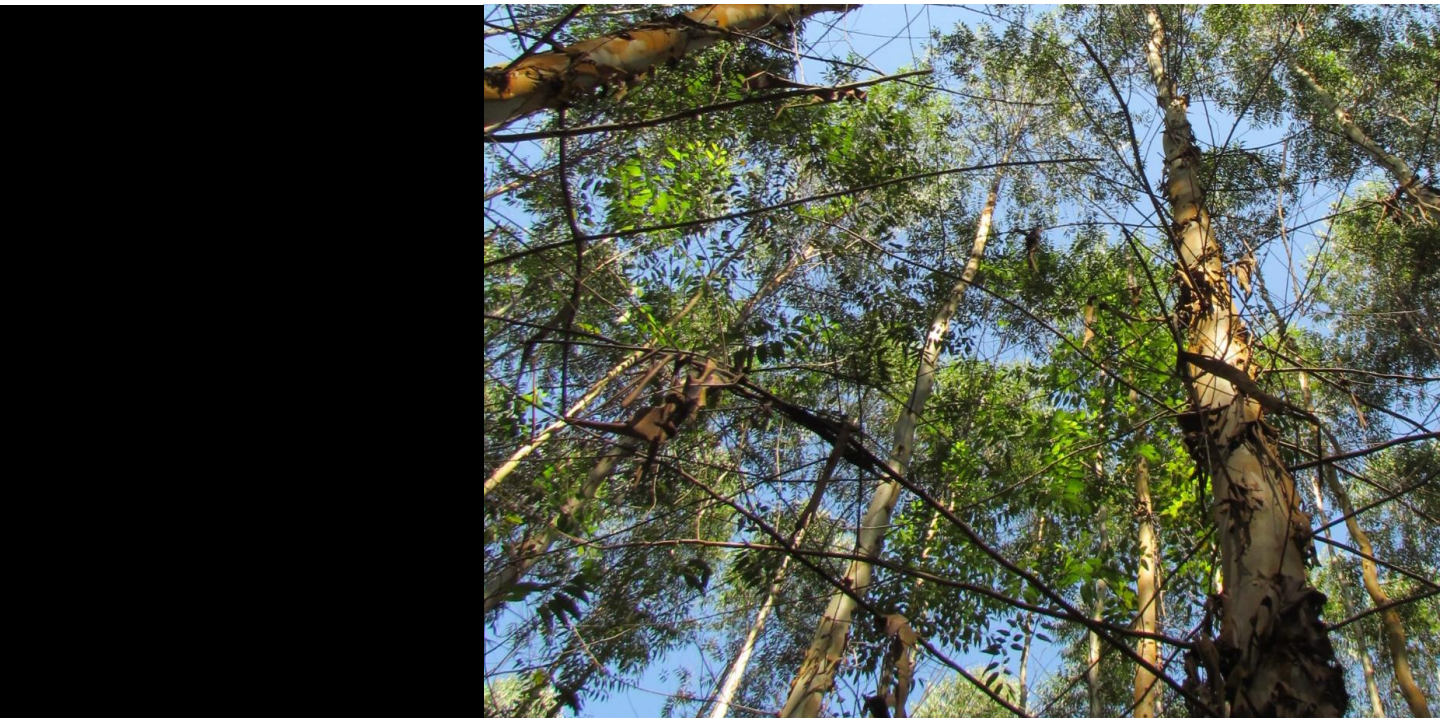


# Climate-Related Risks and Opportunities Report

**DEXCO**

2022



# Dexco aims to be aligned with TCFD's recommendations on climate-related financial disclosures.

We support the objectives of the Task Force on Climate-Related Financial Disclosures – TCFD to clearly disclose the potential implications of climate change on the Company's financial performance.

This document provides an overview of our assessment, in line with TCFD disclosure recommendations.

Additional details and contextualized information can be found at Dexco's ESG Portal (<https://www.dex.co/esg/>) and in the documents mentioned in each of the recommendations.

The logo for the Task Force on Climate-Related Financial Disclosures (TCFD), consisting of the letters 'TCFD' in a bold, blue, sans-serif font.

TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



## TCFD Recommendations

Our disclosures are consistent with the TCFD Recommendations and Disclosures. We understand that we adhere to 6 of the 11 recommended disclosures.

Below is a summary of the status of our adherence, along with page references in this report where relevant disclosures can be found.

