

Results Report **2022**

Dexco

**GFD
Supplier
Management
Program**

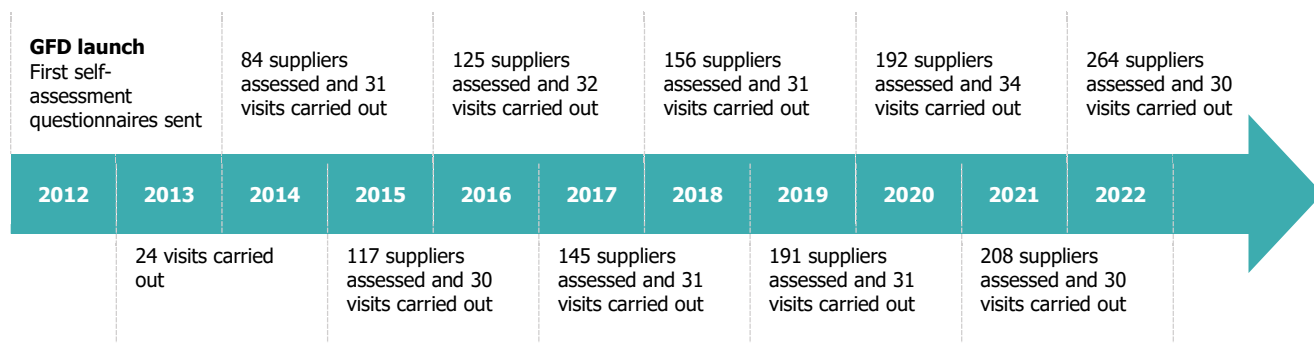


INTRODUCTION

Created in 2012, the Dexco Supplier Management Program (GFD, in Portuguese), has the objective of promoting a Responsible Supply Chain, using assessments and visits to encourage the adoption of sustainable practices throughout Dexco’s supply chain.

To date, the Program has carried out over 1500 independent assessments, 245 on-site audits and 59 remote visits, in annual assessment rounds, involving more than 600 of Dexco’s suppliers. The timeline for the Program below shows the ongoing year-on-year increase in the number of suppliers participating:

Timeline



Since the launch of the GFD Program, Gestão Origami has been Dexco’s consulting partner in leading the supplier management process, covering everything from the development, analysis, review and administration of the supplier self-assessment questionnaires, to processing and analyzing the insights gathered and carrying out audits. The aim is to identify the main areas needing attention and to advise on identifying and implementing actions, processes and innovations that will enhance the socio-environmental performance of suppliers.

The GFD Program has already reported tangible results with the advancement of the socio-environmental practices of participating suppliers, as seen in the improvement in the evaluations between one round and the next. The results obtained from the compilation and analysis of the data, and from the information gathered on site, provide a broad perspective regarding how risks are managed and how the economic, social and environmental benefits are harnessed for the good of Dexco and all of its supply chain. These results guide the GFD Program, in setting targets in line with the Company’s strategy, investment and way of doing business.

This report aims to present the consolidated data from the 10th round of Dexco’s Supplier Management Program, carried out 2022, and also seeks to recognize those suppliers that demonstrated outstanding management practices in the running of their businesses, incorporating different socioenvironmental aspects.

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

The GFD program encompasses a structured management process, defined by socio-environmental, economic, compliance and quality criteria, which aim to create synergy and share Dexco’s purpose with its suppliers. The Program is one of the Company’s main mechanisms for managing the relationship with suppliers and is used as a tool for mitigating risks related to the value chain, while also encouraging ever more ethical and responsible business practices

In 2017, Dexco set up its Sustainable Purchasing System in order to map its chain and prioritize the different purchasing categories. In this way it has been possible to carry out specific actions for each category, taking into consideration the criticality profile, mapping the facilitators of the processes identified and formalizing the criteria for the planning, specification, selection, assessment, and monitoring of the suppliers

As part of the system, each year suppliers are selected to participate in the GFD Program, based on analysis of a criticality matrix, which assesses, on one axis, the Importance of the Category, considering:

- Impact on production / productivity;
- Influence on the product;
- Influence on cost;

And, on the other axis, Sustainability Risk, including:

- Exposure to, and incidence of, socio-environmental problems;
- Shared responsibility (probability);
- Reputation (probability).

The chart below shows the logic in creating the criticality matrix for Dexco’s supply chain:

Importance of the Category

High	Medium criticality	Critical	Very critical
Medium	Low criticality	Medium criticality	Critical
Low	Low criticality	Medium criticality	Medium criticality
	Low	Medium	High

Sustainability Risk

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The GFD program covers suppliers considered "Critical", whose spending is equal to or greater than R\$1 million, and those considered "Very Critical", whose spending is equal to or greater than R\$500k. These suppliers, who are considered strategically important by the company, are invited to complete the self-assessment questionnaire.

Companies that score less than 6.0 on the self-assessment questionnaire are considered for on-site or online audit, as are companies whose score has significantly risen or fallen from one year to the next. Suppliers who score highly on the questionnaire are also visited, with a view to their business practices being recognized.

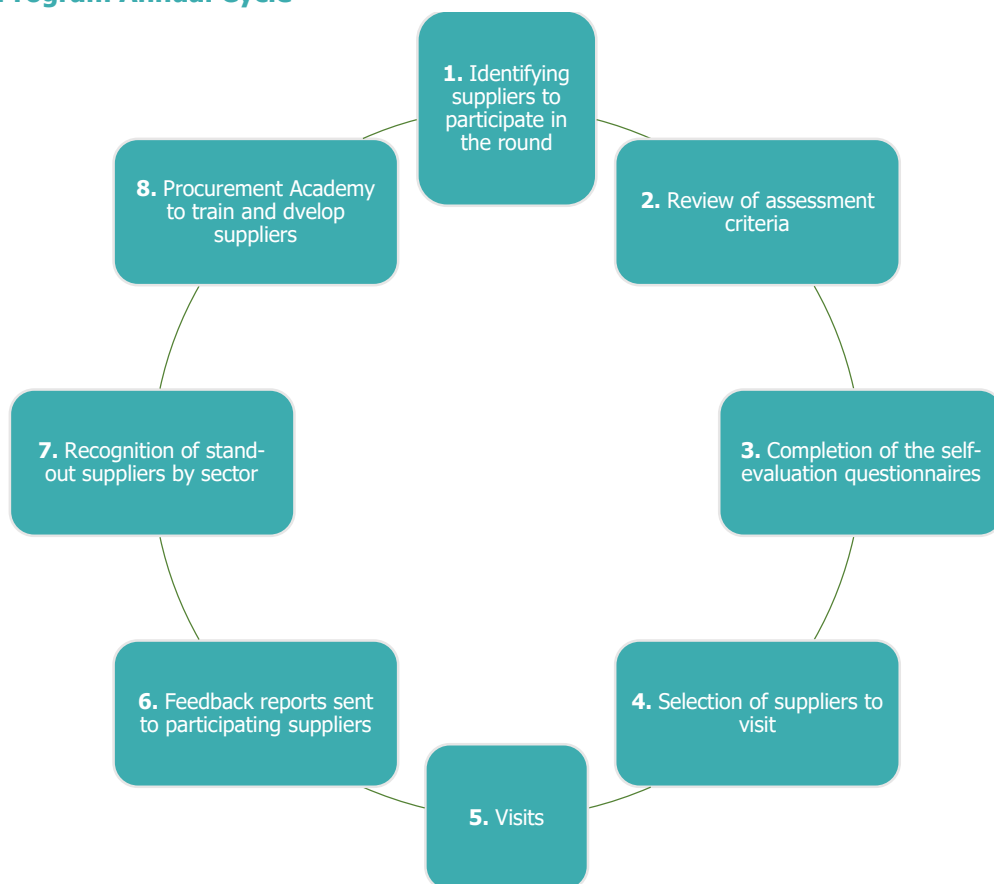
After the on-site and online reviews, specific reports are compiled for each of the suppliers visited, covering the good practices identified, areas requiring attention and an Action Plan to support the suppliers in correcting any issues highlighted.

Suppliers who fall short of the goals of the GFD Program, that is, who receive a self-assessment score of lower than 6.0 or whose score has fallen versus the previous year, receive the report together with an Action Plan, and are subsequently assessed annually. If the evaluation fails to improve and the supplier presents any form of socio-environmental risk to Dexco, the supplier may be prohibited from supplying products to the Company. It should be noted that Dexco offers the supplier opportunities to improve, while the GFD Program is one of the main tools for developing the supply chain.

In addition to the Action Plan, and with the objective of supporting suppliers in advancing their socio-environmental programs, Procurement Academies are held each year, training events covering strategic themes where suppliers may have shown a gap in performance from their general assessments. The areas covered by each Procurement Academy are reviewed by Dexco's Assessment Committee, which nominates those who will lead each Academy.

Dexco's Evaluation Committee comprises employees from the Sustainability, Procurement and Compliance area. This Committee is responsible for selecting suppliers to participate in the round, reviewing the evaluation criteria, identifying suppliers to visit, recognizing outstanding supplier performance and the Procurement Academy. The annual cycle for the GFD Program is shown below.

GFD Program Annual Cycle



DIMENSIONS ANALYZED BY THE GFD PROGRAM

Assessment of the socio-environmental practices of suppliers on the GFD program comprises seven dimensions, each containing a set of specific questions that have different weightings, depending on size and sector of companies participating.

The dimensions analyzed are:

COMPLIANCE

The Compliance dimension covers fulfillment of the legal and technical requirements related to the different aspects of the business, with a view to better management and the minimization of risks to the organization. Compliance is extremely important, as failure to comply with certain legal requirements and obligations can result in sanctions, financial losses, and difficulties in obtaining or renewing operating licenses, while also causing significant damage to the organization's image and reputation. This dimension evaluates compliance with all the legal obligations applicable to the organization. To ensure the most effective analysis of the data from the on-site and online visits, the supplier is requested to provide all appropriate certificates and documentation that demonstrate compliance.

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LABOR

Labor relations can be defined as the company's policies and practices that shape the relationship with its employees. The processes and practices adopted by the company for the structured management of human resources make up part of the analysis of this dimension, and include employee remuneration, training, career development, codes of conduct, and compliance with legislation with respect to the hiring of young apprentices and people with disabilities.

HEALTH & SAFETY

The health and safety dimension includes the actions and policies adopted by the company for ensuring a safe and healthy working environment, minimizing the risk of occupational accidents and sickness, while safeguarding the integrity, productivity and physical and mental well-being of employees. Areas reviewed under this dimension include the company's Health and Safety practices, with a view to reinforcing the company's commitment to the topic, reducing costs associated with sickness and accidents, and enhancing the organization's image.

ENVIRONMENT

The environment, with respect to a company, covers management practices that aim to minimize the environmental impact of its economic activities. The rational use of natural resources; the development of initiatives that seek to conserve biodiversity; the adoption of waste treatment systems and the appropriate disposal of solid waste; and the treatment and reuse of water and other consumables used in manufacturing processes are all initiatives reviewed under this dimension. Efficient environmental management is directly connected with the sustainability of the business, reducing costs and avoiding the risks and penalties associated with non-compliance with applicable regulations or legal requirements.

COMMUNITY RELATIONS

This dimension relates to the set of initiatives aimed at building a positive relationship with the communities found in the vicinity of the company's operations. Management of the impacts from operations on these communities should be carried out respecting the characteristics and particularities of those communities, engaging local people in debates on topics that affect them directly or indirectly. The establishment of dialogue with communities regarding the impact of operations helps in identifying and resolving conflict situations, as well as in promoting local development or assisting with projects that address specific needs in that community. The inclusion of surrounding communities contributes to building a relationship of trust and transparency, which brings shared benefits and contributes to the company's good reputation.

ETHICS AND HUMAN RIGHTS

The ethical and human rights dimension is extremely important and includes the set of principles, guidelines and practices related to the management of sensitive issues, such as child labor or slave-like conditions; unethical conduct and the management of corruption at different levels; anti-competitive practices; the use of force by security guards; gender equality; combating the sexual exploitation of children and adolescents, and others. In this dimension, formal policies are reviewed for addressing such issues and for implementing effective, impartial mechanisms for handling audits, complaints and disclosures that legitimize the company's operations and demonstrate respect for current legislation and conventions. It is of no less importance to human resources, in recognizing the company as a safe workspace that is proactive in combating incidents arising, through appropriate disciplinary action and

efficient sanctions, and that adopts actions to combat practices that disrespect the principles of Ethics and Human Rights. Transparency in the management of these issues brings benefits to the company, to society and to the employees, while avoiding the risk of reputational damage or financial penalties arising from complaints or legal sanctions.

SUSTAINABILITY

This dimension integrates socio-environmental aspects related to the operation and the company's value chain, taking into consideration the life cycle of the products and services offered, with a view to promoting policies and practices that enable production efficiency gains while reducing social and environmental impacts. This dimension assesses supply chain initiatives aimed at identifying and managing socio-environmental impact and risk, recycling product and packaging, and pursuing the research and development (R&D) of new products and services. Such actions contribute to cost reduction while increasing efficiency and promoting the positive image of the organization.

PROGRESS OF THE GFD PROGRAM IN 2022

Each year, in a process of continuous improvement, Gestão Origami supports Dexco in revising the supplier self-assessment questionnaire, as a means of tracking progress with respect to the socio-environmental topics. It should be noted that each of the five sectors covered by the GFD Program receives specific questions, relating to the type of business concerned. Each year 6 self-assessment questionnaires are created, one each for the Manufacturing, Foreign Manufacturing, Mining, Utilities, Services and Heavy Services sectors. With this in mind, for the 2022 round, some questions on the GFD questionnaire were added or altered in order to reflect such advances. The main additions or modifications, by dimension, were:

COMPLIANCE

- For the compliance questions, specifically for questions about the company's status with respect to specific documentation, new alternatives were added that seek to understand the status of items pending that the company has (in cases where items pending exist).

ENVIRONMENT

- Environmental infractions or complaints: new options for adding greater detail regarding the status of environmental processes have been added.
- Waste management: changes have been made to questions around the Solid Waste Management Plan (PGRS), in complying with the National Solid Waste Policy.
- Efficiency, energy source and environmental targets: alterations or omissions to questions that suppliers found confusing.
- Biodiversity impact: the option "The company does not know whether it generates negative impacts on biodiversity" has been added.
- Environmental origin of the wood used: the option "No wood used" was added, as some suppliers do not use wood at any stage of their process.
- Product/packaging reverse logistics: an option was added covering materials and products that are not subject to reverse logistics.

