

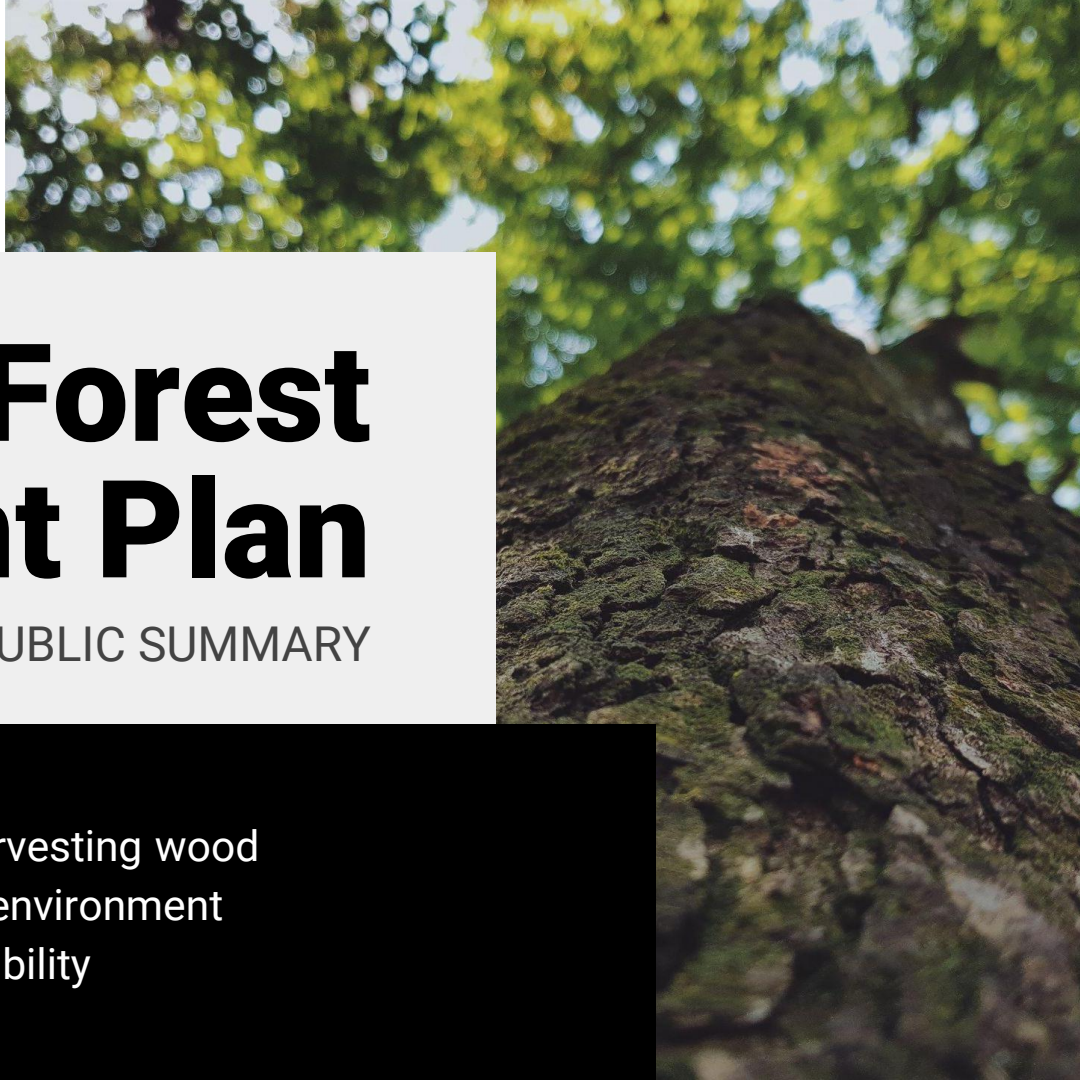
DEXCO | 2022

Forest Management Plan

PUBLIC SUMMARY



Planting forests, harvesting wood
and preserving the environment
with social responsibility



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01 PRESENTATION

This Forest Management Plan (FMP) covers the procedures and guidelines for managing the forest areas certified according to **FSC®** (Forest Stewardship Council®) **Principles and Criteria**.

This document is part of Dexco's management system documentation and is directed to the different stakeholders interested in getting to know our work.

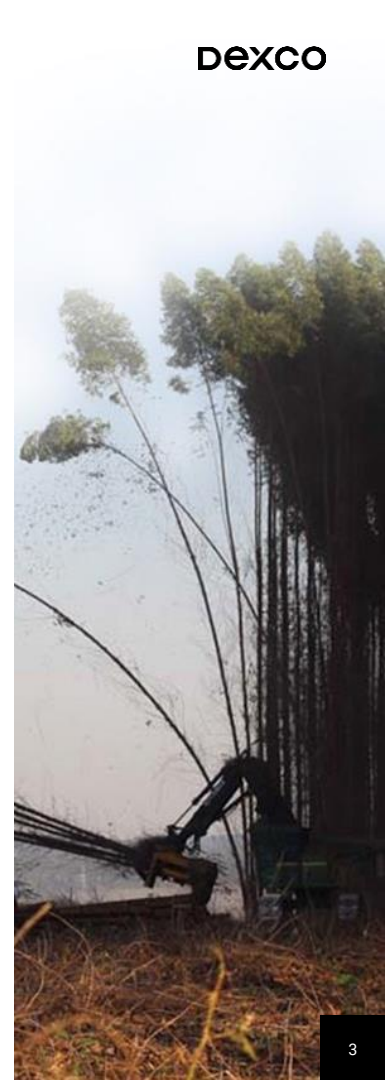
Additional policies and regulations are publicly available at Dexco's website.