TCFD Recommendations	Adherence	Page
<b>Governance</b>		
A. Describe the board's oversight of climate-related risks and opportunities	Yes	4
B. Describe management's role in assessing and managing climate-related risks and opportunities	Yes	5
<b>Strategy</b>		
A. Describe the short, medium and long-term risks and opportunities related to climate change.	Partial	5
B. Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	Partial	8
C. Describe the resilience of the organization's strategy considering different climate change scenarios, including a 2°C or less scenario.	Partial	9
<b>Risk management</b>		
A. Describe the organization's processes for identifying and assessing climate-related risks	Yes	9
B. Describe the processes used by the organization to manage risks related to climate change.	Yes	9
C. Describe how the processes used by the organization to identify, assess and manage risks related to climate change are integrated into the organization's overall risk management.	Yes	10
<b>Metrics and targets</b>		
A. Inform the metrics used by the organization to assess climate-related risks and opportunities in accordance with the risk management strategy and process.	Partial	11
B. Report Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse (GHG) gas emissions and the risks related to them	Yes	12
C. Description of the target used by the organization to manage climate-related risks and opportunities, and performance related to the targets.	Partial	12

# GOVERNANCE



Disclose the organization’s governance on risks and opportunities related to climate change.

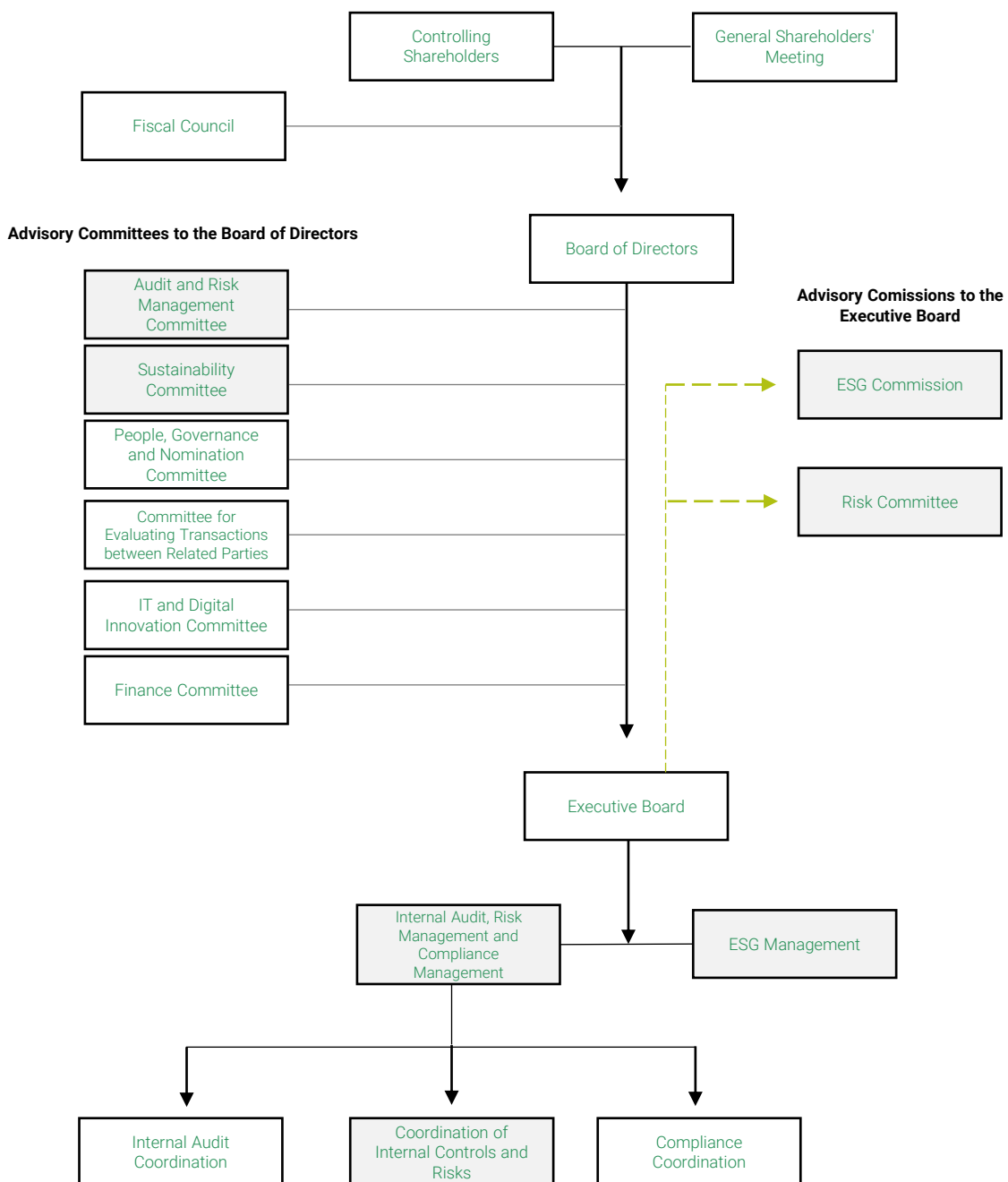
## BOARD OF DIRECTORS' SUPERVISION ON CLIMATE RISKS AND OPPORTUNITIES

Dexco's Board of Directors is involved in the supervision and management of issues related to climate change, assisted by the Company's Sustainability Committee. The Sustainability Committee, in turn, in addition to a periodic climate-related agenda, has as one of its responsibilities, to take, at least annually, its agendas to the Council level, as defined in the Sustainability Committee Regulations. It is also up to the Board of Directors and Sustainability Committee to discuss and approve Dexco's Sustainability Strategy, which sets out the targets set by the Company, including those related to climate change.