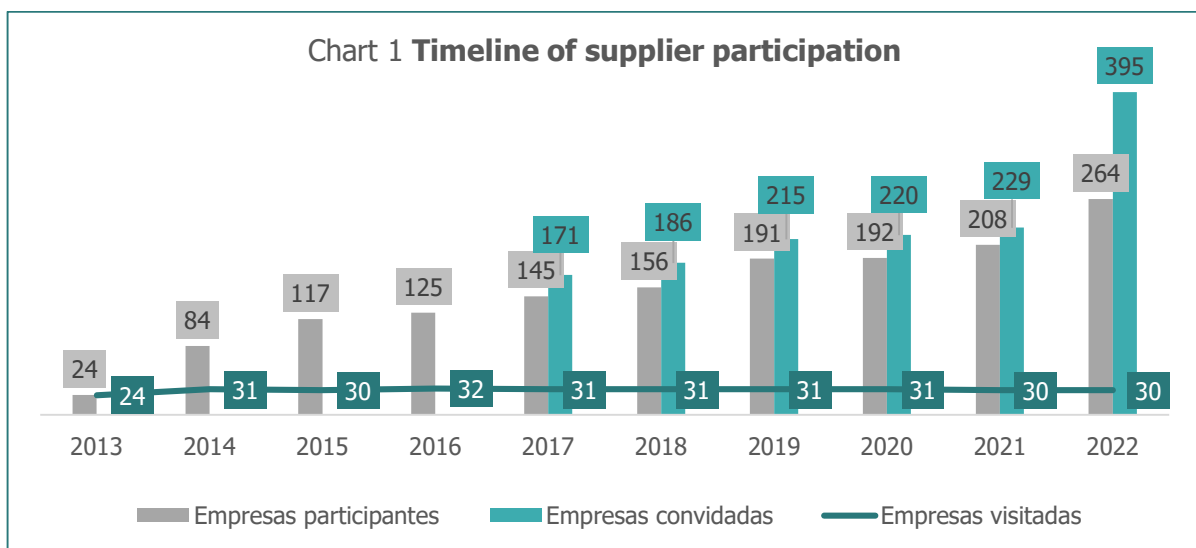
It should be noted that the self-assessment questionnaire contains brief guidelines on the topic, including key aspects to each question, with a view to helping suppliers complete the questionnaire correctly. In 2022, a review of the guidelines was carried out and some new points added, in order to orientate the supplier regarding the topic concerned, build awareness about current legislation, and provide some illustrative Frequently Asked Questions to help clarify doubts about how to complete the form.

2022 RESULTS

SUPPLIER PARTICIPATION

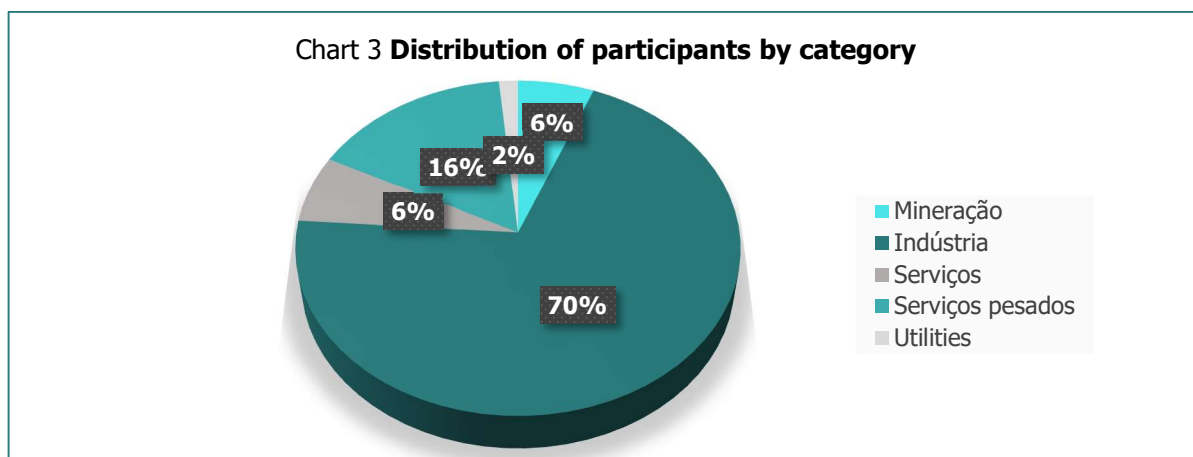
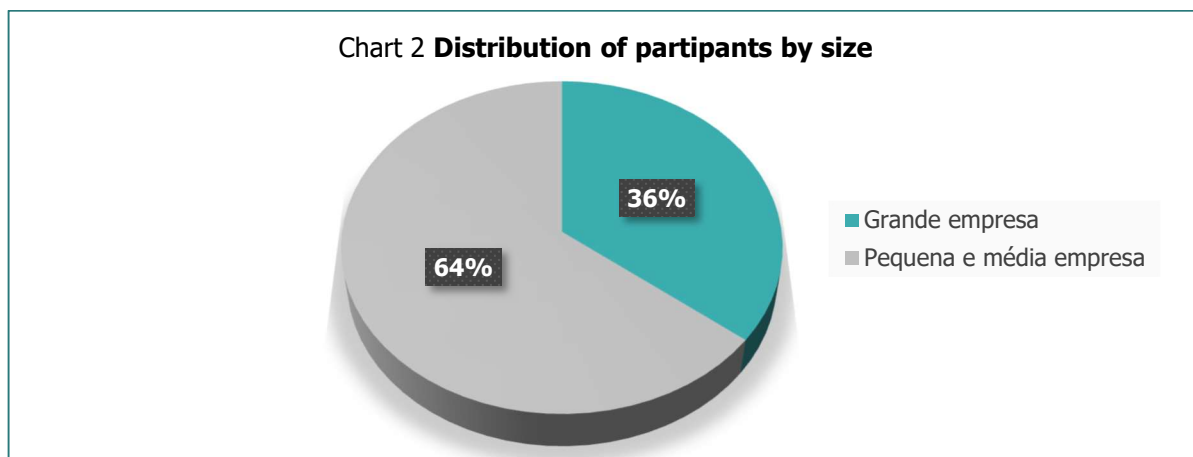
In 2022, the 10th year of the GFD Program, 395 suppliers were invited to complete the self-assessment questionnaire. These companies were selected by the Procurement area, based on the supplier's significance with respect to Dexco spending, the criticality of the sector of operation, and the supplier's historical level of participation in the GFD program. Of this group, 264 replied, representing 67% of the suppliers invited. In total, the participating suppliers represented 58% of Dexco's total spending in the 2021/2022 round.

Of the total number of suppliers that participate in the Program, around 30 are assessed at a deeper level each year, through an on-site or virtual visit. The on-site visits are carried out at companies classified as either SME or Large from all of the sectors. The suppliers identified for the online visit, in general, are chosen not because they present critical risks at their operations (locally), but whose activities in general carry a higher risk, such as with transport companies, which present a greater risk on the highways. In this group of companies receiving an online visit there are also large companies that score greater than 7 and companies that are assessed for recognition. In 2022, 30% of companies received an online visit and 70% received an on-site visit.



It can be seen from Chart 1 that the number of suppliers invited to participate in the GFD Program in 2022 was 72% higher than in 2021. This increase is due to greater spending by Dexco in 2022, which led to an increase in the number of 'critical' and 'very critical' suppliers in the supplier pool. It should

be noted that in 2022, the company Castelatto was acquired, whose suppliers will be included in the next round of the GFD Program.



The chart illustrates a predominance of small and medium-sized enterprises (SME) in Manufacturing and Heavy Services, as has historically been the case with the GFD. The distribution of participants was similar to that in 2021, with the participation of small and medium-sized enterprises increasing by 1 percentage point.

The proportion of participants from the Manufacturing sector fell in 2018, 2019 and 2020 (58% in 2018, 49% in 2019 and 40% in 2020) but increased by 25% in 2021, to 50% of the total. In 2022, the number of participants from the sector increased 40%, thus representing 70% of the total number of participating suppliers in 2022. On the other hand, the Heavy Services sector, which typically has a higher percentage of companies participating, decreased 24% in 2022, thus representing 16% of the total. The Utilities, Services and Mining sectors also saw a decrease from last year, from 6% to 2%, from 11% to 6%, from 12% to 6% of the total, respectively.

PERFORMANCE ON THE PROGRAM

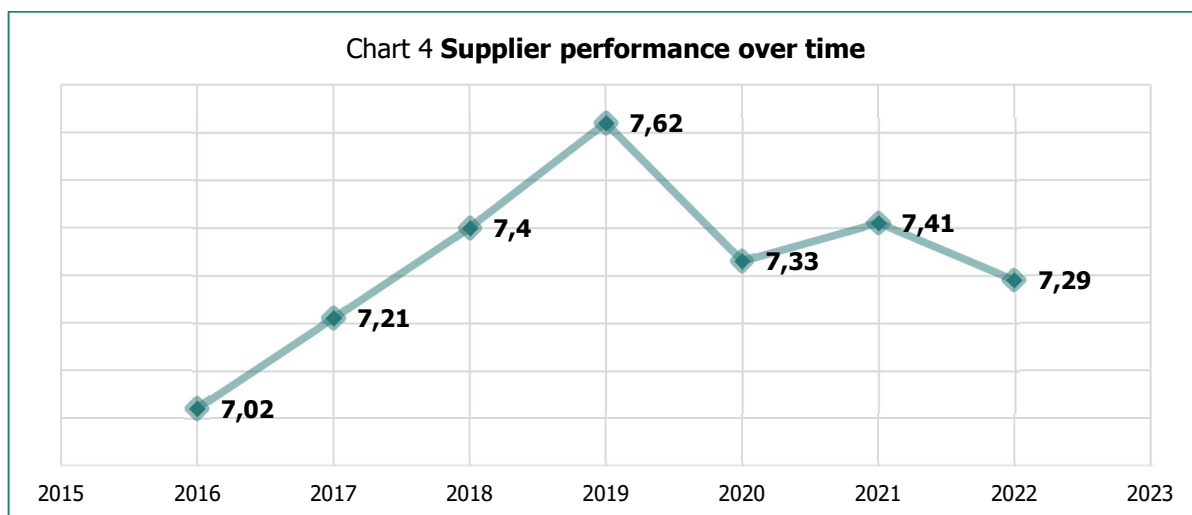
In 2022, participating suppliers achieved an average consolidated GFD Program score of 7.29, slightly lower than last year's score of 7.41.

In 2020, there was a decrease in the average score, due to the inclusion of new questions on the questionnaire and the entry of new suppliers onto the program from the companies Portinari e Cecrisa.

However, in 2021, the performance of suppliers resumed its slight upward trend. It should be noted that, in 2020 and 2021, the pandemic generated a crisis in the country, which affected the financial and structural health of many suppliers. This issue may have had an impact on the planning of socio-environmental activities by companies.

In 2022 there was a slight drop off, which can be attributed to the assessment of new suppliers, with 142 new suppliers joining the program, which represents 54% of the total number of participants. Of these, 48% had a score of below 7.0. Company restructuring post pandemic and inflation are also factors in the drop off in supplier scores.

The graph below shows the average score for suppliers on the GFD Program since 2016:



Note: In the years prior to 2016, the calculations used on the GFD Program followed a different methodology, rendering a direct comparison between scores impossible.

As usual with the GFD, foreign companies generally had a higher average score (8.15), followed by Large Heavy Services Companies (8.03) and Large Manufacturing Companies (7.80). On the other hand, Manufacturing SME and Mining SME recorded the lowest average scores (6.96 and 6.99, respectively), reflecting results from recent years. It should be noted that only one company from the Large Services Companies sector responded, raising the score for the category to 9.40, which precludes the possibility of this score representing the sector as a whole, as it is an unrepresentative sample size. The table below shows the average supplier scores in 2020, 2021 and 2022, by sector and size:

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Sector	Number of Companies	Average Score 2020	Average Score 2021	Average Score 2022	Change 20/21	Change 21/22
Manufacturing: Foreign	28	8.48	8.65	8.15	2%	-6%
Manufacturing: Large	49	8.03	7.85	7.80	-2%	-1%
Manufacturing: SME	108	6.8	6.89	6.96	1%	1%
Mining: Large	4	8.09	7.47	7.73	-8%	4%
Mining: SME	12	6.81	7	6.99	3%	0%
Heavy Services: Large	8	8.19	7.62	8.03	-7%	5%
Heavy Services: SME	34	7	7.37	7.12	5%	-3%
Services: Large	1	-	7	9.40	-	34%
Services: SME	16	7.35	7.54	7.37	3%	-2%
Utilities: Large	4	7.81	7.88	7.40	1%	-6%
Total	264	7.33	7.41	7.29	1%	-2%

Table 1: Average Score of suppliers participating in 2022, by sector and size

It can be seen in Table 1 that the sector with the highest overall score (Foreign Manufacturing) was the one with the weakest percentage change between 2021 and 2022. Table 2 shows that 75% of Foreign Manufacturing companies are participating in the GFD Program for the first time, which may explain the significant decrease in the scores for foreign suppliers, there being a lack familiarity with the process. Another sector with negative variance was Utilities, with 2 of the 4 companies responding showing a significant drop off, while the new company participating score lower than 6.0.

