forest use (controlled wood category 4). The risk designations used on this assessment are low risk, specified risk or not applicable. The risk of “wood from forests being converted to plantations or non-forest use” was considered not applicable for plantations and specified risk for native forests (not applicable to Dexco).</p> | <p>Nevertheless, as part of our due diligence system (and the classification of specified risk for categories 1, 2 and 3) we conduct field and desk audits in all our suppliers and sub-suppliers.</p> | |
|--|--|--|--|

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

| | Risk identified? |
|-----------------|------------------|
| Timber products | Yes |

F3.1a

(F3.1a) 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, considering financial impact, scope of operations, reputational risk, 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 the event, the internal controls adopted and the response time to the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. All risks assessed by Dexco are monitored according to their classification. After analysing the impact and vulnerability, the resulting risks as critical and high are always classified as priority risks. For the two classification "critical" and "high", the socio-environmental risks are considered substantive financial or strategic risks. Risks are classified as critical when its estimated impacts are higher than 2% of shareholders' equity (which may cause impacts greater than BRL 114.6 million). The financial impact is classified as high when the estimated impact is between 1% and 2% of shareholders' equity (that is, between BRL 57.3 million and BRL 114.6 million).

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.

This definition applies to direct operations and supply chain, as they're both covered in our risk scorecard.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Chronic physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased severity of extreme weather events

Primary potential impact

Reduction or disruption in 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. 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. Regarding extreme weather events, we concluded that our forestry operations can be negatively impacted by the increased frequency of such events. In our climate risks and opportunities assessment, we identified through the ThinkHazard! tool (GFDRR), that four Dexco forestry units are located in areas at high risk for extreme temperatures and droughts (Uberaba, Agudos, Lençóis Paulista, Maceió). In this way, we estimated the financial impact over the Company since the probability of a productivity reduction is expected to increase as the effects of climate change intensify.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

31,218,932

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

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 67% of all of our planted area.

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

Planted area, in hectares, for these units in 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.

Primary response to risk

New product/technology development

Description of response

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, with more 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.

Cost of response

1,644,419

Explanation of cost of response

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

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

| | Have you identified opportunities? |
|-----------------|------------------------------------|
| Timber products | Yes |

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased resilience to impacts of climate change

Company-specific description

Climate change already affects the world in different ways and one of the activities that strongly feels this impact, especially regarding extreme weather phenomena, is the forestry industry. Dexco, aware of the importance of adapting to these conditions in order to guarantee the continuity of its business, has been studying genetic breeding techniques for over 40 years to make its forests more adaptable to extreme climates. The studies focus on 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). The strength and maturity of this program makes us stand out in the Brazilian and Colombian forestry sector. The learning achieved along the genetic improvement program contributed to the ongoing improvement of our forestry processes. This is strategic for Dexco, since more than half of our revenues come from our Wood division. If our forests can produce more wood in the same area, there will be less need for land expansions and lower exposure to supply and climate risks.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The measurement of the financial impact of this opportunity is still under evaluation. The aim is to be able to measure how much market space we have gained in recent years due to advances in breeding techniques. However, the results on the ground are measurable. We have almost doubled our productivity: in the 1980s, it was around 30 m³/ha/yr. and, in 2022 we reached 50 m³/ha/yr, (average of our forests in São Paulo) above Brazilian current average of 38.9 m³/ha/yr, according to data from the 2021 Annual Report of the Brazilian Industry of Trees (IBÁ).

Cost to realize opportunity

1,644,419

Strategy to realize opportunity

Dexco, aware of the importance of adapting to these conditions in order to guarantee the continuity of its business, has been studying genetic breeding techniques for over 40 years to make its forests more adaptable to extreme climates. The studies focus on 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). The strength and maturity of this program makes us stand out in the Brazilian and Colombian forestry sector. The cost to realize opportunity represents the costs of our genetic breeding program in 2022.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

| Position of individual or committee | Responsibilities for forest-related issues |
|-------------------------------------|---|
| Board-level committee | <p>The Sustainability Committee is a collegiate body of advice and guidance to the Board of Directors which aims to promote and stimulate the integration of sustainability throughout the company and its affiliates. It is currently composed by three Board members and one independent specialist. According to its charter, it is the responsibility of this Committee’s Chairperson, with support from management experts, to report and promote discussions in connection with the topic of climate change before the Board and the Executive Board, including ancillary topics such as water and forests. In 2022, this Committee approved the inclusion of our Internal Standard for Responsible Forest Management as a normative standard within our Environmental Policy, which was then approved by the Board of Directors.</p> |

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

| | Frequency that forests-related issues are a scheduled agenda item | Governance mechanisms into which forests-related issues are integrated | Please explain |
|-------|---|---|---|
| Row 1 | Scheduled - some meetings | <p>Monitoring implementation and performance</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Overseeing the setting of corporate targets</p> <p>Providing employee incentives</p> | <p>Our current Sustainability Strategy was approved and published in 2021. Its development involved the engagement of the Board and the Sustainability Committee, which at the end of the process approved the strategic commitments, metrics and targets. One of our strategic goals is to “ensure sustainable growth and keep a positive carbon balance”, which in turn has a performance indicator regarding forest management certification. An update on the Strategy indicators is presented to the Committee at least quarterly. Its Charter also states that it is its attribution to, among others, advise the Board in establishing guidelines and principles for sustainable development of the Company and its subsidiaries in their four pillars (social, environmental, economic and within the best practices of corporate governance), to evaluate and recommend membership to any agreements related to sustainability, to evaluate new investments and partnerships from the perspective of</p> |

| | | | |
|--|--|---|---|
| | | Reviewing and guiding corporate responsibility strategy Reviewing and guiding public policy engagement Reviewing and guiding strategy | operational sustainability and to evaluate the guidelines and policies that discipline the management of main environmental and social risks. Some issues discussed on the Committee's meetings in 2022 were: COP 27 highlights that could affect our forestry operations (nature-based solutions, CO2 removals from forest management, deforestation commitments), the carbon balance of our operations and the removals of our forests and investors' requests regarding forest management certification. |
|--|--|---|---|