The Sustainability Committee plays an active role in defining priority themes (including those relating to climate change), defining the strategic positioning of business units, defining performance measures and incorporating sustainability as a transversal theme within the company. The Committee president and the ESG manager are responsible for communicating and discussing sustainability topics with the Board of Directors, which include climate issues.

Furthermore, Dexco confirms the relevance of the topic for the organization by indicating in its ESG Policy the need to “constantly map and evaluate business risks, vulnerabilities and opportunities in the face of climate change, act to mitigate greenhouse gas emissions and adopt measures to adapt mechanisms to their impacts.” Furthermore, the Internal Controls and Risk Management System Policy establishes that such a system “must enable the monitoring of social, climate and corporate integrity aspects (...)”. Both policies are approved by the Board of Directors.

### Governance Structure<sup>1</sup>



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

## DESCRIBE THE ROLE OF ADMINISTRATION IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES.

At Dexco, the Executive Board is involved in climate discussions in many instances. Furthermore, the topic is driven by the Human Resources team, responsible for deliberating on issues related to the establishment of corporate targets, as well as providing incentives to employees (variable remuneration influenced by individual leadership targets), ensuring the link and evolution of the topic together with the performance of Dexco employees. Regarding Dexco's Sustainability Strategy, it is the Executive Board's responsibility to outline clear objectives and action plans that will enable the Company to achieve the targets established in 2021.

As an organization committed to ensuring the sustainable growth of its business, Dexco also has an ESG executive management, with established and distinct lines of action, and which is responsible for conducting the assessment of climate-related risks and opportunities at Dexco and supporting the construction of actions and initiatives for its management. The environmental management of our production activities involves the periodic reporting of performance indicators, which cover our main results in water and energy efficiency and management of materials, waste and emissions.

These results serve as the basis for integrated strategic planning and the assessment of improvement opportunities, based on the analysis of external scenarios, materiality and market indicators. Our Sustainability Strategy establishes specific objectives for the topic of climate change, discussed at Board level and covering all our business units.

### Additional Documents

- [Internal Regulations of the Sustainability Committee](#)
- [CDP Climate 2023 C1.1b and C1.2](#)
- [ESG Policy item 9: Production Processes and Operations](#)
- [Integrated Report 2022](#)

# STRATEGY

Disclose the real and potential impacts of risks and opportunities related to climate change on the organization's business, strategy and financial planning.

## DESCRIBE THE SHORT, MEDIUM AND LONG TERM RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

Dexco has identified certain climate-related risks with the potential to materially impact its business financially or strategically. Internally, the time horizon related to a risk or opportunity considers: a) short term: considers a horizon of up to 3 years; b) medium term: from 3 to 15 years; and c) long term: considers that longer than 15 years, especially for forest management activities. All scenarios consider not only immediate actions, but also those that lead to prolonged results, such as actions that can begin in the present or in a future close to the defined one, and whose impacts can be extended until the determined horizon. The risks and opportunities reported in this document are those considered to be most relevant for the Company. The full assessment is available on the climate risk map.

SHORT TERM UNTIL 3 YEARS

MEDIUM TERM 3 TO 15 YEARS

LONG TERM 15 YEARS OR MORE

### Additional Documents

- [CDP Climate 2023 C2.1a, C2.3, C2.3a, C2.4 and C2.4a](#)
- [Reference Form](#) 1.7 Relevant revenues in the issuer's home country and abroad; 4.1 Description of risk factors; and 4.3 Description of the main market risks
- [Integrated Report 2022](#)
- [Climate Risks Map](#) (Document available only in Portuguese.)