Table 2 compares the performance of participants between 2021 and 2022, together with the percentage participating that were new suppliers:

Sector	Number of Companies	Average Score	Improved	Worsened	1st year
Manufacturing: foreign	28	8.15	4%	21%	75%
Mining: large company	4	7.73	0%	75%	25%
Mining: SME	12	6.99	42%	42%	17%
Manufacturing: large company	49	7.80	27%	47%	27%
Manufacturing: SME	108	6.96	16%	17%	68%
Services: large company	1	9.40	0%	0%	100%
Services: SME	16	7.37	31%	6%	63%
Heavy Services: large company	8	8.03	50%	25%	25%
Heavy Services: SME	34	7.12	32%	15%	53%
Utilities: large company	4	7.40	25%	50%	25%
Total	264	7.29	22%	25%	54%

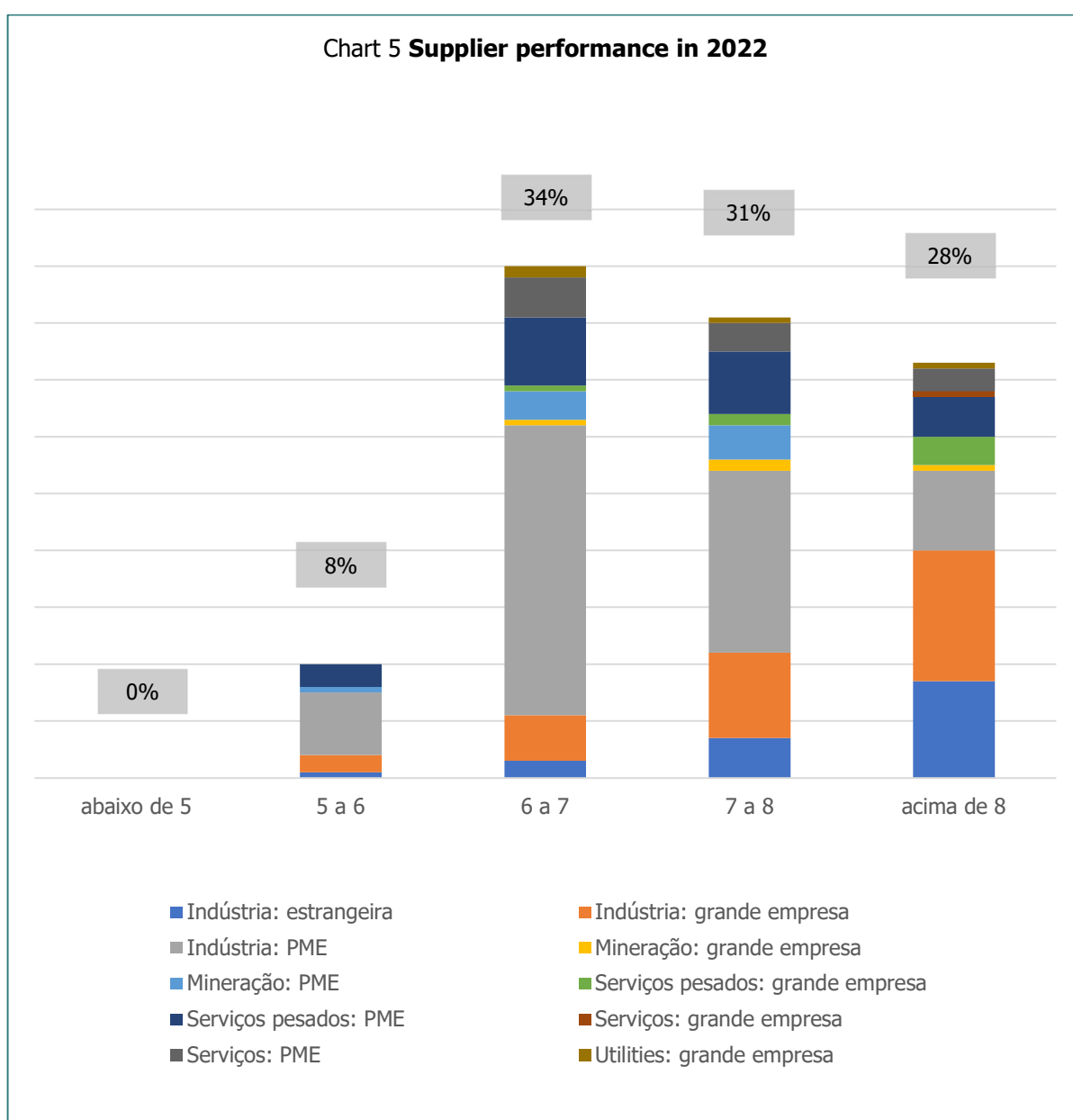
Table 2: Performance of suppliers participating in the GFD for the second year and % of new suppliers

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In 2022, the percentage of suppliers that obtained a GFD assessment score equal to or greater than 8.0 increased from 26.4% to 28%. Participants with scores between 7.0 and 8.0 fell from 36.1% to 31%, while the percentage of suppliers with scores between 6.0 and 7.0 improved from 31.3% to 34%. In 2022, there were no suppliers with a score below 5.0, compared to 2021, which had one supplier with a score below 5.0. This supplier received an Action Plan and improved its score in 2022.

It should be noted that 8% of suppliers scored less than 6.0 (20 participants) and received recommendations to be followed up in future rounds of the Program. This group forms part of Dexco's challenge to support its suppliers in developing their socio-environmental performance.



ASSESSMENT BY DIMENSION

For each of the dimensions, the extent to which suppliers adhere to the topics covered is assessed, i.e. how much the suppliers, as a group, have practices or policies that address the respective themes.

Chart 6 below shows that, in general, as in previous years, suppliers generally show greater compliance with topics related to regulation and/or legislation. Compliance related issues had an average score of 92%, with Health and Safety 83.7%, and Environment 67.7%, while areas related to Management (52.5%) and Ethics and Human Rights (60.4%) showed a lower level of compliance.

The highlight from this round is the Community Relations dimension, which has shown significant progress over the last few years. The scores for the dimension in 2020, 2021 and 2022 were 65.7%, 82.3% and 84.5%, respectively, suggesting greater activity by suppliers in this area over the years. The Health and Safety area is a dimension with a high degree of adherence, as it has been historically, mainly due to the existence of legislation and demanding regulatory norms in Brazil, which require of large companies responsible actions to ensure safe and healthy employee working conditions. The scores for 2020, 2021 and 2022 were 77.3%, 80% and 83.7%, respectively, illustrating suppliers' progress in this area.

The chart below compares the sectors, with the best performance reported by the Large Services Companies sector, albeit with the caveat that only one company responded to the self-assessment questionnaire from this group.

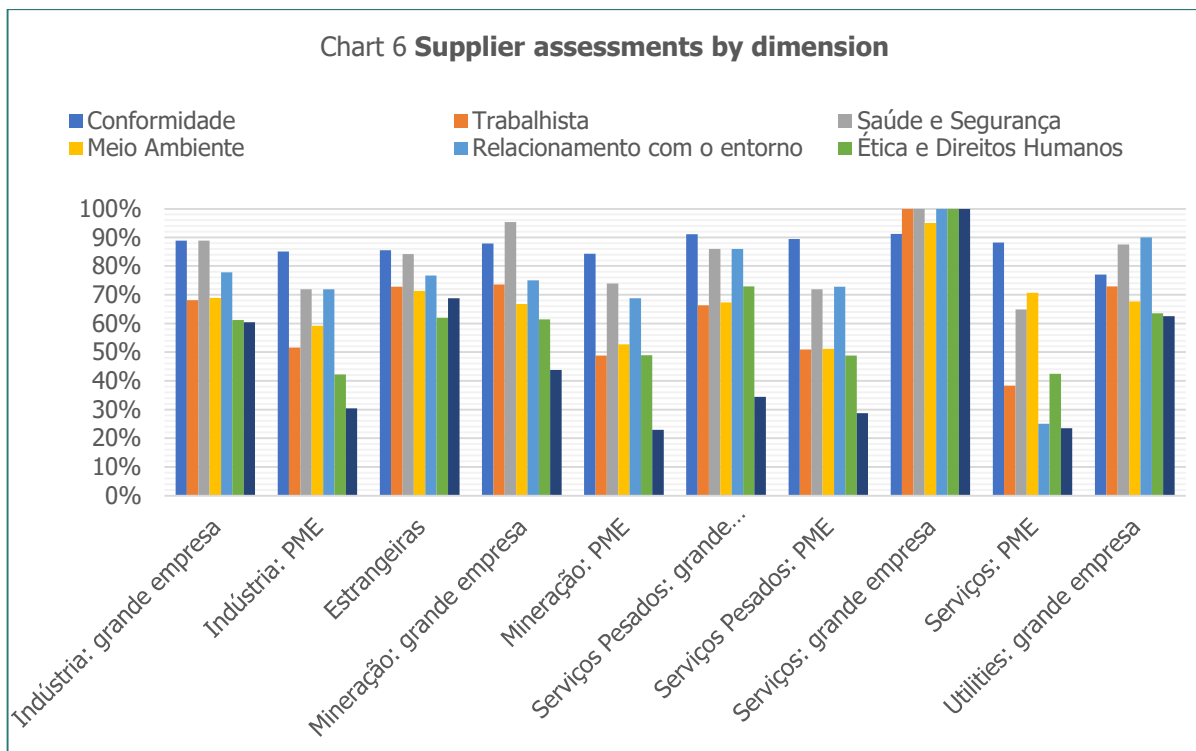
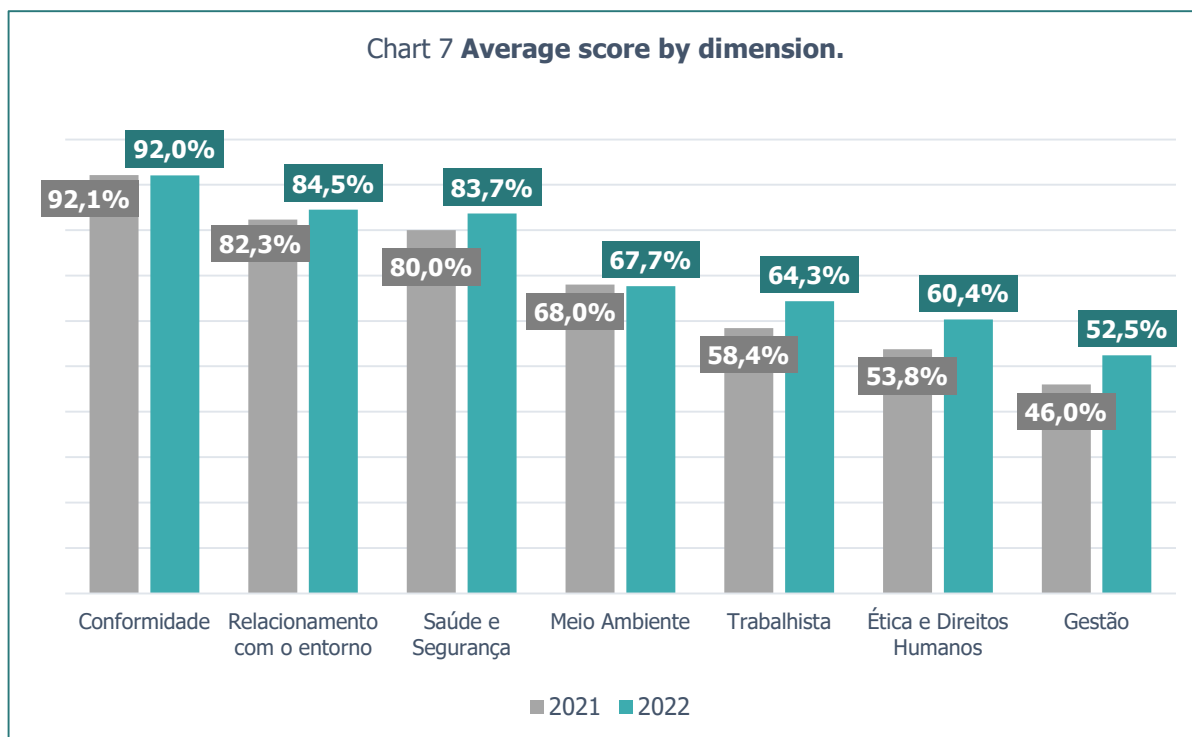


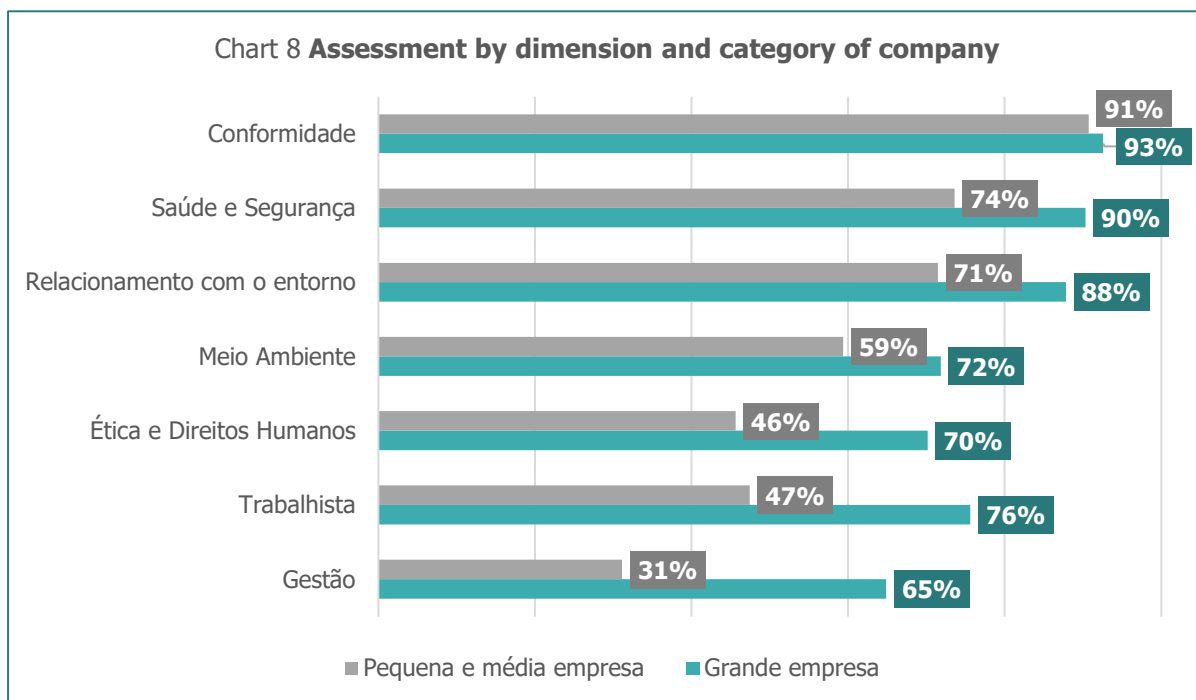
Chart 7 shows the progress of suppliers against each of the dimensions assessed from 2021 to 2022.



The chart below compares scores by dimension for Small and Medium Enterprises (SME) and Large Companies. Here, there is a difference between large companies and small and medium-sized companies, especially in dimensions that are not related to the Compliance dimension. While the scores for SMEs are lower across all categories, in the Management dimension, this difference is accentuated, with the level of adherence 34 percentage points lower than for large companies (31% versus 65%, respectively). This score suggests that SMEs need to enhance their practices regarding the promotion of sustainability both internally and along their value chain. There is also a difference in the Labor dimension, where the SMEs scored 28 percentage points lower than large companies (47.4% versus 75.6%, respectively).

As seen with previous iterations of the GFD, the dimension showing the highest degree of adherence was Compliance, where the average adherence by SMEs was 91%, while for Large Companies it was 93%.

In general, the most critical dimensions, sectors and sizes, which reported levels of adherence of less than 30%, were: Community Relations Services SME sector (25%), Management in Mining SME sector (23%), Heavy Services SME (29%) and Services SME (23%).