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

The chairperson 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. This specialist is a chemical engineer with a master's degree in renewable energy, has already worked for 24 years at an international environmental NGO in international positions and as executive director of the organization in Brazil. He is also on the board of an international non-governmental organization that works to align global finance. He is currently chairman of the board of a global research institute that works on the climate cause and has worked 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.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

| Name of the position(s) and/or committee(s) | Forests-related responsibilities of this position | Frequency of reporting to the board on forests-related issues | Please explain |
|---|---|---|--|
| Chief Executive Officer (CEO) | <p>Managing forests-related acquisitions, mergers, and divestitures</p> <p>Integrating forests-related issues into business strategy</p> <p>Setting forests-related corporate targets</p> <p>Monitoring progress against forests-related corporate targets</p> <p>Managing public policy engagement that may impact forests</p> | More frequently than quarterly | <p>Our operations are supported by Dexco's Management System (SGD), which is a tool for the management of corporate, operational and sustainability goals, accompanied by milestones that indicate the completion of phases, as timelines and action plans. With this tool, we monitor Company's indicators, also including questions about costs, productivity and quality of our forests. Follow-up meetings range from the operational level, Executive Committee and CEO, to our Board of Directors.</p> <p>Weekly and monthly meetings are held by the CEO with the Executive Committee to monitor all our business units, including the Wood division, discussing productivity and operational matters, monitoring of indicators (SGD), associated forestry risks and strategic decisions for the Company. The CEO is invited to the meetings of the Sustainability Committee, where he can report forest-related issues to its members and also address questions and requests raised by them. Other members of the Executive Committee (COOs, for instance) can be invited to the meetings depending on the subjects at hand. The Internal Standard for Responsible Forest Management was approved in 2022 by the Forestry Director and a proposal for its inclusion as a normative standard within our Environmental Policy was presented to and approved by the Committee. The revised Environmental Policy was then</p> |

| | | | |
|-------------------------------|---|----------------------------|---|
| | | | approved by the Board of Directors. |
| Chief Operating Officer (COO) | Managing annual budgets relating to the implementation of forest-related policies and commitments | As important matters arise | <p>The Forestry Director, who reports to the Wood Division COO (vice-president, member of the Executive Committee), monitors and directs all operational issues and decisions that affect our forestry area. This position also has a constant synergy with the Panel Board, involving all logistic and wood supply operations for the manufacture of our panels and floors.</p> <p>The Forestry Director is responsible for the result of Forest Inventories, productivity of planted forests and preservation of our conservation areas, genetic improvement program and protection of forests. There is a specific monitoring of the forestry area for discussions of risks, expansions, monitoring of the safety program and issues related to our employees (training, qualification, salary issues and variable remuneration). The results are presented weekly to the company's Executive Committee, and there are also specific meetings on a monthly basis.</p> <p>Commissions for investment approvals for forestry areas, purchase of equipment and CAPEX projects, are addressed specifically. There are also marketing approval committees for timber products, which are established as an additional way to ensure compliance and reduce reputational risks to the brand. The COO is responsible to seek approval from the CEO for yearly OPEX and CAPEX budgets for the Wood Division (includes forestry activities).</p> |

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

| Provide incentives for management of forests-related issues | Comment |
|---|---------|
| | |

| | | |
|-------|-----|---|
| Row 1 | Yes | We have forest-related targets applied from the operational category to the board and presidency of the company. Annual goals for the CEO, director, managers and coordinators are established and we also have a system of variable remuneration according to the productivity, quality and cost of the forest area. |
|-------|-----|---|

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive? | Performance indicator | Contribution of incentives to the achievement of your organization’s forests-related commitments | Please explain |
|-----------------|--------------------------------|--|---|---|
| Monetary reward | Chief Executive Officer (CEO) | Ending deforestation and/or conversion of other natural ecosystems | <p>Our sound governance allows us to connect sustainability to the business strategy, thus providing the traction necessary for the daily actions. In the decision-making bodies on this topic, the members of the Executive Committee assumed, ESG targets that also impact variable compensation, ensuring and guiding compliance with the Sustainability Strategy targets. The results and the progress are reported to the Board of Directors during the meetings held over the course of the year.</p> <p>The CEO has one of his variable compensation targets linked to the implementation, monitoring and evolution of the targets mentioned in the Sustainability Strategy, which includes: to reach 100% of own areas with certified management, to reach 80% of fostered partners with certified management and to maintain a positive carbon balance, which includes proper forestry management. The goals are monitored annually, and their status is taken into account so that the variable compensation is granted. By</p> | The target is assessed annually and covers the execution of our Sustainability Strategy as a whole. The indicators directly related to forests in the Strategy cover the Brazilian operations and we have internal annual milestones set for each target. |

| | | | | |
|---------------------|--|--|--|--|
| | | | having targets for increasing the certified area and engaging our fostered suppliers to achieve certification, our leadership can contribute to ensure that no deforestation happens in our operations or suppliers. | |
| Non-monetary reward | No one is entitled to these incentives | | | We only have monetary incentives regarding forests-related issues. |

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 Integrated Report 2022 - Dexco.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

 NO.70_Corporate Standard for Responsible Forest Management.pdf

Row 1

Scope

Company-wide

Commodity coverage

Timber products

Content

Commitment to eliminate conversion of natural ecosystems

Commitment to no land clearance by burning or clearcutting

Commitment to eliminate deforestation

Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Adoption of the UN International Labour Organization principles

