NO.70 RESPONSIBLE FOREST MANAGEMENT

Wood Division Operations Directorship
Integrated Management Systems and Training Management

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1. OBJECTIVE

To establish guidelines for responsible forest management at areas providing wood used by Dexco for manufacturing its forest-based products.

2. SCOPE

This standard applies to all areas at the Company, its administrators and employees, especially to the Forestry division, as well as to third-party suppliers of wood used on manufacturing Dexco's forest-based products.

3. NORMATIVE REFERENCES

- PO.02 – Environmental Policy
- PO.18 –ESG Policy
- Dexco's Code of Conduct
- Supplier Conduct Guide
- UN Declaration on the Rights of Indigenous Peoples (UNDRIP)
- International Labor Organization (ILO) fundamental conventions, as ratified by the country of operations
- Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES)
- United Nations Sustainable Development Goals (SDGs)
- FSC® Principles and Criteria

4. DEFINITIONS

Forest management: management activities and operations for the generation of economic and social benefits from forests, respecting the environmental sustainability of the ecosystems being managed.

Forest management unit: a territory with defined boundaries under Dexco tenure where forest management operations are under its responsibility.

Wood supply unit: a territory with defined boundaries where the wood sourced from third parties comes from and where forest management operations are not conducted by Dexco (except harvesting and wood transportation activities).

Wood from unacceptable sources: wood from any of the following categories:

- Illegally explored;
- Explored in violation of traditional and/or civil rights;
- Sourced from high conservation value areas threatened by management activities;
- Sourced from deforestation areas.

Deforestation or conversion: lasting change of areas with natural forest cover or high conservation value areas to other non-forest uses. The establishment of structures needed for forest management (forest roads and firebreaks for fire prevention, for instance) is not considered conversion.

5. PREMISSES

Dexco recognizes the importance of forests and other natural ecosystems.

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, considering the UN Sustainable Development Goals and ensuring that the forests are responsibly managed.

6. COMMITMENTS

Not to use wood from unacceptable sources for the manufacturing of forest-based products.

To manage forest plantations with zero deforestation or conversion from natural ecosystems in forest management units or wood supply units.

To conserve biodiversity, environmental values and ecosystem services, forbidding hunting and other illegal activities within forest management units.

Not to conduct forest management activities in locations recognized as World Heritage Sites or IUCN categories I-IV protected areas.

To assess the social and environmental aspects and impacts of activities in forest management units.

To follow FSC (Forest Stewardship Council®) requirements regarding the use of genetically modified organisms (GMOs).

Not to commercially explore CITES-listed species.

To use best management practices for soil conservation in forest management units, with no planting on peatlands of any depth and no use of fire on forest management operations.

To conserve water springs and streams on forest management units, keeping buffer zones for their protection.

To use pesticides and fertilizers in a conscious and optimized manner when needed for the maintenance of forests, with no utilization of World Health Organization class 1A or 1B pesticides or listed on Rotterdam and Stockholm Conventions, respecting their exemptions.

To respect legal and customary rights from local and traditional communities, as well as their land tenure rights.

To have the free, prior and informed consent from affected stakeholders before operating in areas officially classified as indigenous, quilombolas and/or afrocolombians, respecting the UNDRIP.

To respect the ILO Fundamental Conventions ratified by the country of operation.

To care for the occupational health and safety, considering the ILO Code of Practices for Safety and Health on Forestry Work.

To provide workers the Personal Protective Equipment (PPE) required for their activities at no cost and with training for its adequate use.

7. EFFECTIVENESS

This Internal Standard becomes effective on its approval date and must be reviewed every two years or as needed, whichever occurs first.

8. APPROVAL

This Internal Standard was approved by Dexco Management and Directors.

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