Large companies are expected to have higher scores, due to more robust governance and more structured and developed processes relating to socio-environmental issues. However, the progress of small companies is extremely important and can show the role of the GFD Program in the development of these participating companies. Charts 9 and 10 compare the SME scores in 2020, 2021 and 2022 (the data are presented in 2 graphs to facilitate their reading):

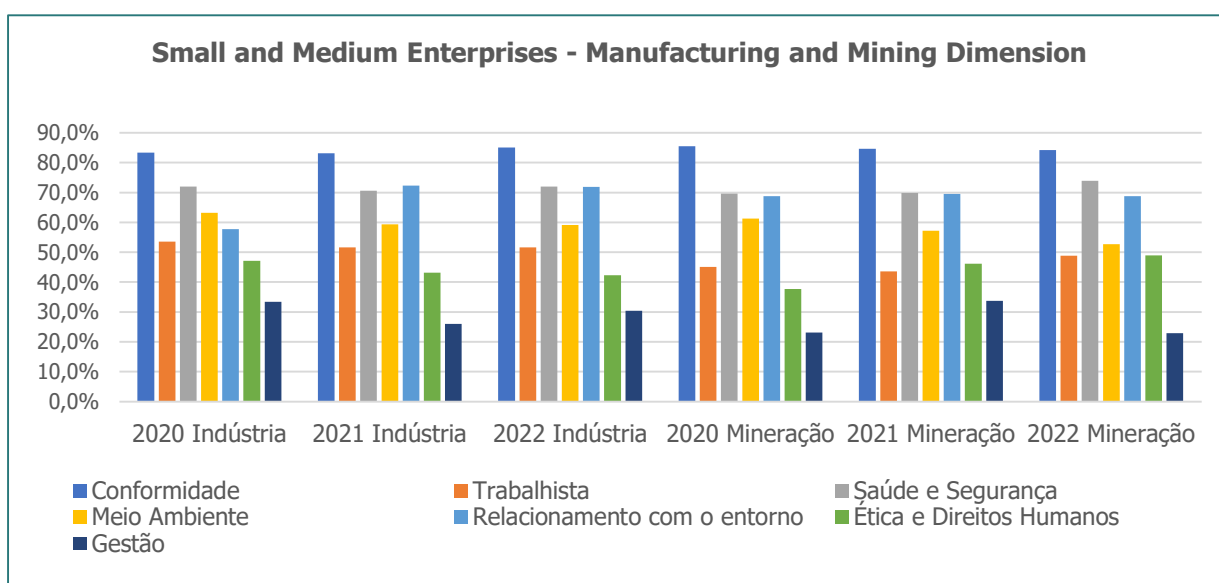


Chart 9: Scores 2020 v 2021 v 2022: Small and Medium Enterprises - Manufacturing and Mining Dimension

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As can be seen in the chart above, the Manufacturing sector maintained its scores across most dimensions. For the Management dimension, the sector reported a drop of 7.5 percentage points from 2020 to 2021, but improved 4.5 percentage points between 2021 and 2022.

In the Mining sector, improvements can be seen from 2020 to 2022 in the Labor, Health and Safety and Ethics and Human Rights categories, with increases of 8.2%, 6.2% and 30.0%, respectively. On the other hand, there was a drop in the Environment dimension of 13.9% between 2020 and 2022. Another point of note is the fall in the Management dimension of 10.8 percentage points from 2021 to 2022.

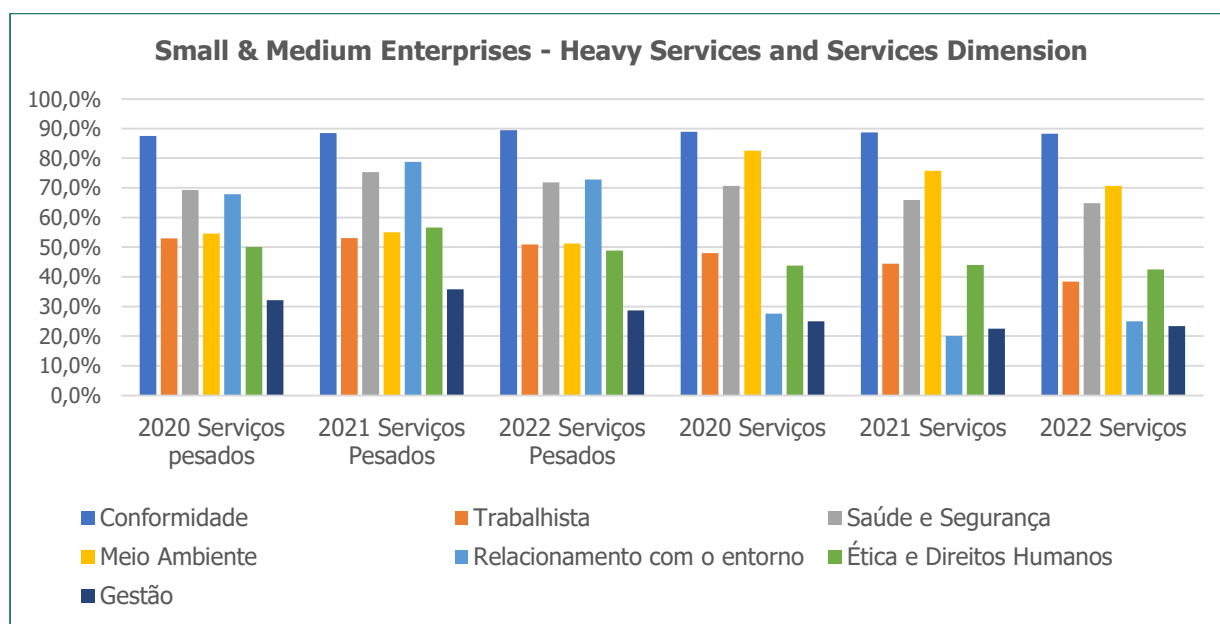


Chart 10: Scores 2020 v 2021 v 2022: Small and Medium Enterprises - Heavy Services and Services Dimension

As can be seen in the chart above, the Heavy Services sector showed a drop across most dimensions from 2021 to 2022, especially for the Ethics and Human Rights dimension, which fell 7.8 percentage points, and Management which fell 7.1 percentage points.

Similarly, the Services sector also dropped off across most dimensions between 2021 and 2022, with the exception of Community Relations and Management, which improved 5 percentage points and 0.9 points percentages, respectively. The Labor dimension also showed a marked drop off, of 6.1 percentage points. It should be noted that, between 2020 and 2022, the Labor dimension for Heavy Services companies fell 9.6 percentage points.

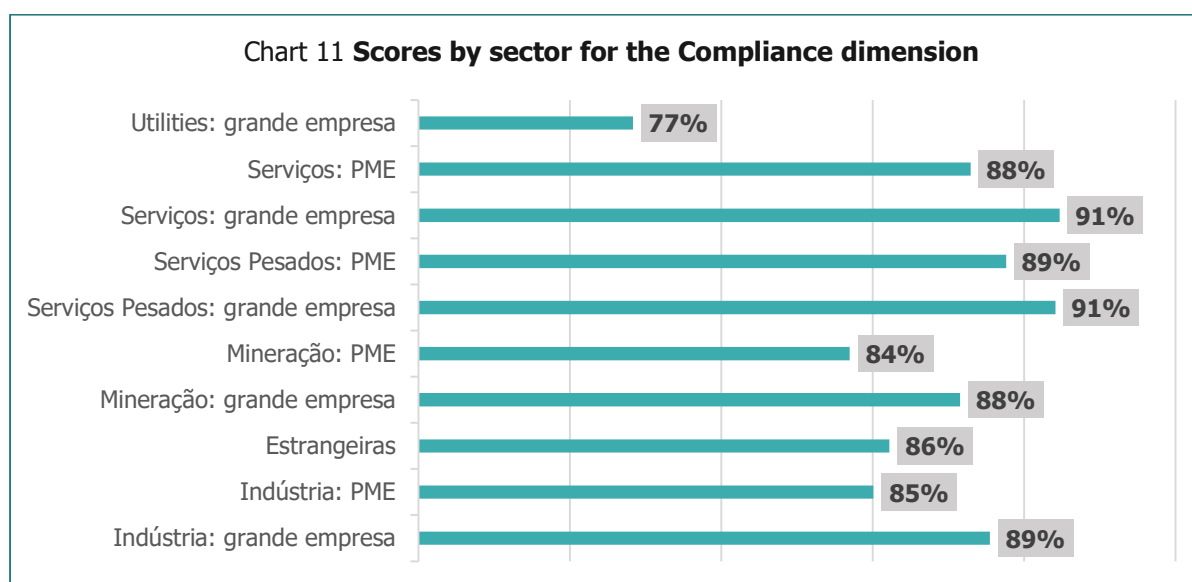
As previously seen in Table 1 and the breakdown in Chart 10, SMEs in the Services and Heavy Services sectors reported a fall in their overall score from 2021 to 2022, and represent one of the main challenges for Dexco in the next round of the Program GFD.

The main results for each of the GFD dimensions for 2022 are presented below:

COMPLIANCE

With the Compliance dimension, for suppliers to perform well, they need to fulfil all the legal obligations applicable to the organization, with no issues pending with the relevant bodies. As part of the audits, the titles, documents and certificates that prove the supplier is in compliance with each of the applicable laws are reviewed.

Questions related to Compliance are historically the ones showing highest rates of adherence among GFD participants (92% on average in 2022). As shown in the chart below, the Services and Heavy Services sectors had the highest score for the Compliance dimension.



Even with a good average performance in this category, in 2022 there were 232 items pending identified regarding a lack of documentation.

Table 3 shows suppliers' items pending relating to the National Register for Legal Entities (CNPJ), the Municipal Permit / License, the Fire Department Inspection Certificate (AVCB or CLCB), the Environmental Operating License and the FGTS Compliance Certificate.

Document	Not obtained	Obtained but items pending	Obtained with items pending that are being addressed
National Register for Legal Entities	2	2	2
Municipal Permit / License	6	1	15
Fire Department Inspection Certificate	9	0	20
Environmental Operating License	2	1	10
FGTS Compliance Certificate	3	0	9

Table 3: Suppliers' items pending relating to documentation

Regarding the items pending in Table 3, some suppliers reported difficulty in obtaining and/or renewing licenses or other documentation due to social isolation measures arising from the pandemic, which caused delays with the bodies responsible in scheduling inspections and issuing documents that extended into 2022.

Table 4 shows the items pending with suppliers regarding the Federal Debt Clearance Certificate, State Debt Clearance Certificate, and Labor Debt Clearance Certificate (CNDT):

Documents	Certified Positive	Certified Positive with Negative Effect
Federal Debt Clearance Certificate	12	83
State Debt Clearance Certificate	6	34
Labor Debt Clearance Certificate	2	13

Table 4: Suppliers' items pending relating to debt clearance certificates

As shown in the table above, 12 suppliers Certified Positive for Federal Debt and 83 Certified Positive with Negative Effect, meaning 35% participating suppliers have items pending with respect to this documentation. Many suppliers attribute pending labor and tax issues to the economic crisis generated by the pandemic. In addition, some respondents also reported a fall in demand for products in the year 2022, which led to a buildup of product inventory and reduced cash flow.

Dexco continually reiterates the importance of compliance with legal obligations on the part of its suppliers as an aspect that is fundamental to the sustainable management of its business.

LABOR

The Labor dimension under GFD is analyzed using nine questions that cover the way suppliers ensure healthy working conditions and employee relations in an environment that values the welfare and development of employees, including:

- Remuneration and benefits offered;
- Performance assessment, career development and employee satisfaction;
- Training and development programs and activities;
- Hiring and development of young apprentices;
- Inclusion and development of people with disabilities;
- Initiatives that support flexible conditions for return to work following maternity / paternity leave;
- Actions aimed at combating moral and sexual harassment in the workplace;
- Actions aimed at combating discrimination in the workplace;
- Ensuring that disciplinary procedures are fair and agreed in advance.

The chart below shows the scores for the different sectors against the Labor dimension:

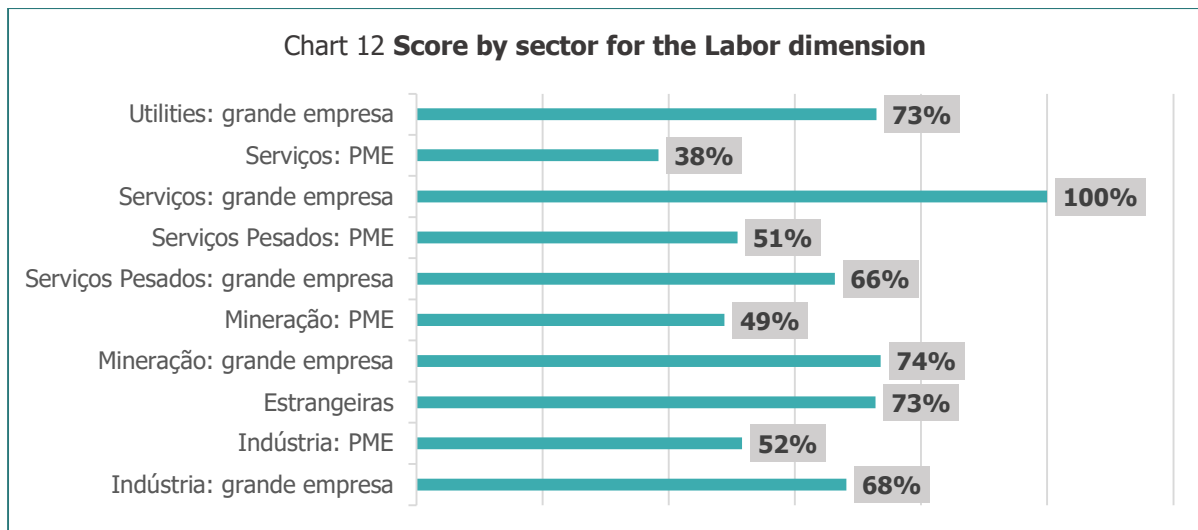
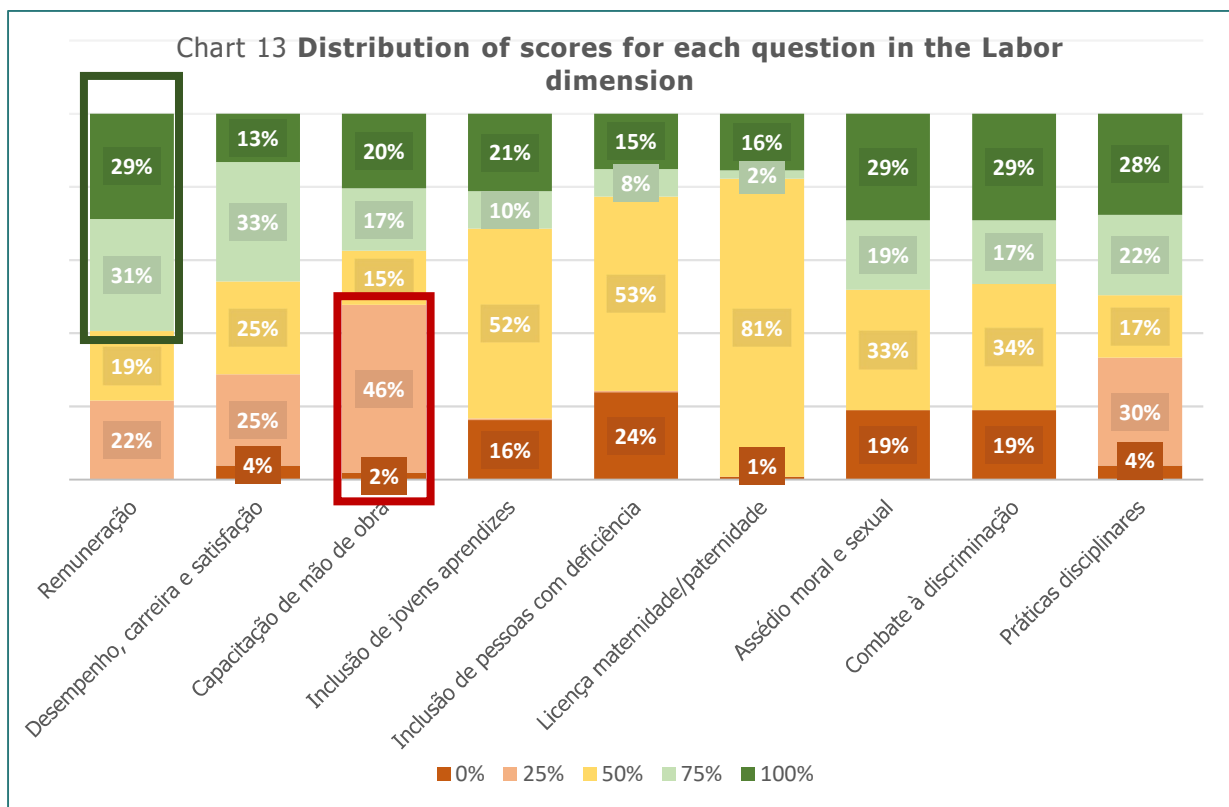


Chart 13, below, shows the distribution of scores for each question in the Labor dimension. Scores range from 0% (where the company has no practices related to the topic) to 100% (where the company has robust and outstanding initiatives). For example, for Disciplinary Practices, 28% of companies assessed received the maximum score, while 4% of companies scored zero.