## Main climate-related risks and opportunities

Type of risk	Transition Risk – Emerging Regulation
<b>Risk</b>	<b>Emerging carbon regulation and pricing mechanisms</b>
Potential impact	Increase in direct costs
Time horizon	Short term
Probability	Very likely
Impact magnitude	Low-medium
Estimated financial impact (R\$)	R\$ 10.2 million – 17.1 million
Explanation of financial impact	In Brazil, despite the current absence of an established regulation on a taxation system or carbon market, these mechanisms are increasingly closer to being materialized, especially considering the implementation of the Paris Agreement Article 6 by the signatory parties. The transition to a scenario where greenhouse gas emissions are charged could impact our production costs, causing them to increase, especially if there is no opportunity to offset or sell the carbon captured by the forest base that the Company owns. Considered a tax range per ton emitted between USD 6 and 10. Scope 1 and 2 emissions of 2022 from operations in Brazil were considered, without considering removals in our forests.
Cost of responding to risk	ESG and Institutional and Government Relations team costs
Mitigation and adaptation measures	Monitoring the development of legal mechanisms through the ESG and Institutional and Government Relations teams; investments in eco-efficiency improvements in processes.

Type of risk	Chronic physical risk
<b>Risk</b>	<b>Water scarcity and droughts</b>
Potential impact	Reduction in revenue due to lower production capacity
Time horizon	Mid-term
Probability	Very likely
Impact magnitude	Low
Estimated financial impact (R\$)	R\$31.2 million
Explanation of financial impact	Any loss of forest productivity due to water scarcity could affect the availability of wood for panel factories, which could compromise their production capacity. The reduction in wood available on the market due to lower productivity may cause an increase in its price, which may impact the production cost of the panels. In manufacturing units, prolonged drought situations can impact the availability of water for the operation of factories, especially those that do not have their own water source (using water from the public supply network, for example). This may lead to the need to stop some processes until supply normalizes. Furthermore, with less water availability, there is a tendency for its cost to increase, either from utilities companies or through mechanisms for charging the use of water for underground and surface abstractions. Value calculated based on the EBITDA of the forestry division, reducing a percentage of the estimated loss of eucalyptus productivity due to extreme weather events, according to literature and covering forests located in regions most exposed to such events. The accumulated financial impact of 10 years was brought to present value.
Cost of responding to risk	Genetic improvement program costs
Mitigation and adaptation measures	Meteorological indicators are maintained by the forestry area, allowing history to be monitored and trends to be established. Possible impacts on forest productivity can be monitored through the continuous forest inventory (IFC) and monitoring of volumes of harvested wood. The forest genetic improvement program has as one of its objectives the development of materials with plasticity characteristics, giving forests greater capacity to adapt to climate scenarios of water scarcity. For manufacturing units, a water risk study is scheduled for 2023, aiming to identify the units that are most exposed to this risk.

Type of risk	Acute physical risk
<b>Risk</b>	<b>Forest Fires</b>
Potential impact	Reduction in the value of assets or their useful life, leading to depreciation, unusability or discontinuation
Time horizon	Short term
Probability	Very likely
Impact magnitude	High
Estimated financial impact (R\$)	R\$ 233.1 million
Explanation of financial impact	The occurrence of fires can affect the availability of wood for manufacturing operations, although it is possible to use wood from most fires. The cost of fire prevention and fighting operations tends to increase as the possibility of fire occurrence increases, as well as the safety risks of employees involved in the fight. In the event of an extreme increase in the occurrence and intensity of forest fires in one of Dexco's operating locations, there is the possibility that forest management will become unfeasible due to the high costs of prevention and combat and/or impacts on wood production, for example. This could lead to greater demand for market wood, expansion of planting areas, for example. Consequently, the operation of a panel factory could be compromised. The exposure of other businesses to this risk is low, as the factories are not located in forest areas and do not use forest products as raw materials.
Cost of responding to risk	Costs of forest protection and heritage surveillance activities
Mitigation and adaptation measures	All occurrences of forest fires are recorded and the information is made available on a panel published by the Forest Protection area, allowing continuous monitoring. The reports include the financial impacts of each fire, when significant (volume of wood lost). The forest area has a structure for continuous monitoring of forests, allowing the timely activation of resources to fight fires. Climatic conditions are monitored to estimate the risk of fires, enabling the adequate provision of firefighting structures and prevention actions.

Type of risk	Markets
<b>Risk</b>	<b>Debt issuance with an ESG bias</b>
Potential impact	Greater access to capital
Time horizon	Short term
Probability	Very likely
Impact magnitude	Low
Estimated financial impact (R\$)	R\$ 14.3 million
Explanation of financial impact	ESG credit operations are growing significantly in Brazil and around the world. In 2021, the volume of debt securities with ESG attributes was a world record and reached almost US\$1 trillion, while estimates indicate that a new record should be reached in 2022, with US\$1.35 trillion in sustainable securities, according to calculations by Moody's. This number represents double the number issued in 2020 and a 36% growth over the 2021 total, considering all types of ESG debt, from green bonds to bonds linked to sustainability. There is evidence that green or ESG loans have a premium ("greenium") over traditional operations. The value of the potential financial impact was calculated based on Dexco's total debt and the average term, taking into account a 0.2 p.p. reduction in the cost of debt. Impact over 10 years brought to present value.
Cost to fulfill the opportunity	0
Strategy for realizing the opportunity and explanation of costs	Analysis being carried out internally with our own team, so the cost was considered zero. The costs related to debt issuance could be part of the other costs of raising funds.