Commitment to best management practices for soils and peat

Commitment to protect rights and livelihoods of local communities

Commitments beyond regulatory compliance

Commitment to stakeholder awareness and engagement

Commitment to align with the SDGs

Recognition of the overall importance of forests and other natural ecosystems

Description of business dependency on forests

Recognition of potential business impact on forests and other natural ecosystems


Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy

List of timebound milestones and targets

Description of forests-related performance standards for direct operations

Description of forests-related standards for procurement

Document attachment

 NO.70_Corporate Standard for Responsible Forest Management.pdf

Please explain



Our commitments related to forests are disclosed throughout a set of documents that contain references to each other, thus being considered both policies that include forests-related issues and commodity specific sustainability policies: Environmental Policy (PO.02), ESG Policy (PO.18), Responsible Forest Management Internal Standard (NO.70), Sustainability Strategy and our Commitment to Biodiversity. These documents cover all Dexco’s operations in Brazil and Colombia and some requirements are also applicable to our wood suppliers. According to our Corporate Governance Policy (PO.03), all policies must be reviewed every 3 years, while all internal standards must be reviewed every 2 years. The Commitment to Biodiversity is not part of our governance structure, but as it was built upon the Responsible Forest Management Internal Standard, it will be reviewed when there are changes on the internal standard. As we recognize the relevance and coverage of FSC Principles and Criteria, and their alignment with our commitments, Dexco chose to measure how these policies are implemented on our forest management areas by using the percentage of areas are FSC-certified. In our Sustainability Strategy we set two targets related to this topic: to have 100% of own and leased areas in Brazil FSC-certified by 2025 and to have 80% of our fostered forest producers FSC-certified by 2025. We disclose our progress towards these goals annually in our Annual Report.

Biomes covered in Brazil: Cerrado, Mata Atlântica and Pampa in Brazil;

Life zones covered in Colombia: Bosque muy humedo piso basal, Bosque muy húmedo montano bajo, Bosque muy húmedo premontano.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

| Forest risk commodity | Public commitments made |
|-----------------------|-------------------------|
| Timber products | Yes |

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify

FSC International and FSC Brazil membership

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- No new development on peat regardless of depth
- Avoidance of negative impacts on threatened and protected species and habitats
- No trade of CITES listed species
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
- Adoption of the UN International Labour Organization principles
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

1993-1997

Forest risk countries/areas that the cutoff date applies to

Brazil

Colombia

Reason for selecting cutoff date

Compliance with initiative, please specify
FSC Policy for Association

Commitment target date

2021-25

Please explain

Cutoff date details: Dexco is a member of FSC and its forest management is FSC-certified since 1995. As such, no conversion after 1994 is allowed in certified areas. Considering that the Eucalyptus and Pinus harvesting ages are usually at least 6 and 12 years, respectively, we can safely assure that there was no conversion in any of our supply units in the last 5 years.

Commitment target date: Our policies and commitments are already being met, so we can consider 2023 as a target date, even though these commitments will still be in force after this year.

Biomes covered: Cerrado, Mata Atlântica and Pampa in Brazil; Bosque muy humedo piso basal, Bosque muy húmedo montano bajo, Bosque muy húmedo premontano in Colombia.

Details of commitments:

(i) No conversion of natural ecosystems: In 2022 we conducted a cycle of internal audits by our Environmental Management team covering all forestry units in Brazil (Agudos, Itapetininga, Uberaba and Taquari), in which the occurrence of any conversion was assessed, among other criteria. There were no findings of conversion in any of our units.

(ii) Zero gross deforestation/no deforestation: As established in our due diligence system for wood procurement, we conducted field audits in 100% of our Brazilian suppliers in the states of Rio Grande do Sul and São Paulo (there were no suppliers in Minas Gerais), where harvesting

activities are evaluated. None of these audits found any kind of deforestation.

(iii) Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities: All wood used by Dexco is sourced from sites where land tenure can be verified, whether in own/leased areas or sourced from third parties. In Brazil, there was no sourcing from legally recognized indigenous people lands in 2022, so no FPIC was required.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are forests-related issues integrated? | Long-term time horizon (years) | Please explain |
|-------------------------------|--|--------------------------------|---|
| Long-term business objectives | Yes, forests-related issues are integrated | 21-30 | <p>The wood used as raw material for Dexco’s forest-based products is a natural renewable resource that comes from planted forests. Its production process involves potential impacts to forests, natural ecosystems and communities, inherent to forest management activities. Thus, Dexco commits to seek ways to prevent or minimize the adverse impacts and to enhance the beneficial ones, aiming to balance the environmental, social and economic aspects from the business. This is a continuous objective, crucial for our operations. The continuous maintenance of our FSC certification for forest management since 1995 is an indication of the achievement of this objective throughout the last decades. Our target to have 100% of our own and leased forest areas in Brazil FSC-certified by 2025 also stresses our commitment to responsible forest management.</p> <p>Our long-term business objective for forests at Dexco is to ensure a continuous supply of wood for the manufacture of its forest-based products, by managing them in a responsible way, in consonance with established quality standards and maintaining cost competitiveness.</p> <p>This supply is ensured by the management of planted forests (eucalyptus and pine), which produce the</p> |