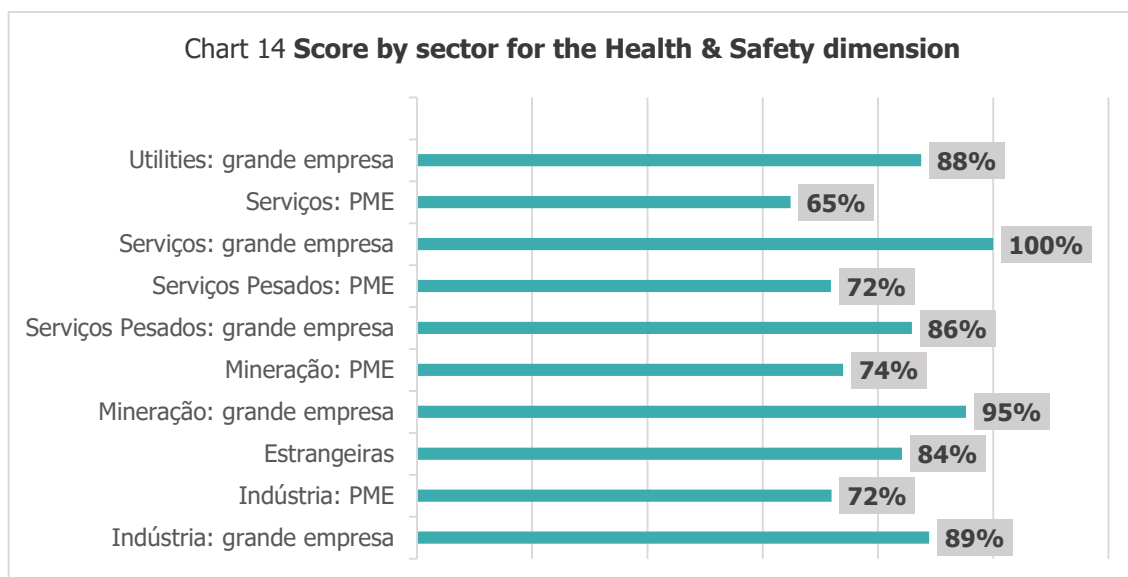
The graph also highlights the best and worst performing indicators, that is, the area with the highest number of companies reporting advanced practices regarding the topic (scoring 75% or 100%) and the area with the highest number of companies reporting no practices, or only occasional practices, related to the subject (scoring 0% or 25%). On this latter point, it can be seen from the chart that many companies do not have structured programs aimed at training and developing employees.

As reported historically with the GFD Program, the question that presented the highest rate of adherence related to remuneration practices, since many companies assessed seek to offer salaries or benefits that exceed the market average in order to attract the best professionals. The progress shown in recent years with respect to this issue is significant, with scores improving from 40% in 2017 to 73% in 2019. However, in 2020 and 2021, there was a tail off to 64% and 58.4%, respectively, reflecting the financial challenges presented by the pandemic. In 2022, suppliers reported 60% adherence, which may suggest progress in this area post-pandemic.

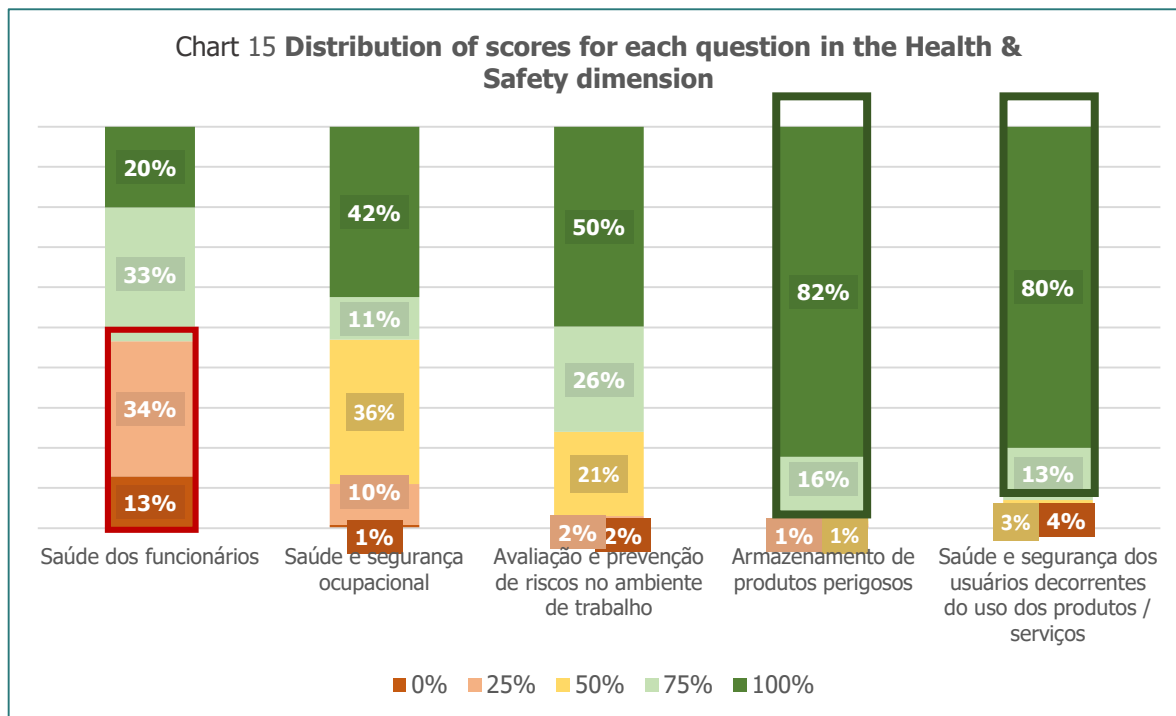
HEALTH & SAFETY

This dimension assesses specific questions around occupational safety and compliance with Labor Regulatory Norms (NRs, in Portuguese). Other questions cover the promotion of employee health, risk prevention in the workplace, the storage of hazardous products, and the health and safety of those using the products or Services offered (including product labeling, where applicable).

The chart below shows the scores for the different sectors against the Health & Safety dimension:



As can be seen in Chart 14, all of the sectors reported adherence in excess of 60% in the Health & Safety dimension.



Suppliers have made considerable progress with respect to Health & Safety in recent years. In 2020, suppliers reported 77.3% adherence in this dimension, rising to 80% in 2021 and 83.7% in 2022. For the topics addressed, all participating suppliers reported adherence above 50%, with the worst indicator being employee health promotion, where 47% of respondents said they had no practices related to the topic. On the other hand, the question referring to the health and safety of customers resulting from the use of products achieved 93% adherence, mainly because this question does not apply to most suppliers. Another important area is the storage of hazardous products, which is highly regulated in several sectors and which achieved 98% adherence.

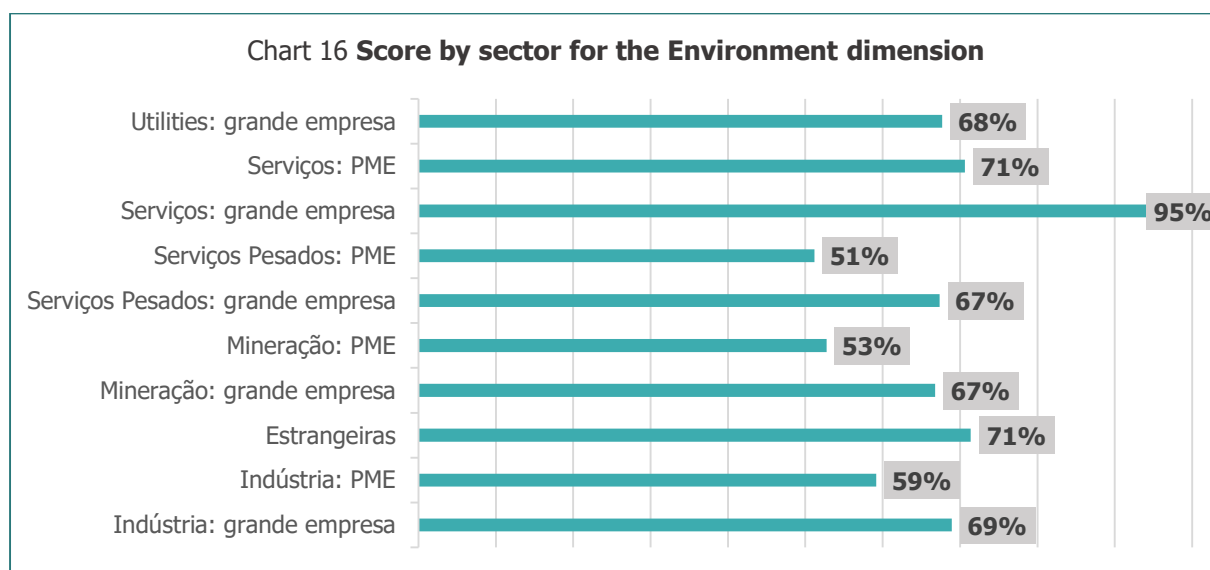
ENVIRONMENT

For the Environment dimension of the GFD Program, the following topics are covered:

- The presence of an environmental management system;
- Incidence of environmental infractions or complaints;
- Waste disposal management (initiatives and reduction target);
- Water (access to the quality and quantity of water needed, level of consumption, targets for reducing consumption, discharge of effluent and incidence of significant spillage);
- Energy (access to the quality and quantity of energy needed, level of consumption, targets for reducing consumption, energy sources);
- Atmospheric emissions;
- GHG Emissions (initiatives and targets for reducing emissions);
- Noise;
- Biodiversity (impact of the operation on biodiversity and conservation activities);
- Use of renewable or recycled raw materials,
- Initiatives for recycling products and packaging;

- Environmental provenance of wood (in the case of sectors that use native wood);
- Freight efficiency (for the transport sector);
- Energy Efficiency, electricity source, initiatives aimed at energy conservation (in the case of the energy sector);

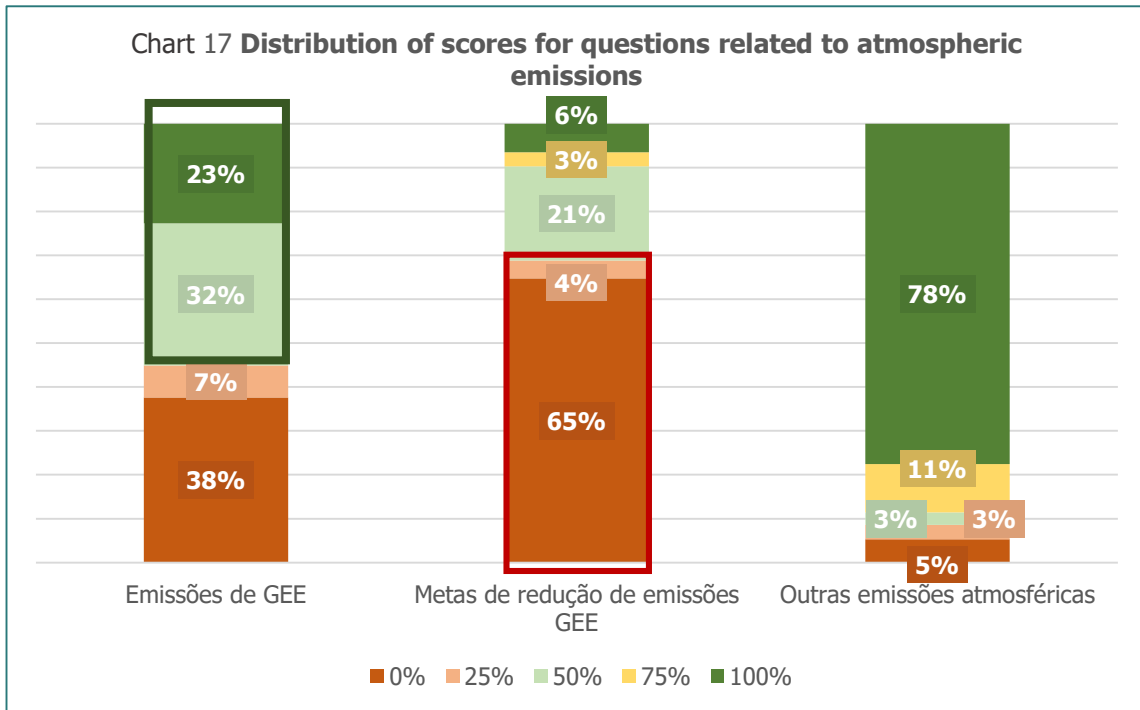
The chart below shows the scores for the different sectors against the Environment dimension:



For the Environment dimension, the two questions with the lowest scores were:

- Greenhouse gas (GHG) emission reduction targets – 69% of suppliers reported not having targets, a better result than for 2021, when 75% of suppliers reported not having such targets, and 2020, when 83% of companies reported not having them. It should be noted that two Procurement Academies were held in 2022, with the theme of GHG Inventory and Environmental Indicators. The Academies were carried out by Dexco's ESG team and can be considered one of the contributing factors to the improvement shown in this score.
- Energy source – 51% of suppliers reported that they are unaware of renewable sources in their energy supply, while 22% have no more than 50% of their energy supplied from renewable sources.