## DESCRIBE THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANIZATION'S BUSINESS, STRATEGY AND FINANCIAL PLANNING

Dexco's climate strategy encompasses actions aimed at limiting the increase in global temperature to 1.5°C, which bring together elements considered essential for an adequate transition plan. Our scope 1, 2 and 3 emissions inventory is prepared following the GHG Protocol standards and, in addition to being publicly available, is audited annually by a third party. In 2021, we launched the Company's 2025 Sustainability Strategy, which includes emissions reduction targets which are based on science. Emissions from all our business units are measured and monitored monthly, along with other environmental performance indicators. Regarding governance, the president of our Sustainability Committee is also an independent member of the Board of Directors and has the necessary skills to deliberate on climate-related issues. This Board member participates in all Committee meetings, in which, in addition to decision-making, there are also discussions and presentations of topics relevant to sustainability (including climate issues) and their connections with Dexco's strategic planning. Furthermore, he is assisted by a sustainability expert, who is also a member of this Committee.

In a scenario of climate change intensification, Dexco has assessed what the consequences of different levels of temperature increase could be in relation to rain, extreme temperatures, droughts and wind regimes on the Company's operations. Such transition scenario studies helped us estimate the quantitative impacts of these possible changes. In 2022, we carried out financial modeling of the mapped risks and opportunities and cross-referenced climate risks with the Company's official risk map. After carrying out this study, we were able to prioritize the most critical risks and the most relevant opportunities. Once identified, these risks became drivers for internal analyzes and strategic decision-making, such as possible improvements to infrastructure and control measures in our operational units. As a result of analyzing the combined scenarios, we identified the two most critical risks: forest fires and droughts. We also identify other risks and opportunities with the potential for lower financial impacts, such as the issuance of green bonds, the development of new products from renewable raw materials to replace climate-intensive sources (plastic and concrete, for example), increased insurance premiums for higher levels of GHG emissions and restrictions in certain markets. This analysis supported the prioritization of our actions, aiming to reduce our exposure to climate risks and be prepared to capture future climate-related opportunities. As an example of a tangible action, the results reaffirmed the need to maintain investments in our decades-old genetic improvement program in our forestry activities to be better prepared for the environmental conditions to which our forests may be exposed as a result of climate change.

Dexco has also explored climate-related risks and opportunities in its product and service strategy – thinking mainly about the correlation that products supplied by its Construction Finishes Division have with water and waste consumption – in the supply chain, which is identified as an important factor for the stability of manufacturing and forestry operations; and in investments made in Research and Development (R&D), to understand the impacts of the use of natural resources, the influence of climate seasonality and the sustainability of planted forests. Regarding operations, Dexco's investments in equipment adaptations and fuel replacement led to operational adjustments in some production lines and changed the demand for certain types of materials. Furthermore, the Company has used such scenario analyzes to carry out investments and divestments, in addition to considering environmental factors in all its studies for mergers and acquisitions, in addition to strengthening its Socio-Environmental Program. This initiative focuses on standardizing and disseminating our socio-environmental policies, practices and systems for businesses acquired over a period of 2 years, mapping environmental risks and impacts, including issues related to greenhouse gas emissions.

In Colombia, we can see the advancement of a regulated carbon market, which positively affects the Company's revenues. Since implementing this market, we have already accumulated revenues of around USD 3.9 million. In 2020, the quantification of carbon credits was not updated, however, in 2021 they were quantified at 597,466 credits. Of this total, 200,000 credits were negotiated, resulting in revenues of approximately USD 824,000.

In 2022, we will continue our studies to improve the accounting of carbon capture and carbon reservoirs/sinks, in order to improve our carbon balance methodology. In Brazil, to stay up to date with discussions related to new carbon regulations, Dexco has been following, with the participation of its ESG and Institutional and Governmental Relations (RIG) teams, relevant sectoral entities, such as the CNI (National Confederation of Industry), IBÁ (Brazilian Tree Industry), keeping up to date and contributing to the processes of formulating public policies related to the topic, as well as being aware of the risks and opportunities that may arise with new regulations.