| | | | |
|--|---|--------------|--|
| | | | <p>wood needed for our industrial processes. Along with these plantations, we also manage conservation areas, where native vegetation is preserved and serves as habitat for local fauna and flora. Therefore, we can keep our operations with no need of any deforestation. In fact, the protection of our conservation areas has a positive impact on wood productivity, as they can also be habitat of natural enemies of pests that could threaten our planted forests.</p> <p>With increasingly restrictive legislation and regulations becoming more common around the world (such as the EUDR), having a deforestation-free value chain is fundamental to enable the commercialization of our wood-based products in these jurisdictions as they adopt those new requirements. In this regard, in 2022 we continued supporting our fostered and smallholders wood suppliers to achieve FSC certification and by the end of the year 60% of their area was already certified. This is aligned with our target to reach 80% of certified fostered areas by 2025.</p> <p>Our eucalyptus forests are usually harvested at the age of 6 or 7 years and our supply planning covers 3 cycles, so our planning horizon is 21 years.</p> |
| <p>Strategy for long-term objectives</p> | <p>Yes, forests-related issues are integrated</p> | <p>21-30</p> | <p>Forests are fundamental to Dexco's business, being used as raw material to produce wood flooring and panels. The planned production levels at our fiberboards factories are considered and serve as the basis for forestry planning, mainly regarding the extension of land needed to plant forests and produce the required amount of wood.</p> <p>To achieve long-term goals and supply our factories, we manage more than 140 thousand hectares of planted forests and conservation areas in Brazil and Colombia, in addition to 22 thousand hectares of fostered forests in Brazil (mostly smallholders). This gives Dexco a competitive advantage over our market peers, as the vertical business model (direct forest management) reduces the dependency of wood sourced from the market. In the last years, there was a surge on demand for wood in Brazil, due to various new forest-based projects (such as new pulp and paper factories).</p> <p>For Dexco, the conservation of biodiversity, water resources and soil is essential, aiming to maintain and improve ecosystem services and environmental values. Therefore, forests are established in areas</p> |

| | | | |
|--------------------|--|-------|--|
| | | | <p>already anthropized, with a history of mostly livestock and agriculture use, with no conversion of native areas for reforestation purposes.</p> <p>The natural resources and inputs needed for the forest management activities are used rationally and sustainably. Management techniques, species planted, and fertilization are defined based on the analysis of climate and soil conditions at the planting sites.</p> <p>Dexco's forestry operations are carried out by its own or outsourced teams, in owned and leased areas. The Forest Management Plan establishes the guidelines for the execution of all necessary activities for forest production since the production of seedlings until the transport of wood to the factories. Our Internal Standard for Responsible Forest Management also sets our commitments and directives to ensure the achievement of our long-term objectives.</p> <p>Forest management activities are conducted through controlled processes with a planning horizon of 21 years, which comprise 3 complete rotations of eucalyptus cultivation. Wood consumption is planned according to consumption predictions, reviewed annually in our budget plans. By ensuring the wood supply for our factories, our forest management activities actively contribute to the financial sustainability of our business.</p> |
| Financial planning | Yes, forests-related issues are integrated | 21-30 | <p>From a financial point of view, forestry planning is responsible for continuous improvements in financial results, maximizing the return on the company's forestry activities and ensuring the sustainability of the crop cycles. Forests are necessary to ensure the production of wood and supply the panel factories. The income from panels and wood sales is used to pay for our forestry costs, therefore being closely detailed in our financial planning. When economically viable, other forest products can be negotiated, such as resin, wood for sawmills, chips and standing wood. As part of our long-term planning, if a future need of additional wood is identified, resources to expansion of our forests or wood procurement are allocated in our financial planning.</p> <p>Additional areas can be acquired or leased as needed, in line with the factories' long-term planning.</p> <p>At the end of 2022, we had over BRL 1.9 billion in biological assets, up from BRL 1.3 billion in 2021.</p> |

| | | | |
|--|--|--|--|
| | | | <p>More than BRL 415 million were invested in these biological assets throughout 2022, almost doubling the figures from 2021 (BRL 258 million). These investments enable Dexco to keep supplying its fiberboard factories with responsibly managed wood while contributing to the conservation of native vegetation and ensuring a deforestation-free supply chain.</p> <p>Forest management activities are conducted through controlled processes with a planning horizon of 21 years, which comprise 3 complete rotations of eucalyptus cultivation. Wood consumption is planned according to consumption predictions, reviewed annually in our budget plans. By ensuring the wood supply for our factories, our forest management activities actively contribute to the financial sustainability of our business.</p> |
|--|--|--|--|

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products



Year target was set

2021

Target coverage

Country/area/region

Target category

Third-party certification

Metric

Other, please specify

% of owned and leased areas certified

Traceability point

Third-party certification scheme

FSC Forest Management certification

Base year

2020

Base year figure

97.5

Target year

2025

Target year figure

100

Reporting year figure

94.7

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

-112

Target status in reporting year

Underway

Is this target linked to a commitment?

No conversion of natural ecosystems

Please explain

In our Sustainability Strategy launched in 2021, we maintained and renewed our previous target to reach 100% of our own and leased areas in Brazil certified according to FSC Forest Management Standards. Our commitment to FSC goes back to 1995, when Dexco was the first company to achieve this certification in the Southern Hemisphere. We believe that the relevance and reach of FSC Principles and Criteria for environmental, social and economic aspects are significant enough to measure our performance on forest management. Therefore, we aim to have all our forests in Brazil certified against this standard by 2025, ensuring the supply of wood from responsible sources to our panel factories. This is also a solid action to enforce our commitment to no conversion of natural ecosystems, since FSC does not allow this in certified areas and its compliance is annually verified in our annual surveillance audits by a third-party. This process is led by our Environmental Management team in the Wood Division, which is highly qualified on FSC standards and Dexco is a member of FSC International and FSC Brazil, ensuring we have the resources to achieve this goal. Since 2020, Dexco is part of FSC Brazil Board of Directors and in 2021 our designated representative was elected Chairperson of the BoD and President of FSC Brazil.

Coverage: Owned and leased areas in Brazil

Target metric rationale: As a company with a mainly vertical business model (managing forests to supply our factories), it makes sense to have all areas under our direct control to become certified. The percentage of volume certified is defined according to FSC chain of custody requirements for our factories.

Target achievement performance: In 2021 and 2022 we had some areas of expansion, which were not owned by Dexco when the target was

set. These areas were acquired without certification, therefore the percentage of certified areas decreased. We expect to reach 99% by the end of 2023.