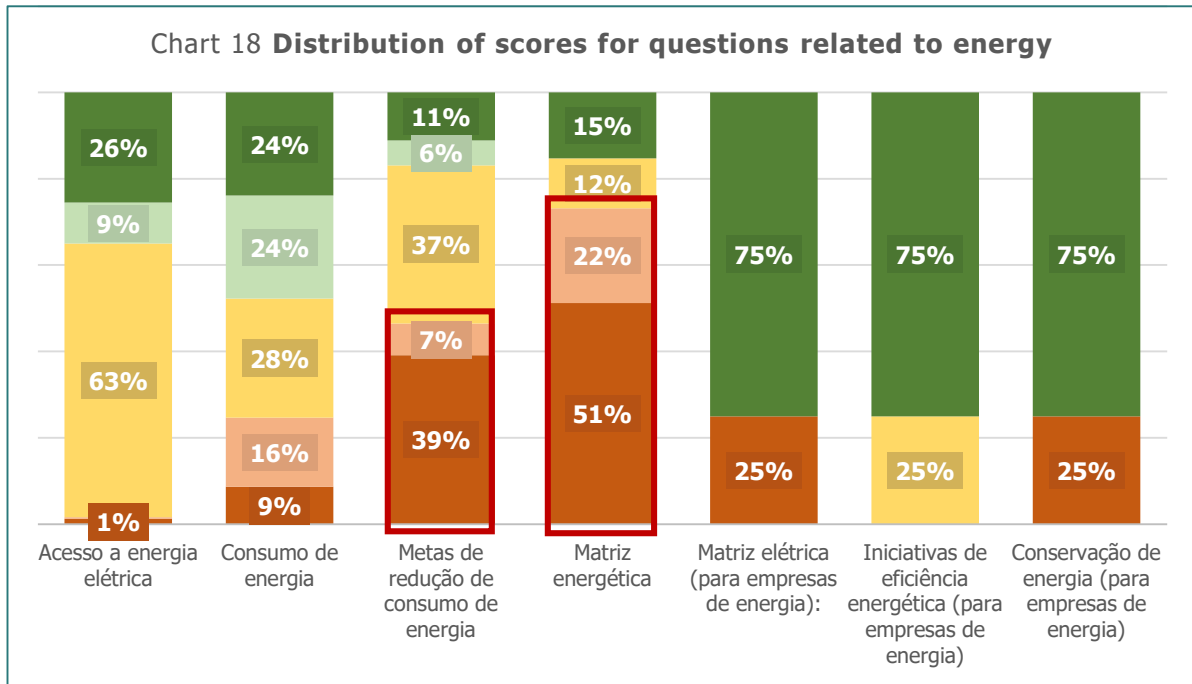
Regarding emission targets, it should be noted that, in 2021, 77% of companies stated that they carried out a GHG inventory, while in 2022, 55% of companies said they carried out emissions mapping, representing a significant drop off. As mentioned above, in 2022 there was a GHG Inventory Academy, which may have contributed to suppliers better understanding what a GHG inventory actually is. One possible explanation for the fall may be related to the question being answered correctly in the self-assessment questionnaire during the 2022 round.



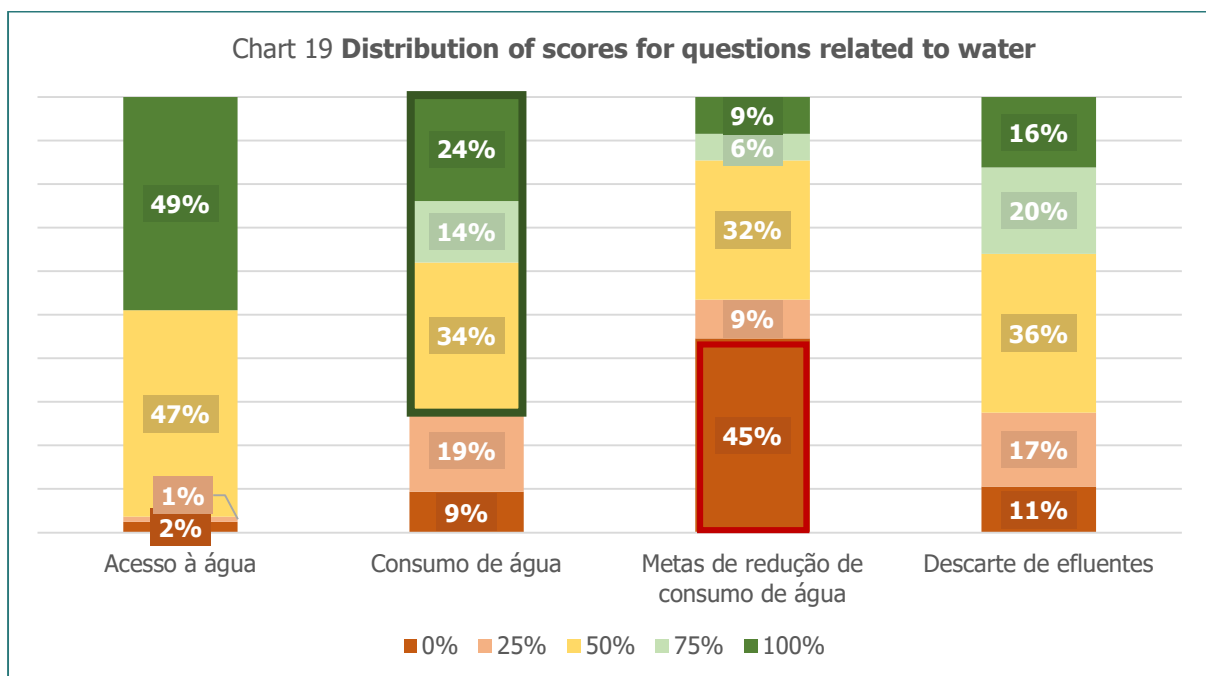
As mentioned previously, the issue of Energy Source was one of the most prominent negatives, with 73% of companies unaware of renewable sources in their grid or with no more than 50% of renewable sources. This issue may also show the companies’ lack of awareness of the topic, since the energy grid in Brazil is comprised of approximately 44.7% of renewable sources, according to data from the National Energy Balance - BEM 2022. In 2021, 79% of companies reported low adherence with respect to this topic, an improvement of 6 percentage points. It should be noted that, in 2022, an Environmental Indicators Academy was held to address this topic, which may have contributed to the improvement in scores on this issue. This shows the importance of training suppliers in how to correctly complete the questionnaire.

In addition, 39% of companies said they had no goals related to energy consumption, while 7% said they had goals but were unable to achieve them in the last year. In 2021, 43% of companies had no targets related to this topic and, again, the Environmental Indicators Academy may have contributed to the improvement shown for this indicator.

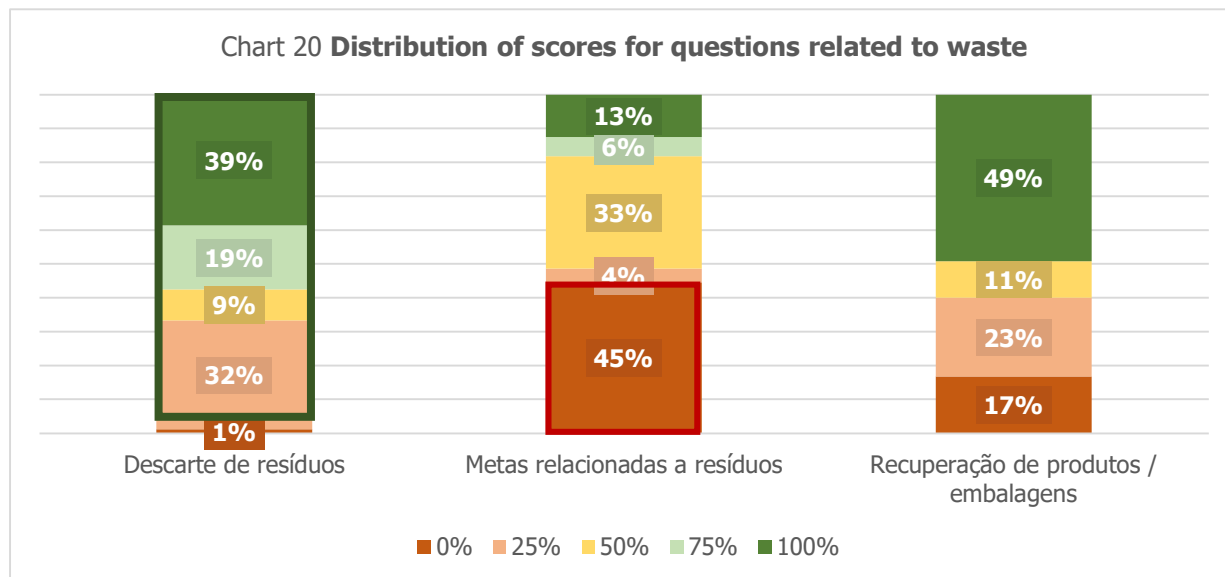
The commitment of energy companies to energy efficiency initiatives, the renewable sources and energy conservation is significant, with 75% of companies carrying out actions to reduce technical and commercial losses, while 75% of companies have a strategy to encourage the reduction of energy consumption.



Regarding water use, there is clear concern about consumption of this natural resource, with 72% of suppliers saying that they monitor and manage water consumption. Despite this, 45% of suppliers do not have goals to reduce consumption, suggesting a lack of commitment to this issue.

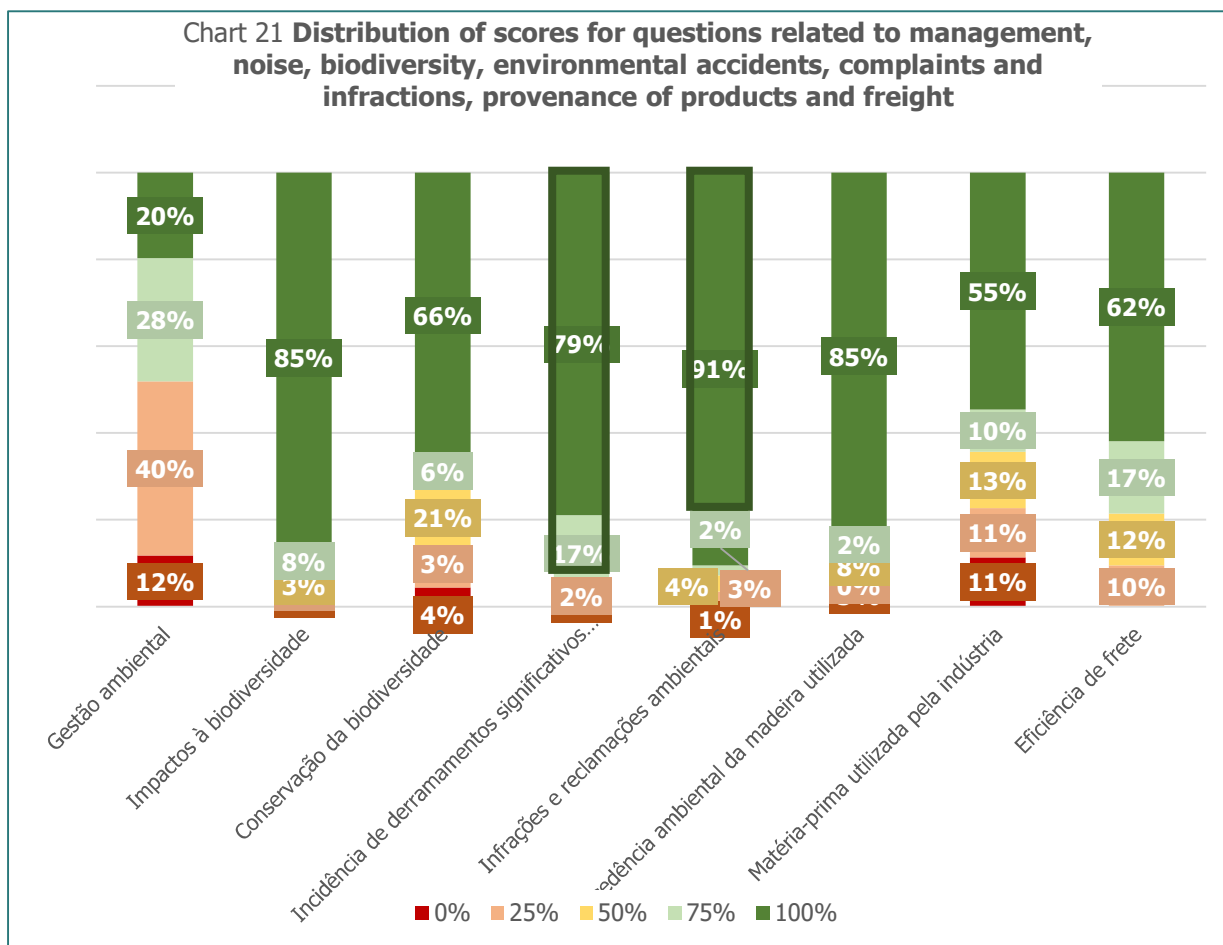


With relation to waste, 99% of companies said they disposed of their waste correctly and according to its classification. 67% said they had a Solid Waste Management Plan (where applicable). However, 45% of companies do not have waste reduction goals in their operations.



Among other environmental concerns, it is important to highlight the issue of Environment Management. In 2022, 12% of companies reported that they do not have a formal environment management program, while 40% do not have a formal program but say they carry out sporadic environmental activities. On the other hand, 91% of companies responding scored well with respect to environmental infractions and complaints, reporting that they did not receive complaints or infractions in the previous 12 months. Another indicator for which suppliers scored well was the incidence of significant spillage of chemical products and/or effluent, with 96% reporting that they had had no critical incidents in the previous 12 months. Clearly, the fact that this type of incident is regulated by environmental agencies and can incur fines means that the issue receives more attention from companies.

Suppliers also show a high level commitment to biodiversity issues, partly because it is an issue that is closely monitored by environmental agencies and partly because it is an issue that is "not applicable" to some participating companies.