### Additional Documents

- [CDP Climate 2023](#) C3.1, C3.2b, C3.3 and C3.4
- [Sustainability Strategy 2025](#)
- [Integrated Report 2022](#)



DESCRIBE THE RESILIENCE OF THE ORGANIZATION'S STRATEGY, CONSIDERING DIFFERENT CLIMATE CHANGE SCENARIOS, INCLUDING A SCENARIO OF 2°C OR LESS.

Dexco uses climate-related scenario analysis to inform its strategy in a qualitative and quantitative way. To cover the analysis of climate scenarios for the entire Company, Dexco uses different approaches: for the transition scenario, the analysis is the alignment of the 1.5°C temperature scenario, and for the survey of transition risks and opportunities, the study considered the advancement of the transition to a low-carbon economy as a global response to the threat of climate change. The effort aims to maintain global warming at a maximum of 1.5° C above pre-industrial levels, in line with the global commitment defined in the Paris Agreement. The objective of the study was to identify the Company's exposure to the four categories of climate transition risks (Regulatory and legal, technological, market and reputation) defined by the TCFD.

Considering the particularities of Dexco's activities, the study presented a qualitative analysis of risks from a sectoral and geographic perspective. Based on documentary research in public sources, proxies were developed to estimate the magnitude of the financial impact, the probability of occurrence and the materialization horizon of each identified risk. The risks and opportunities identified were classified on a criticality scale and the most critical were analyzed quantitatively through calculations based on the company's financial parameters such as market value and discount rate. Related to physical climate scenarios, for the assessment of physical risks (acute and chronic), the HadGEM and MIROC climate experiments with regional ETA model were the main sources of information used, with an average time horizon (2040/2070) and number of rounds of future simulations (RCPs 4.5 and 8.5). Climate scenario simulations were carried out for each city where there are Dexco industrial units, pointing out the specific physical climate risks that could interfere with the company's operations and chain.

**Additional Documents**

- o [CDP Climate 2023](#) C3.2 and C3.2a

# RISK MANAGEMENT



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

DESCRIBE THE ORGANIZATION'S PROCESSES TO IDENTIFY AND ASSESS CLIMATE-RELATED RISKS

In its process of identifying and analyzing climate-related risks and opportunities, Dexco carried out, in 2021, an assessment of climate risks (physical and transition) and opportunities and their financial implications for the organization in the short, medium and long term. The project was led by the ESG and Risk Management areas, and included a first stage that consisted of holding a workshop on climate risks and TCFD with the leaders and focal points of the Business Divisions. In 2022, we deepened the assessment with financial modeling of the mapped risks and opportunities and the cross-referencing of climate risks with Dexco's risk score card. The time horizons considered were short, medium and long term, and each risk and opportunity was classified considering its probability of realization. They were then classified on a scale of financial magnitude to identify criticality, which is revisited annually.

DESCRIBE THE PROCESSES USED BY THE ORGANIZATION TO MANAGE RISKS RELATED TO CLIMATE CHANGE

Dexco continuously manages risks and ensures compliance with the Risk Policy through a structure that includes a dedicated Internal Audit and Risk Management area, Internal Controls, as well as an Audit and Risk Management Committee. At the executive level, the Executive Committee evaluates and monitors the risks involved in operations and activities, reporting bimonthly to the Audit and Risk Management Committee. The risk area has continuous monitoring of all the company's risks and the information is available on a risk management dashboard, which is updated frequently. Dexco's environmental and social risk review occurs every two years. The risks also include climate change as a material topic and are reviewed according to trends in new legal requirements, market demand, investor demand and sustainability indices, among other aspects, involving business and industrial management. Every action plan is periodically monitored by the Internal Controls area to follow their implementation.

## DESCRIBE HOW THE PROCESSES USED BY THE ORGANIZATION TO IDENTIFY, ASSESS AND MANAGE RISKS RELATED TO CLIMATE CHANGE ARE INTEGRATED INTO THE ORGANIZATION'S GENERAL RISK MANAGEMENT

To assess the company's general risks, including the analysis of socio-environmental risks, these are assessed according to their impact and vulnerability, following a methodology defined by an Independent Consultancy that supported Dexco in the process of reviewing its corporate risk matrix, a process that occurred in 2022. The impact consists of assessing risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, image, operational and legal damage. According to the impact, risks are classified as critical, high, medium and low. For vulnerability, the extent to which the company is exposed or unprotected to risk events is assessed, considering the frequency and/or recurrence of the event, the internal controls adopted and the response time to address the risk. Regarding vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as high and critical are always classified as considerable risks. Every two years the mapping of possible risks is reviewed and the degrees of criticality of the risks are reconsidered. Progress in implementing action plans is assessed by the Audit and Risk Management area.