Target reference number

Target 2

Forest risk commodity

Timber products

Year target was set

2021

Target coverage

Country/area/region

Target category

Engagement with smallholders

Metric

Other, please specify

% of fostered areas with FSC Forest Management certification

Traceability point

Third-party certification scheme

Base year

2020

Base year figure

20

Target year

2025

Target year figure

80

Reporting year figure

52.4

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

54

Target status in reporting year

Underway

Is this target linked to a commitment?

No conversion of natural ecosystems

Please explain

Scope details: For this target, we only consider the planted areas of our fostered partners in Rio Grande do Sul state, in Brazil. This is because we do not have any form of land tenure in these cases (particularly over the set-aside areas on the fostered farms). We limited the scope to Rio Grande do Sul state because it concentrates 87.9% of all our fostered plantations. We do not have a fostering program in Colombia.

This target is set in our new Sustainability Strategy and just like our target for own and leased areas, it was maintained from our previous strategy. However, the timeframe for achievement was shortened from 2035 to 2025, keeping the 80% goal. The target was set to 80% due to the fact that the remaining 20% would probably be comprised of a large number of smaller partners, which would require more support to adjust to certification requirements.

By the end of 2022, 52.4% of the fostered areas were FSC-certified. Our fostered partners are mainly smallholders. Through the forest fostering

program, Dexco supplies the seedlings to the fostered partner and gives them instructions and best practices for forest management, followed by field visits to check the development of the forest. When the harvesting age comes, Dexco has the priority to buy the produced wood. We began working with some key fostered partners in 2019 to engage and capacitate them about the FSC certification SLIMF requirements and in 2020 the first group of producers was certified. In 2021 and 2022 we continued to expand the group, including some producers that exceeded the SLIMF thresholds. Our Environmental Management team at the Wood Division is responsible for this process, along with our Forest Operations team at Rio Grande do Sul, supported by specialist consultants with large experience on smallholders certification. As the FSC standards does not allow the conversion of natural ecosystems to plantations or other non-forest uses, engaging with these smallholders directly contributes for minimizing the risk of deforestation in our value chain, in full alignment with our commitment to no conversion.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

| | Do you have system(s) in place? | Supply chain coverage | Description of traceability system | Exclusions |
|-----------------|---------------------------------|---|--|----------------|
| Timber products | Yes | Volume from direct and indirect suppliers | <p>All our Brazilian factories are certified according to FSC Chain of Custody standard, which ensures only wood from responsible sources are used in our manufacturing process.</p> <p>For wood grown in our own forests, we have a complete database that allows us to track every truck load of wood up to the plot within the forest. Every load has the transportation documentation as required by law.</p> <p>For procured wood, we have a due diligence system in place. Every supplier is assessed against our standard and measures are taken according to the risk of origin. This system requires us to conduct field audits in all our suppliers' forests that are not FSC-certified, including all the suppliers of the mills that supply us sawdust. Every audit results in a score and if a supplier reaches an established threshold, it can be suspended until the issues identified on the audit are solved or, if major problems (child labor, for instance) are found, it can be banished from our pool of suppliers. This system is annually audited by a third party as part of our FSC chain of custody certification.</p> | Not applicable |

| | | | |
|--|--|--|--|
| | | <p>For example, in 2022 we conducted 157 field and desk audits on the suppliers of our Taquari, Itapetinga and Agudos plants. As a result of these audits, 1 indirect supplier was excluded due to health, safety and labor-related documentation issues.</p> <p>At Dexco Colombia we source wood in accordance with the requirements of national regulations and legislation, complying with the mobility certificate requirements corresponding to the plantation registry for each of the own wood trips that are moved for the plants.</p> <p>On the other hand, the wood that comes from third parties requires a commercial agreement to enter each of the plants and, to establish this agreement, each of the third parties is required to send the plantation registration documentation. Also, each of the wood transport trips must present the mobility permit associated with the plantation registry, which must coincide with the number that was registered in the commercial agreement.</p> | |
|--|--|--|--|

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

| Forest risk commodity | Point to which commodity is traceable | Countries/areas to which this traceability point applies | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|--|
| Timber products | Tree plantation | Brazil | 100 |

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

| | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|---|---|
| Timber products | Yes | 91 |

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

% of total production/consumption volume certified

91

Form of commodity

Hardwood logs

Softwood logs

Volume of production/ consumption certified

4,423,187

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This figure represents the percentage of wood produced in our forests in Brazil and Colombia that was FSC-certified in 2022. Most of this volume was used in our own fiberboard factories.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

| | A system to control, monitor or verify compliance |
|-----------------|---|
| Timber products | Yes, we have a system in place for our no conversion and/or deforestation commitments |

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations

Supply chain

Description of control systems

Direct operations: Dexco is an FSC member, and as such has the commitment not to convert any natural forest into plantations or any other land use. As part of our annual surveillance audits to maintain our FSC Forest Management certification, we must show compliance to this requirement, with greater detail for the areas that are being included into the certified scope. The assessment and monitoring of these areas are made initially through satellite imagery and, if necessary, field visits. Supply chain: According to our Responsible Forest Management Internal Standard, we do not buy wood from areas being converted. Through our due diligence system for wood procurement, we visit all our suppliers in field audits and one of the assessed points is the presence of deforestation or conversion. If any of these are found on the area, the supplier is immediately suspended.