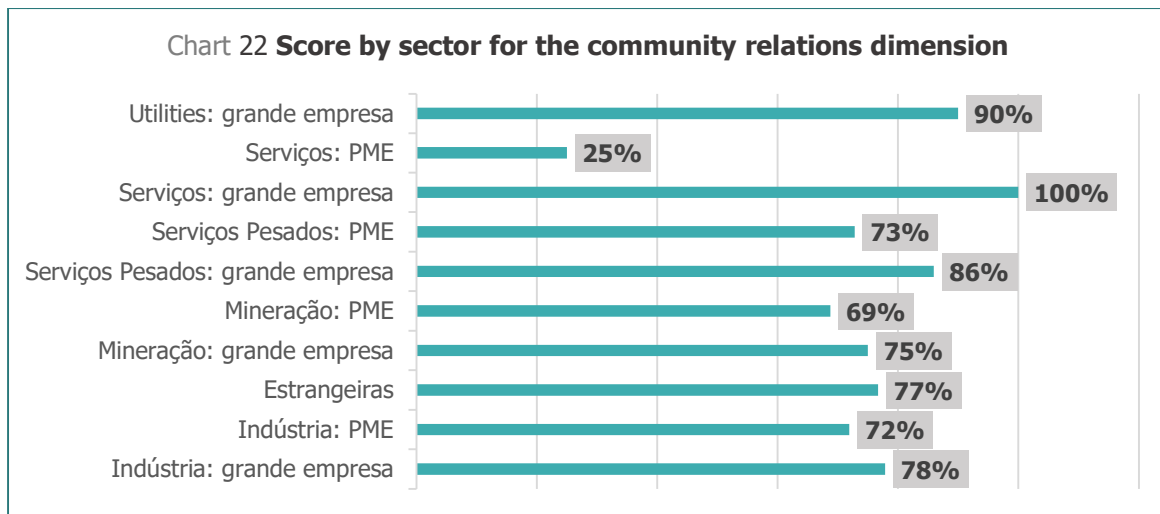


COMMUNITY RELATIONS

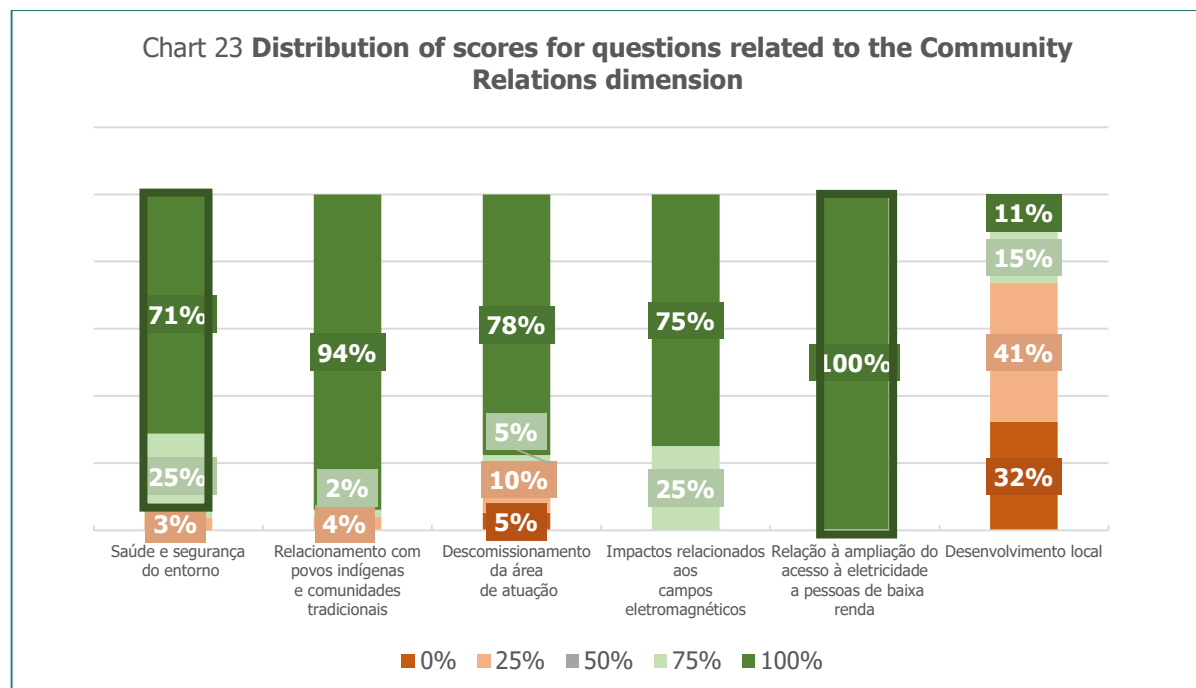
Maintaining a transparent, respectful relationship with the communities in the vicinity of operations, and the direct or indirect participation of the company in resolving local social and environmental problems make up part of this dimension, which covers the following themes:

- Social programs or initiatives aimed at local socio-environmental development;
- Initiatives safeguarding and promoting the health and safety of the local surroundings;
- Relationships with indigenous people and traditional communities that inhabit the region in which the operation is located;
- Presence of a decommissioning plan for the area that considers not only environmental aspects but also actions aimed at the economic/tax independence of the region (in the case of mining companies);
- Identification and management of health risks associated with exposure to electromagnetic fields, as well as initiatives focused on expanding access to electricity for low income communities (in the case of the energy sector).

The chart below shows the scores for the different sectors against the Community Relations dimension.



For this dimension, the average level of adherence across all sectors was 84.5%. As historically seen with the GFD Program, formal initiatives aimed at the local development of surrounding communities, in general, are not common with most of the suppliers surveyed. The companies that do this (69 suppliers) are mostly large companies that have well-structured social responsibility programs or volunteer programs with local communities. On the other hand, the indicator that assesses actions aimed at the health and safety of surrounding communities showed 96% adherence. It should also be noted that 100% of energy companies stated that they have initiatives aimed at including people without access to electricity.

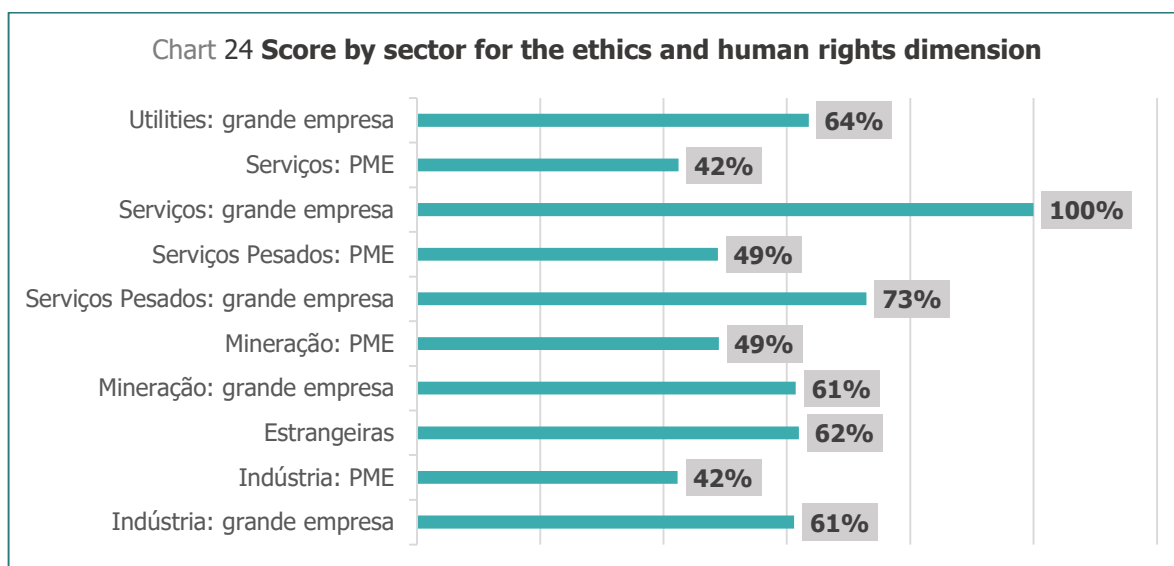


ETHICS & HUMAN RIGHTS

The Ethics & Human Rights dimension of the GFD covers the following topics:

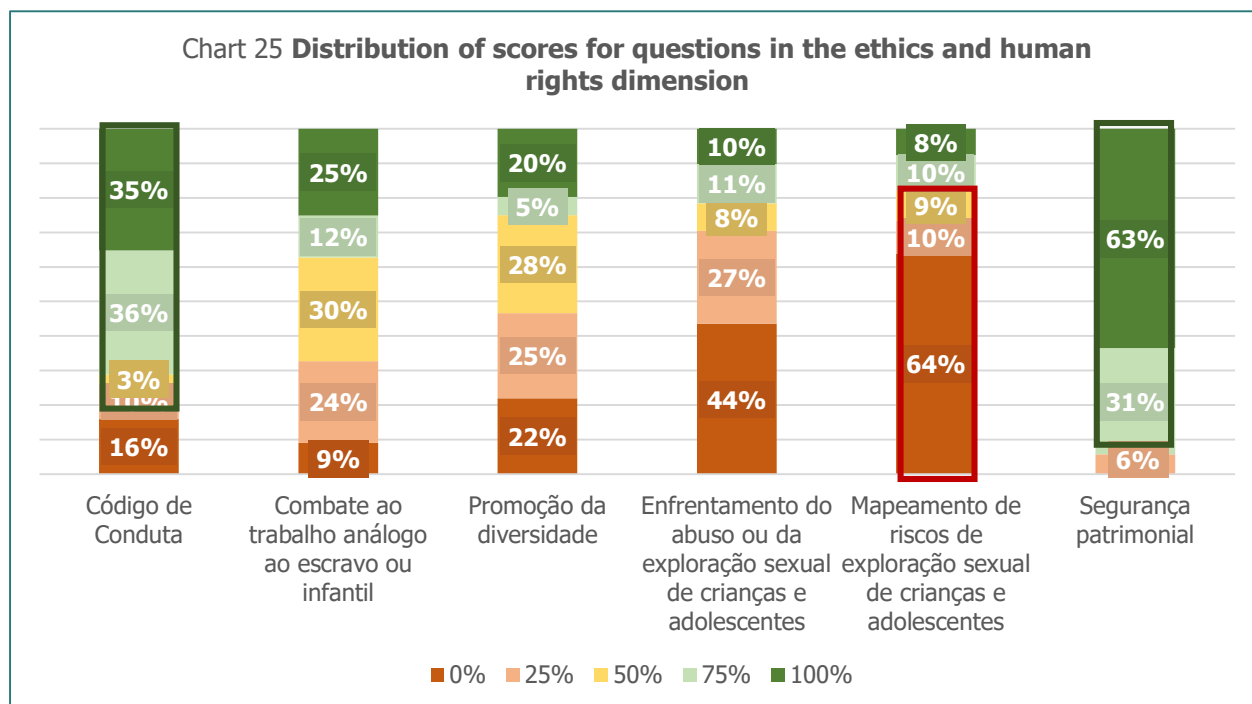
- Presence of a Code of Conduct;
- Actions to combat child labor or slave-like conditions;
- Program or initiatives that promote diversity;
- Actions that combat the exploitation of children and adolescents;
- Risk mapping of the sexual exploitation of children and adolescents in operations throughout the value chain;
- Security of property and human rights.

The chart below shows the scores for the different sectors against the Ethics & Human Rights dimension:



The level of engagement with the Ethics and Human Rights dimension was 60.4% in 2022, an improvement versus 2021 and 2020, in which there was 53.8 and 55% adherence, respectively. In 2022 there was a Procurement Academy for Human Rights and Combating the Exploitation of Children and Adolescents, supported by Dexco’s Social Responsibility and Compliance areas, which addressed various topics related to those reviewed here.

Areas that scored poorly included few companies reporting that they map and monitor the risks relating to the sexual exploitation of children and adolescents in their operations and value chain (18% of the total), with 73.4 % of respondents responding that they have no form of mapping, while 9% reported that they carry out risk mapping actions only in their operations. In 2021 and 2020, 76% and 71%, respectively said they did not have this type of mapping, showing that the topic deserves attention and still represents a major challenge for Brazilian companies. On the other hand, 94% of respondents claimed to have a private property security team trained and updated with respect to human rights and the use of force. 74% responded that they have a Code of Conduct.



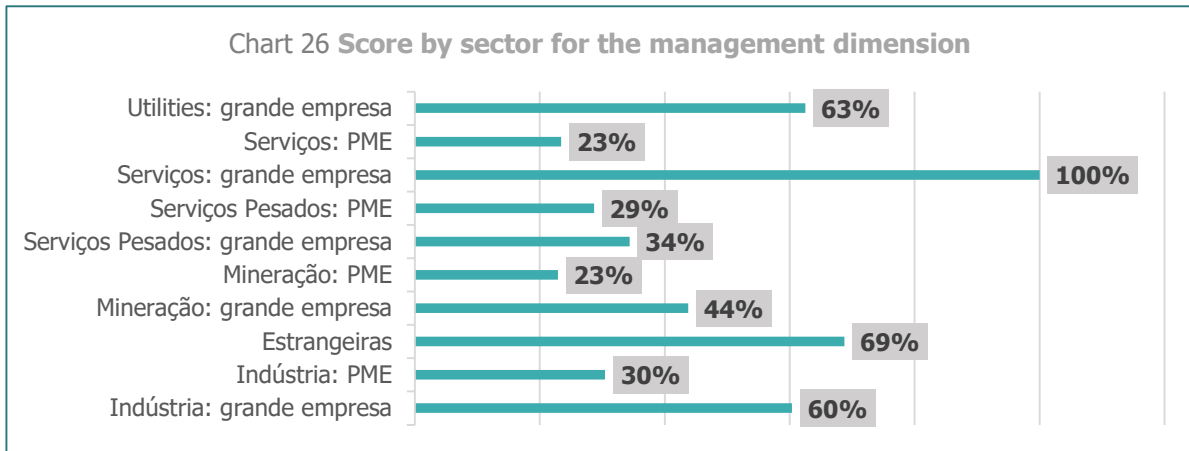
SUSTAINABILITY MANAGEMENT

This dimension covers only two questions, with two sub-questions:

- The socio-environmental management of suppliers, that is, the extent to which the company has initiatives that seek to incentivize its suppliers to adopt sustainable practices in its business (e.g. including socio-environmental clauses in contracts, soliciting documents showing compliance, carrying out external audits etc.). Should the company reply in the affirmative, there are two follow-up questions:
 - Criteria for identifying suppliers who are critical to the company
 - Types of initiative for assessing the company’s critical suppliers
- Initiatives or programs aimed at the research and development of products and services.

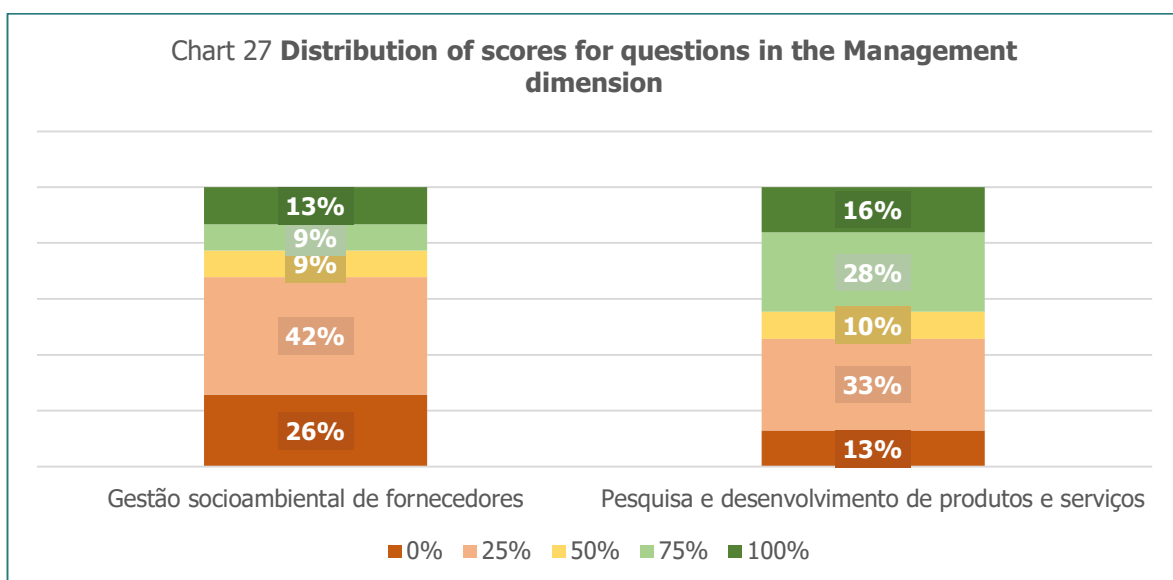
Dexco Supplier Management

RESULTS REPORT 2022



The Sustainability Management dimension, in keeping with previous rounds of the GFD Program, had the lowest level of adherence, at 52.5% across all the sectors covered. This dimension has shown little progress in recent years, with adherence of 46% in 2021, 43% in 2020 and 46% in 2019. This assessment shows that promoting sustainable practices among suppliers and their supply chain is not being treated as a priority, especially among small and medium-sized enterprises.