Climate risks are divided in:

- Current regulation
- Emerging Regulation
- Technology
- Legal
- Market
- Reputation
- Acute physical
- Chronic physical

## Types of climate-related risks and opportunities considered in the analysis

**Current Regulation & Legal:** Dexco has a consultancy that provides services related to mapping and updating legislation relating to the environment (and health and safety at work), in order to detect at a local level, in each operational site, relevant legislation issues, including regulations related to water and climate. This service includes a digital platform that assists in managing applicable legal requirements and selecting evidence to comply with this legislation. In addition to external consultancy support, updates and notifications are published internally from the company's Legal Department ("Legal Flash") on new legislation, including environmental issues. There are no climate risks for Dexco arising from current legislation.

**Emerging regulations:** Any updates arising from emerging regulations are identified using the tools mentioned above. Legislative and regulatory trends are monitored by Dexco's legal, institutional and government relations, environmental and ESG areas. The identification of potential changes in the price and taxation structure related to water and climate can also occur through participation in meetings of Government Councils related to the Environment and Working Groups in entities such as IBÁ - Indústria Brasileira de Árvores, an important entity with a prominent role in discussions related to climate change and water, especially in the forestry sector. An example of the risks of regulatory trends assessed by Dexco are public policies and government changes that can lead to changes in processes and requirements, increasing costs and potential taxes on emissions. Another risk assessed is the implementation of a possible carbon pricing market, without taking into account carbon removals from forests planted in the national territory

**Technology:** Dexco has invested in and implemented clean energy systems in recent years, mainly between 2015 and 2018. In 2017, we began operating a new biomass energy generation plant in Agudos (SP), replacing natural gas. These investments in new technologies have allowed an increase in the use of biomass in our energy matrix. The risk is mapped, but is not relevant due to all the company's efforts on this topic: in 2022, 55.6% of the energy used in our operations came from renewable sources. This percentage has decreased in recent years due to the incorporation of ceramic tile factories, whose energy matrix is considerably based on natural gas and coal. Since acquiring the factories, Dexco has been studying alternatives to make the matrix cleaner and, in 2021, a project that aimed to replace coal furnaces with wood pellets in 3 units of our Ceramic Tiles division was discussed by the Board of Administration and the Sustainability Committee. One of the risks assessed by Dexco in relation to the technology would be the lack of budgetary planning to further increase the use of renewable energy sources, in addition to the availability of the fuel on the market, however, as it is still in the study phase, this is still considered not relevant to the Company.

**Level of Demand:** Market and stakeholder demands are included in Dexco's risk analysis. Dexco gathers inputs and assessments through interviews with company executives and external stakeholders (especially investors, customers and opinion makers), in addition to studies and documents produced by organized civil society organizations. The risks identified were not considered critical. Land use and forest management certification are constantly monitored by Dexco, in order to prevent risks related to market demands.

**Reputation:** The impacts on the reputation and image of each risk mapped by Dexco are evaluated and classified according to their criticality. The Legal and Compliance areas are directly involved in these assessments and risk classifications. One of the risks assessed by Dexco in this regard is the increase in greenhouse gas emissions or the implementation of a carbon-intensive process that could impact the company's image, in addition to posing a threat to the company's carbon balance (removals).

**Acute physical:** Flood and storm risks are considered for forestry units and manufacturing units. Physical controls were implemented in units that presented a risk of flooding. For example, in one of Deca's manufacturing units in the state of São Paulo this risk is no longer critical. For forestry units, the risks of blocking transport (wood transport, mechanization) and access to forests are considered.

**Chronic physical:** The chronic risk assessed is the change in climatic conditions in the areas where we manage forests and which may affect their productivity. As this is a risk that directly affects the continuity of our business and our production chain, we have a dedicated area to conduct our genetic improvement of our forests, serving as a tool for adapting to climate change. The genetic improvement of eucalyptus seedlings and the management of our forests are at the center of our investments in the Forestry Business. The improvement program is an important part of our forestry production process, having started in the 1960s and has constantly generated more productive genetic materials adapted to different climatic conditions. In recent years, different eucalyptus materials have been introduced in the regions where we operate, in an effort to enrich the genetic base and allow the production of trees in commercial plantations. In addition to high productivity, these materials may have characteristics related to resistance to pests, forest diseases and environmental stresses, such as droughts and extreme temperatures.

### Additional Documents

- [CDP Climate 2023](#) C2.1, C2.2, C2.2a
- [Reference Form](#) 4.1 Description of risk factors and 4.3 Description of main market risks
- [Integrated Report 2022](#)

# METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage risks and opportunities related to climate change whenever such information is relevant.

## REPORT THE METRICS USED BY THE ORGANIZATION TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES ACCORDING TO THE RISK MANAGEMENT STRATEGY AND PROCESS

In this section, Dexco seeks to list climate-related metrics to provide stakeholders with transparency into the Company's sustainability journey. The performance history in each of the metrics can be consulted in the 2022 Integrated Report.