Monitoring and verification approach

- Geospatial monitoring tool
- Ground-based monitoring system
- First-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

- Suspend & engage
- Exclude

% of non-compliant suppliers engaged

Procedures to address and resolve non-compliance with suppliers

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance
- Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
- Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

If a supplier is found not to be complying to our due diligence system requirements, it can be suspended according to the relevance of the issue. Evidence of deforestation is enough for the automatic suspension. After a supplier is suspended, corrective actions are jointly defined by Dexco and the supplier in order to solve the problems with established deadlines. If the issue is resolved, it can be allowed to be a Dexco supplier again, otherwise it will be still suspended. If many other problems are found during the audit, the supplier can be excluded. After a desk audit for supply homologation, an initial field audit is conducted in every new supply area. There must be a field audit every 18 months in every supply

area. In 2022, no suppliers were suspended, but we had 1 indirect supplier excluded due to health, safety and labor-related documentation issues. No issues related to conversion or deforestation were found.

F6.5

(F6.5) Indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code, and provide details of your methods and progress.

| | Do you collect data on this indicator? | Percentage compliance with indicator | Method(s) for collecting data | Frequency of collecting data |
|--|--|--------------------------------------|--|-------------------------------|
| % of owned and/or managed properties registered on the Rural Environmental Registry (CAR) database, with active status | Yes | 100% | CAR database Internal monitoring | More frequently than annually |
| % of owned and/or managed properties with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit | Yes | Data not available | CAR database Internal monitoring | Not defined |
| % of owned and/or managed properties with signed Terms of Commitment of the Environmental Regularization Program (PRA) | Yes | 91-99% | CAR database Internal monitoring | More frequently than annually |
| % of owned and/or managed properties with no gross deforestation after July 2008 | Yes | 100% | Satellite imagery Internal monitoring | Annually |
| % of suppliers registered on the Rural Environmental Registry (CAR) database, with active status | Yes | 100% | CAR database Supplier audits | More frequently than annually |
| % of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit | Yes | Data not available | CAR database Supplier audits | More frequently than annually |
| % of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA) | Yes | Data not available | CAR database Supplier audits | More frequently than annually |
| % of suppliers with no gross deforestation after July 2008 | Yes | Data not available | CAR database | Not defined |



| | | | | |
|--|--|--|-------------------|--|
| | | | Satellite imagery | |
|--|--|--|-------------------|--|

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

| | Assess legal compliance with forest regulations |
|-----------------|---|
| Timber products | Yes, from both suppliers and owned/managed land |

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Dexco has many systems to ensure full compliance with all applicable laws. We have a corporate compliance department which conducts internal audits, independent from the business divisions, both for environmental and health/safety issues. Within the forestry division, we have a system in place to monitor all environmental and health/safety applicable legislation, with frequent verification of conformity and registration of compliance evidence. In Brazil, 94.7% of our own and leased areas are FSC-certified, which includes annual third-party audits on, among other criteria, legal compliance. In Colombia, 82.1% of our forests are certified under the scope of FSC. It is important to mention that the forest management activities on certified and not yet certified areas are completely the same in both countries. All our procedures and control systems apply to all of our areas, regardless of certification. Therefore, we cover 100% of our areas.

In Brazil, our due diligence system was designed to assess our suppliers on their compliance on several issues: land tenure, workers' rights, environmental laws (Forest Code included, such as our requirement for CAR registration), health and safety, training, tax payments. We also require our suppliers to show us compliance certificates from government agencies, such as Ibama (federal environmental agency), states' environmental agencies, federal and state tax bureaus, Labor Justice, Labor Attorney General and Ministry of Labor. In addition to desk audits, we also do field audits in all our suppliers to ensure legal compliance. These procedures allow us to ensure all our suppliers' conformity with the

law. In Colombia, the wood that comes from third parties requires an agreement number to enter each of the plants. To create this agreement, each of the third parties is required to send the plantation registration document, which is a document in which the competent authority certifies that the forest plantation corresponds to a planted forest, certifies its ownership, and specifies: owner, location, species, area and volume. This document is issued by the competent authority, in this case the Ministry of Agriculture and Rural Development with delegation to the Colombian Agricultural Institute ICA or, as the case may be, the Regional Autonomous Corporation.

Country/Area of origin

- Brazil
- Colombia

Law and/or mandatory standard(s)

- General assessment of legal compliance
- Brazilian Forest Code
- Other, please specify

Decree 1791 of 1996 article 70: Registration of forest plantations (Colombia); Resolution 438 of 2001, "The Single National Safe-conduct is established for the transport of wood" (Colombia)

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

| | Are you working with smallholders? | Type of smallholder engagement approach | Smallholder engagement approach | Number of smallholders engaged | Please explain |
|-----------------|------------------------------------|---|---------------------------------------|--------------------------------|---|
| Timber products | Yes, working with smallholders | Supply chain mapping | Offering on-site technical assistance | 224 | We approach smallholders with our forest fostering program. Through this program we can reach smallholders that are located |

| | | | | | |
|--|--|--|---|--|--|
| | | Capacity building Financial and commercial incentives | and extension services Paying higher prices linked to best agricultural practices Financial incentives for certified products | | nearby our factories and establish a partnership with them, where we supply seedlings and technical assistance for them to plant forests. In 2022 we had 224 smallholders enrolled in this program through 626 contracts. As part of the fostering contract, Dexco is the preferred buyer of the production. The cost of seedlings is then discounted from the timber sales price. This program helps smallholders to diversify their income, reducing their dependency on the sale of agricultural goods. Regardless of being a participant of the fostering program, all suppliers must be assessed according to our due diligence system in order to be able to sell timber to our factories. These assessments include desk and field audits to ensure compliance with laws and other commitments. In 2019 we began our process of helping some of our smallholder suppliers to get FSC-certified by the end of 2020, with the help of external consultants experts on smallholder certification. Over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements and we expanded the certified group in 2021 and 2022, covering 52,4% of all our fostered area. In addition to the technical assistance, we also pay an extra for certified wood to the members of the group. |
|--|--|--|---|--|--|

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Financial and commercial incentives

Details of engagement

Supplier questionnaires on environmental and social indicators

Developing or distributing supply chain mapping tool

Supplier audits

Offering on-site training and technical assistance

Organizing capacity building events

Description of engagement

We work with our direct suppliers through the due diligence system that is in place for wood procurement in Brazil. For all non FSC-certified wood used in our productive processes, all suppliers and sub-suppliers must be evaluated through desk and field audits, covering 100% of all suppliers and supply units (forests). These audits ensure no deforestation or conversion of natural ecosystems is in place as well as compliance with laws and commitments. In 2022, 157 field and desk audits were conducted in all our 35 suppliers, which resulted in the exclusion of one sub-supplier. This sub-supplier was engaged to establish a roadmap to enable them to sell wood to our supplier. This exclusion was not related to any deforestation, but instead to occupational health, safety and labor-related documentation.