Both questions had a medium average score, with most companies reporting not having initiatives in this area, or only occasional activities and, in the case of the socio-environmental management of suppliers, the level of adherence was even lower (26% of respondents reported not having any type of initiative in this area). However, Dexco remains committed to encouraging its suppliers to act as promoters of sustainability along their own value chains, thus ensuring sustainable performance from end to end of the chain.



Regarding companies that reported having some form of action with their suppliers, the following stood out:

Dexco Supplier Management

RESULTS REPORT 2022

Criteria for identifying the company's critical suppliers:	Types of initiative for assessing the company's critical suppliers:
A. The company has no criteria for assessing the criticality of suppliers 83 suppliers	A. The company has no initiatives for assessing critical suppliers 75 suppliers
B. Spending with the supplier 57 suppliers	B. Sending of self-assessment questionnaires 76 suppliers
C. Number of annual transactions with the supplier 63 suppliers	C. Occasional on-site visits to critical suppliers, when the need arises 119 suppliers
D. Type of contract 67 suppliers	D. Occasional on-site visits to critical suppliers 59 suppliers
E. Significance to the business of the product / service offered 151 suppliers	E. Initiatives for developing suppliers in strategic themes 39 suppliers
F. Socio-environmental impact of the sector of operation 76 suppliers	F. Recognition of suppliers that stand out against pre-defined criteria 70 suppliers

MOST CRITICAL QUESTIONS OF THE DIMENSIONS ASSESSED

The table below shows the questions that highlight the biggest performance gaps:

Question	0%	25%	50%	75%	100%	<50%	Dimension
With respect to local development, which alternative best describes the company's practices:	85	109	0	40	29	73.8%	Community Relations
With respect to the energy sources, which alternative best describes the company's practices:	124	53	28	0	37	73.1%	Environment
With respect to protecting the rights of children and adolescents, and their facing abuse or sexual exploitation, which alternative best describes the company's practices:	115	71	21	30	27	70.5%	Ethics & Human Rights
With respect to the mapping and monitoring of the probability of the risk of sexual exploitation of children and adolescents in your operation and your value chain, which alternative best describes the company's practices:	168	25	23	27	20	73.4%	Ethics & Human Rights
Regarding greenhouse gas (GHG) emission reduction targets, which alternative best describes the company's practices (be they absolute or relative targets):	160	10	53	8	16	68.8%	Environment
With respect to the socio-environmental management of suppliers, which alternative best describes the company's practices:	68	111	25	25	35	67.8%	Management
With respect to targets for reducing water consumption, which alternative best describes the company's practices (be they absolute or relative targets):	110	22	79	15	21	53.4%	Environment
With respect to the socio-environmental management of suppliers, which alternative best describes the company's practices:	31	106	0	75	52	51.9%	Environment

As stated above, with the aim of supporting supplier evolution with respect to socio-environmental issues, Procurement Academies are held each year. In 2022, three Procurement Academies were held, related to Human Rights and Combating the Exploitation of Children and Adolescents, Greenhouse Gas Inventory; and Environmental Indicators.

In order to promote continuous improvement of the GFD Program, the suggestion for the 2023 round is that suppliers be involved in development activities related to the following topics:

1. Environment and Sustainability: once again there has been low levels of engagement with respect to environmental issues. 4 of the 8 questions with weakest levels of engagement are from the Environment dimension. Thus, it is important that suppliers understand more about the topic and its importance to Dexco's supply chain. However, there has been a more focused approach on topics which showed less adherence, namely: targets for reducing greenhouse gas (GHG) emissions, energy source, environmental management and targets for reducing water consumption. A topic correlated to these indicators that showed a low level of adherence

Dexco Supplier Management

RESULTS REPORT 2022

was the socio-environmental management of suppliers, a topic that is extremely important for Dexco in maintaining a responsible business chain.

2. Local development: in 2021 this topic showed a performance gap of 73.1%, while in 2022 it was 73.8%, being the indicator with the worst score in the 2022 round. It is therefore important to make suppliers aware of practices relating to the development of the local community.
3. Combating the sexual abuse of children and adolescents: the low level of engagement in the two issues related to mapping and combating the sexual exploitation of children and adolescents in both the operation and the supply chain was evident once again. It is important to raise awareness among suppliers, and to highlight the importance of the subject, as well as to encourage programs that promote the fight against exploitation, such as the *Na Mão Certa* program.

BEST SUPPLIER AWARDS 2022

Every year, Dexco recognizes suppliers who have demonstrated outstanding business practices, identified during visits carried out as part of the GFD Program. The Best Suppliers Award seeks to recognize the suppliers that stood out in their sector of operation (split between SME and Large Companies), as well as the suppliers most engaged with their action plans and with their progress with the GFD Program. In 2022, commemorating 10 years of the GFD Program, 3 companies were recognized as showing the best performance and evolution over the past 10 years.

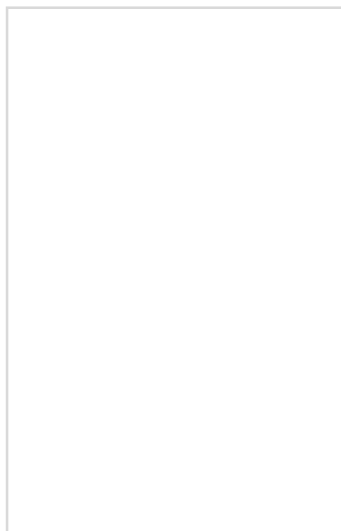
This recognition seeks to value the progress suppliers have made in incorporating sustainability practices into their businesses, and in inspiring other companies to adopt similar actions.

See below for the list of suppliers that stood out in 2022 in each of the segments covered, together with their main achievements:

Manufacturing (large company):

MANUCHAR COMERCIO EXTERIOR LTDA

Score: 8.11



- Environmental Management: They have a sustainability area with environmental indicators and targets.
- Management Excellence: They are certified by ISO 9001 and ISO 14001.
- Transparency: They have a Global Sustainability Report.
- Supplier Management: There is a Sustainable Supply Program, with structured evaluation of suppliers.
- Employee Training: They have a Training Matrix, with mandatory and optional training that is developed by the company's own employees.
- HR Management: They have structured employee evaluation and career development processes. They have an annual satisfaction survey and Great Place to Work certification.
- Climate Change: They carry out a global inventory and have a goal to reduce GHG emissions.

Manufacturing (small and medium enterprises):

HELSTEN IND COM FACAS E FERRAMENTAS

Score: 7.63



- Management Excellence: certified by ISO 9001 since 2005 and implementing actions for ISO 27001 and ISO 14001 certification.
- Quality: there is a quality control system that evaluates each stage of the process, a Quality Laboratory and audits during the process.
- Research & Development: there is a multidisciplinary team that seeks innovations in machinery and raw materials to improve the efficiency of processes and the use of knives.
- Waste Management: developing, with Villares Metais, a project to reuse chips and other residues from the process.
- Health & Safety: safety technician in place together with solid and structured practices relating to the subject.
- General Data Protection Law: gap analysis, with policies and training on the subject and plans to carry out an audit.

Mining (large company):

MAGNESITA REFRATARIOS AS

Score: 9.58



- Diversity: have a goal of reaching 33% of women in management positions by 2025, an affinity program, training on the subject and a diversity calendar.
- People Management: 180° evaluation of employees, with Individual Development Plans and an annual climate survey.
- Water Efficiency: carry out an assessment of water scarcity at some units, with water economy actions, effluent treatment and the reuse of treated water.
- Reverse Logistics: Reverse Logistics Program for refractories.
- Greenhouse Gases: carry out Scope 1 and 2 inventories, with a 15% reduction target in emissions by 2025 and actions to reduce emissions.
- Sustainable Products: line of refractories developed from material recycled or reused from the production process.

Mining (small and medium enterprises):

D A V QUIMICA DO BRASIL LTDA

Score: 7.74

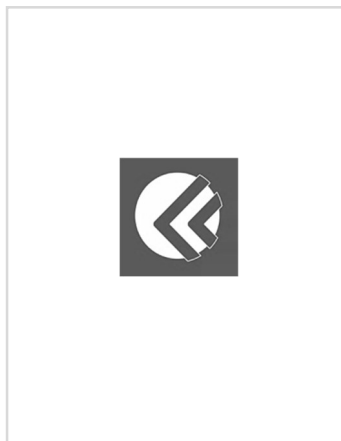


- People Management: unstructured employee evaluation, with alignment meetings every two months.
- Clean Energy: Biomass-fired boilers were recently installed.
- Water: use water in a closed cycle in the process.
- Quality management: a physical-chemical laboratory for the analysis of all batches of sodium silicate.
- More sustainable products: three projects for selling sodium silicate by-products. Currently, they have a by-product of sodium metasilicate, used for household cleaning.

Heavy Services (large company):

COSTA TEIXEIRA TRANSPORTES LTDA

Score: 8.43



- Management Excellence: hold ISO 9001, ISO 14001, ISO 39.001, Sedex and SASSMAQ certification.
- Environmental Management: creation of environmental assessment targets and indicators.
- Diversity: program for developing female drivers, with the target or reaching 10% of women in the fleet.
- Freight efficiency: monitoring, training and recognition of efficient consumption practices.
- Training: training program, carried out in partnership with SEST-SENAT.
- Sexual Exploitation of Children and Adolescents: partner company in the *Não Mão Certa* program.

Heavy Services (small and medium enterprises):

D A R TRANSPORTES E COMERCIO LTDA

Score: 8.00



- Management Excellence: have updated SASSMAQ certification (Health, Safety, Environment and Quality Assessment System).
- Compliance: a structured Integration Manual made available to third parties and business partners, in addition to a Reporting Channel.
- HR Management: offer training courses for employees in partnership with SEST SENAC and study grants.
- HR Management: performance evaluation of drivers and career plan.

Utilities (large company):

COMPANHIA DE GAS DE SANTA CATARINA

Score: 7.97



- Transparency: administrative report, indicators and policies available on their online platform.
- Compliance: a structured Compliance area, mandatory training on the Code of Conduct, Anonymous Reporting Channel and Integrity Committee.
- People Management: promote continuous development and training, with performance evaluation program and climate survey.
- New products: an R&D team that seeks new, more sustainable customer solutions. In 2022, launched a public call for proposals to supply biomethane.
- Environmental Management Program: a defined environmental strategy with indicator tracking and setting of medium and long-term goals.
- Climate change: carry out an inventory of Scope 1 and 2 gases, plus a gas compensation program, in addition to a target for planting trees to offset the gas sold.

Engagement with GFD:

DI MARTINO IND MET LTDA

Score: 7.91



- Excellence in Management: certified in ISO 14001 and ISO 9001.
- Water Efficiency: work in a closed cycle on some machines and carry out water efficiency actions.
- Young Apprentice: development program for young apprentices.
- Waste and recycling: a Solid Waste Management Plan, separate recyclable materials, and employees trained to separate waste.
- Product Research & Development: professionals who carry out new product development with the client.

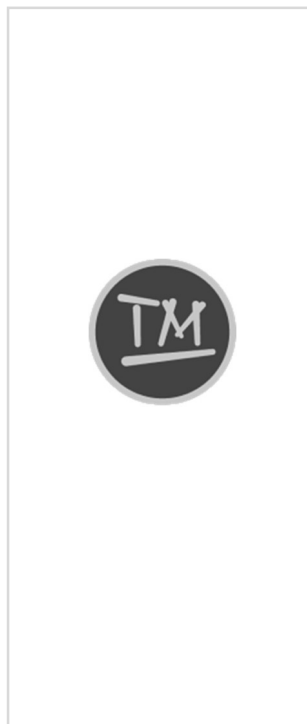
10 year recognition

With a view to commemorating the 10th anniversary of the GFD Program, we are seeking to recognize companies that have stood out the most over the last 10 years for their engagement in the Program, their progress with in socio-environmental topics and their connection with Dexco's strategic goals.



FLORESTAL BARRA LTDA

- **Engagement:** the company has participated in the GFD Program on 7 occasions, showing significant progress. In addition, it has already been recognized on two previous occasions.
- **Management Excellence:** ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 are in the process of being certified.
- **Connection with Dexco's Strategic Commitments:** committed to sustainable growth, having strict environmental control and compliance with management practices in mitigating negative environmental impacts. In addition, it promotes health and well-being for both environments and employees, with consistent employee evaluation practices, climate surveys and a structured training program. The company has a Solid Waste Management Program and established environmental indicators. With regards to the community, they have a Socio-environmental Program.



TERMOMECANICA SAO PAULO AS

- **Engagement:** the company has participated in the GFD Program on 9 occasions, showing significant progress, with prior recognition.
- **Management Excellence:** certified in ISO 9001, ISO 14001, ISO 50001, ISO 17025, ISO 45001 and AS 9100.
- **Connection with Dexco's Strategic Commitments:** the company facilitates the construction and renovation journey, with Research and Development areas and Laboratories aiming to improve its products in the sector for transforming non-ferrous metals into semi-finished and finished goods. Termomecânica works with sustainable growth, with socio-environmental criteria for its suppliers, an environmental management system involving established actions and practices and the control of atmospheric emissions. In addition, the company promotes health and well-being for both environments and employees, promoting employee development through a Corporate University, in addition to establishing a good relationship with its community through local development projects coordinated by the Fundação Salvador Arena.

ARTBAN INDUSTRIA E COMERCIO LTDA

- **Engagement:** the company has participated in the GFD Program on 10 occasions, showing continuous improvement, and recognized on three occasions.
- **Connection with Dexco's Strategic Commitments:** the company seeks sustainable growth, considering more efficient alternatives for its production process. Artban promotes the health and well-being of all employees, carrying out employee assessments and developing action plans. In addition, the company stands out for its inclusive practices, through the hiring of PWDs. It also has good compliance practices, such as training employees in the code of conduct, and an anonymous reporting channel.