Metric	Reference	Integrated Report 2022 (pages)
<b>Energy</b>		
Energy consumption within the organization	GRI 302-1	108, 109, 110
Energy consumption outside the organization	GRI 302-2	110
Energy intensity	GRI 302-3	110
Percentage of grid electricity	SASB CG-BF-130a.2	108, 109, 110
Percentage renewable	SASB CG-BF-130a.3	108, 109, 110
<b>Emissions</b>		
Direct greenhouse gas emissions (scope 1)	GRI 305-1	91, 92
Indirect greenhouse gas emissions (scope 2)	GRI 305-2	91, 92
Other indirect greenhouse gas emissions (scope 3)	GRI 305-3	91, 92
Greenhouse gas emission intensity	GRI 305-4	92
Emissions of ozone-depleting substances (ODS)	GRI 305-6	92, 93
<b>Water and effluents</b>		
Water catchment	GRI 303-3	96
Water disposal	GRI 303-4	97
Water consumption	GRI 303-5	97
<b>Materials</b>		
Materials used	GRI 301-1	98, 99, 100, 101
Raw materials or recycled materials used	GRI 301-2	102
Recovered products and their packaging	GRI 301-3	102, 106
<b>Biodiversity and land use</b>		
Protected or restored habitats	GRI 304-3	81, 82, 83, 84, 85
Total number of species included on the IUCN Red List and national conservation lists with habitats in areas affected by operations	GRI 304-4	85
Forest area owned, leased and/or managed by the entity	SASB RR-FM-000.A	75
<b>Waste</b>		
Waste generated	GRI 306-3	104, 105
Waste not destined for final disposal	GRI 306-4	104, 105
Waste destined for final disposal	GRI 306-5	104, 105

### Additional Documents

- [CDP Climate 2023 C4.2, C4.2a, C4.2b and C9.1](#)
- [Integrated Report 2022](#)
- [Status of the 2025 Sustainability Strategy – 2022 update](#)

## REPORT SCOPE 1, SCOPE 2 AND, IF APPROPRIATE, SCOPE 3 GREENHOUSE GAS EMISSIONS, AND THE RISKS RELATED TO THEM

To calculate Dexco's direct and indirect greenhouse gas emissions (tCO<sub>2</sub>e), the following were considered for the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs. The consolidation approach chosen for reporting emissions was operational control. For the calculations, the Climas System was used - a platform used by Dexco to manage socio-environmental indicators, based on the guidelines of the GHG Protocol Program.

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

### GHG emissions (tCO<sub>2</sub>e)<sup>2</sup>

Brazil and Colombia

Scope	2020	2021	2022
Scope 1	290.135,2	348.443,1	303.445,1
Scope 2	57.523,2	123.245,9	42.977,3
Scope 1 + Scope 2	347.658,5	471.689,0	346.422,5
Scope 3	82.675,1	101.761,4	100.823,3
<b>Total</b>	<b>430.333,5</b>	<b>573.450,4</b>	<b>447.245,8</b>

<sup>2</sup> - Includes emissions from operations in Brazil and Colombia, operational control approach (does not include Caetex or LD Celulose). Base value (reference) for the target: 615,034 tCO<sub>2</sub>e (scopes 1 + 2).

#### Additional Documents

- [CDP Climate 2023 C6.3, C6.5, C6.5a](#)
- [Integrated Report 2022](#)
- [Status of the 2025 Sustainability Strategy – 2022 update](#)

## DESCRIPTION OF THE TARGET USED BY THE ORGANIZATION TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES, AND PERFORMANCE WITH RESPECT TO THE TARGETS

Description	Target type	Base year	Target year	Target value	Metric	Coverage	2022 Result
<b>Reduce scope 1 and 2 emissions</b>	Absolute	2020 (composite baseline)	2030	-37%	tCO <sub>2</sub> e/year	Scopes 1 e 2	-44%
<b>Reduce emission intensity in RC</b>	Intensity	2020	2030	-15%	tCO <sub>2</sub> e/t	Scope 1, fixed sources	-23%
<b>Maintain a positive carbon balance</b>	Absolute	2020	2030	> 0	tCO <sub>2</sub> e	Accumulated net removals (2020-2030)	+ 1.6 million tCO <sub>2</sub> e

#### Additional Documents

- [CDP Clima 2023 C4.1, C4.1a e C4.1b](#)
- [Relato Integrado 2022](#)
- [Status da Estratégia de Sustentabilidade 2025 – atualização 2022](#)

# DEXCO

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## Credits



**Communication channel about this publication**

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**General Coordination of the project**

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Corporate Governance  
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