Most of our suppliers in Brazil are smallholders that are part of our forest fostering program, which engagement actions are detailed in F6.7. Regardless of their size, all suppliers must go through our due diligence system for wood procurement, with assessments include desk and field audits to ensure compliance with laws and other commitments. In addition to the continuous support provided to the group of certified suppliers

through a consultancy financed by Dexco, we also pay higher prices for the certified wood from these members. As part of this certification effort, since 2019 we host public meetings (at least yearly) where the fostered producers interested in joining the certified groups are invited to know more about certification requirements and the benefits of this program.

% of suppliers engaged by procurement spend covered by engagement

100

Explain the impact of your engagement on the selected action

As a practical result of this program, we have been able to maintain the FSC chain of custody certification in our Brazilian fiberboard factories, allowing us to sell certified products. Also, as we engage with 100% of our suppliers of non-certified wood, we have full traceability and can ensure no deforestation or conversion of natural ecosystems is happening in our supply chain.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Meta 2/Target 2

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping
Capacity building

Details of engagement

Supplier questionnaires on environmental and social indicators
On-site meetings with indirect suppliers
Supplier audits

Description of engagement

As part of our due diligence system for wood suppliers in Brazil, we have the same requirements for first-tier suppliers (direct suppliers) as for second-tier suppliers (sub-suppliers). Most of the wood procured by Dexco comes from direct suppliers, but in cases we buy wood sub products (chips, for example) we assess all the sub-suppliers of our suppliers like they are our own suppliers. In 2022, Dexco procured wood from 6 sawmills and all their suppliers were assessed against our due diligence system through both desk and field audits. If the any issues are found in these audits, we work with the sub-supplier to build an action plan to fix the problems.

In 2022, 157 field and desk audits were conducted in all our 35 suppliers, which resulted in the exclusion of one sub-supplier. This exclusion was not related to any deforestation, but instead to occupational health, safety and labor-related documentation and procedures. In this case, the issues identified were presented to the person responsible for the supply unit during the field audit and also shared with our direct supplier. As the issues were being found on the ground, guidance to resolve them was given by Dexco to the sub-supplier during the audit. We also engaged with our direct supplier to ensure physical separation of any wood from this sub-supplier and avoiding any mixing with materials bought by Dexco.

Explain the impact of your engagement on the selected action

As a practical result of this program, we have been able to maintain the FSC chain of custody certification in our Brazilian fiberboard factories, allowing us to sell certified products. Also, as we engage with 100% of our suppliers of non-certified wood, we have full traceability and can ensure no deforestation or conversion of natural ecosystems is happening in our supply chain.

Does this engagement contribute to achieving a reported target?

No

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

| Do you engage in landscape/jurisdictional approaches? | |
|---|--|
| Row 1 | Yes, we engage in landscape/ jurisdictional approaches |

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

| | Criteria for prioritizing landscapes/jurisdictions for engagement | Explain your process for prioritizing landscapes/jurisdictions for engagement |
|-------|--|--|
| Row 1 | Ability to contribute to/ build on existing landscape and/or jurisdictional approaches Company has operational presence in area Response to voluntary sectoral agreement | Since 2020 Dexco is part of São Paulo Forest Forum (FFSP), which is the regional representative of the Brazilian Forest Dialogue. With 58% of our forest areas in Brazil located in São Paulo state, it makes sense for us to engage on this forum. In 2021, an initiative for constructing a land use dialogue through participative sustainable landscape planning (known as LUD-P3S) was launched within the Forum, with its activities held throughout 2022. |

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Landscape/Jurisdiction ID

LJ1

Country/Area

Brazil

Name of landscape or jurisdiction area

São Paulo state (cities of Itatinga, Botucatu, Pardinho and Bofete)

Types of partners engaged in the initiative design and implementation

Subnational government

National civil society organization(s)

Local civil society organization(s)

Local forest/rural associations

National/local company(ies)

Academics/ researchers

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Funder: Provides full or partial financial support

Goals supported by engagement

Natural ecosystems conserved and/or restored

Decreased ecosystem degradation rate

Improved capacity for community engagement in multi-stakeholder processes

Increased adoption of sustainable production practices (e.g., input use efficiency and water management practices)

Improved and/or maintained soil health

Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative

Collaborate on landscape sustainability assessments through participatory mapping
Help establish a transparent governance platform responsible for managing the initiative and its activities with clear roles, responsibilities and balanced decision-making
Identify and act on opportunities for pre-competitive collaboration with your sector

Description of engagement

São Paulo Forest Forum (FFSP) working group for Land Use Dialogue and Participative Sustainable Landscape Planning (LUD-P3S). This is a group formed in 2021 within the FFSP to engage stakeholders on identifying the current state of environmental, social and economic aspects on the defined region, comprising the territories of Itatinga, Botucatu, Pardinho and Bofete. The main goal of this initiative is to discuss land use practices in the selected landscape to ensure they are adequate to regional characteristics, respecting cultural values, local species conservation and maintenance of aquifer recharge areas. The Forum convenes representatives from forest companies, universities and local organizations. The project is on its initial phase, with the scope dialogue being held on November 2021. Besides being a member of the São Paulo Forest Forum, Dexco is part of the consultive group which is developing the land use dialogue (LUD-P3S) project in São Paulo. Since the project still is on its initial phase, there were no investments in 2021. Our annual contribution fee to the FFSP in 2021 was BRL 12,000.

Engagement start year

2021

Engagement end year

Not defined

Estimated investment over the project period (currency)

39,655

Is a collective monitoring framework used to measure progress?

No, but we are planning to monitor progress in the next two years

State the achievements of your engagement so far, and how progress is monitored

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

| Indicate landscape/jurisdiction ID | Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume? | Commodity | % of total production/consumption volume from this landscape/jurisdiction |
|------------------------------------|---|-----------------|---|
| LJ1 | Yes, we do produce/consume from this landscape/jurisdiction, and we are able/willing to disclose volume data | Timber products | 5.7 |

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Brazil

Subnational area

Not applicable

Initiatives

Forest Stewardship Council (FSC)

Please explain

Besides being the first company in the Southern Hemisphere to become FSC-certified, Dexco is also a member of FSC Brazil and FSC International. In 2019, Dexco was elected to the Board of Directors of FSC Brazil until 2022, representing the Economic Chamber. Since January/2022, the Dexco designated representative is also the Chairperson of the BoD and President of FSC Brazil. Considering our certification targets established in our Sustainability Strategy, it is relevant for Dexco to participate on the governance of the FSC system in Brazil, contribution to value generation and brand recognition of this certification scheme. Since we support our fostered partners to become FSC-certified, we want to strengthen this certification as much as possible to share this value with our suppliers.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Brazil

Subnational area

Not applicable

Initiatives

UN Global Compact

Please explain



As a signatory to the EU Global Compact, we take into account both the Ten Universal Principles and the Sustainable Development Goals in our strategy and operations. In the process of building the new Sustainability Strategy, we also sought to have an increased alignment with the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda. We elected five priority SDGs that include decent work (SDG 8), innovation (SDG 9), responsible production (SDG 12), climate action (SDG 13) and life on land (SDG 15) and indicate our main contributions that have already been made and aspirations to further intensify this compliance in the future.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Brazil

Subnational area

Not applicable

Initiatives

Please explain

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. 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, Iba 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.

Our participation in Iba is essential for us to keep up to date with trends and regulations in the sector, as well as the benchmark of best practices that occurs among participants.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Natural regeneration

Expected benefits of project

Compliance with certification

Compliance with regulation

Increase in carbon sequestration

Net gain in biodiversity and ecosystem integrity
Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

Brazilian Forest Code (Law 12651/2012) requires all rural properties to set aside at least 20% of their areas to conservation in Mata Atlantica, Cerrado and Pampa biomes. Therefore, Dexco had at the end of 2022 31.6% of its own and leased lands in Brazil set aside for conservation purposes (42.7 thousand hectares). In order to measure the environmental quality of these areas, we conduct biodiversity studies (every 3 years for fauna, every 5 years for flora) in some key plots that are representative of the remaining areas. For areas that were planted with eucalyptus and now are set aside for conservation, we have procedures in place to monitor the natural regeneration for at least 5 years in order to evaluate if further actions are needed.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2012

Target year

Indefinitely

Project area to date (Hectares)

42,742

Project area in the target year (Hectares)

42,742

Country/Area

Brazil

Latitude

-23.940794

Longitude

-47.73391

Monitoring frequency

Annually

Total investment over the project period (currency)

0

For which of your expected benefits are you monitoring progress?

Increase in carbon sequestration

Reduce/halt biodiversity loss

Please explain

The 2012 beginning date is defined by the approval of the most recent Brazilian Forest Code. Dexco has been maintaining set aside areas for several years, dating back to the 70s. However, considering that many areas were acquired throughout the years, we chose the 2012 date for standardization. Since this is a continuous action already in place, we consider our conservation areas as the target. The coordinates are from one of our set aside areas, just for example. All our farms have set aside areas according to the law. Since the first biodiversity studies in the 70s, we have registered more than 2,600 species of native flora and fauna on these set-aside areas. Of these, 39 are classified by the IUCN as threatened with extinction (VU, EN and CR).

In 2022 these areas contributed for the removal of over 196 thousand tCO₂e. This number was audited by Ernest & Young.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F1. Current State

Data points verified

- OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS;
- SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY
- HABITATS PROTECTED OR RESTORED

Verification standard

GRI Standards, SASB, GHG Protocol

Please explain

These data points are reported in our Integrated Report and verified by a third-party, reinforcing transparency and credibility of the information.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Lack of regulatory control and enforcement from local governments

Comment

In Brazil, there is a widespread history of insufficient enforcement of environmental laws, including regarding conversion and deforestation. While by using only wood from planted forests we can greatly reduce our exposure to direct conversion or deforestation, areas for potential expansion might have been converted by third parties with no relation whatsoever to our operations or suppliers. That could pose difficulties to compliance with new regulations regarding deforestation, such as the EUDR, on these expansion areas.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment



To reach our goal and improve the supply chain, we promote the engagement of suppliers and fostered partners through actions focused on the forest chain and also through our supplier management program (GFD Program). Training is provided, questionnaires are applied and audits are carried out. As a result, the engagement of these suppliers is evaluated and recognized through our programs.

F17 Signoff

F-FI

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

 Integrated Report 2022 - Dexco.pdf

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

| | Job Title | Corresponding job category |
|-------|-----------|-------------------------------|
| Row 1 | CEO | 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 checked="" type="checkbox"/> | I understand that my response will be shared with all requesting stakeholders | Response permission |
|-------------------------------------|---|---------------------|



| | | |
|---------------------------------------|-----|--------|
| Please select your submission options | Yes | Public |
|---------------------------------------|-----|--------|

Please confirm below

I have read and accept the applicable Terms