FSC forest management license code: FSC-C006042

02 MANAGEMENT OBJECTIVES

These are the objectives of Dexco's Forest Management Plan:

- From the **economic aspect**, to ensure wood production to supply its reconstituted wood boards factories, meeting established quality standards and keeping cost competitiveness. When economically viable, other forestry products may be obtained, such as resin, lumber and wood chips for energy, as well as selling wood from standing trees.
- From the **social aspect**, to ensure the protection, well-being and technical development of the people directly involved in our forestry activities and to respect the rights of communities where Dexco operates, while maintaining channels for engagement with interested and affected stakeholders.
- From the **environmental aspect**, to conserve biodiversity, water resources and soil, aiming to maintain and/or improve ecosystem services and environmental values, using natural resources and other inputs required for forest management activities in a rational and sustainable manner.



03 DEXCO'S ORGANIZATIONAL IDENTITY

The Company – Dexco S.A. is a private, publicly traded Brazilian company, with shares listed on the B3 (Brazilian stock Exchange) and controlled by Itaúsa – Investimento Itaú S.A. and Companhia Ligna de Investimentos, with the remaining capital traded in the open market.

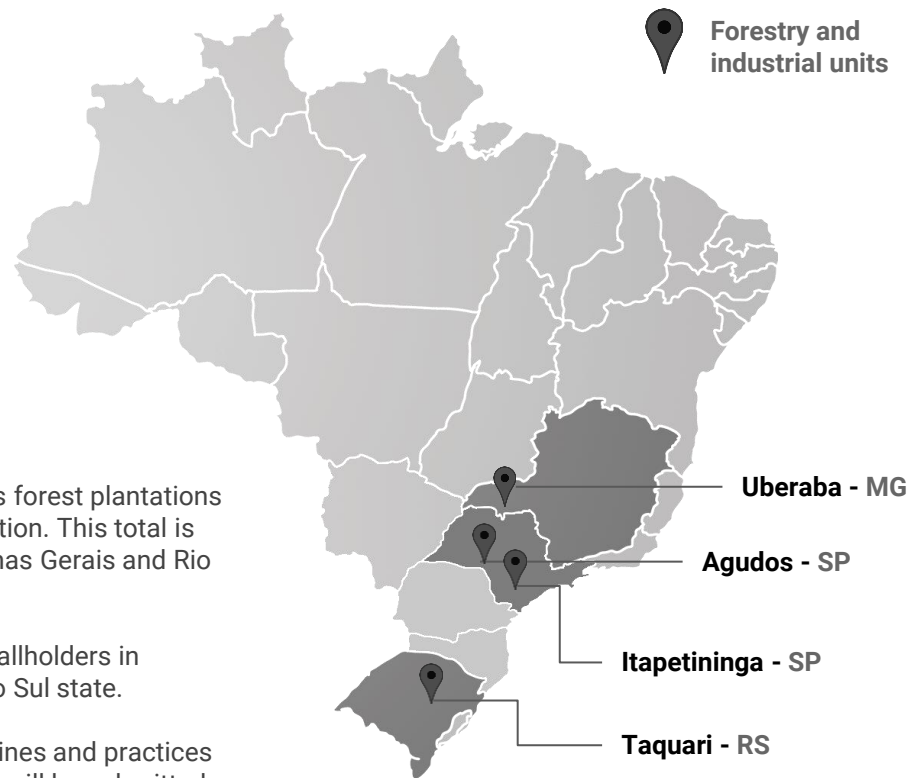
Our purpose – To offer solutions for a better living.

04 MANAGED AREAS AND FOREST RESOURCES

Dexco possesses approximately 130 thousand hectares in which it manages forest plantations of eucalyptus and pine and maintains conservation areas with native vegetation. This total is made of own and leased farms located in different regions in São Paulo, Minas Gerais and Rio Grande do Sul states.

In addition to these areas, we maintain fostered forest partnerships with smallholders in around 26 thousand hectares, the majority of which located in Rio Grande do Sul state.

This document includes information related to certified areas, but the guidelines and practices here described also apply to the areas that are not yet certified. These areas will be submitted for certification in the future, in line with our target to have 100% of own and leased areas FSC-certified by 2025.



Dexco's forest plantations are established in previously anthropized areas that have been predominantly been used for agriculture or cattle ranching, with no deforestation or conversion of natural ecosystems to other uses.

Management techniques, such as the species to be planted, spacing and fertilization, are prescribed considering the analysis of the climatic conditions and the soil at the forest stands.

At the São Paulo and Minas Gerais units, the most used eucalyptus species are *Eucalyptus grandis*, *E. urophylla*, *E. saligna*, *E. camaldulensis* and hybrids of *E. grandis* and *E. urophylla*. In areas planted with pine, the species most widely used are *Pinus caribaea* var. *hondurensis*, *P. oocarpa*, *P. tecunumanii* and hybrids of *P. caribaea* and *P. tecunumanii*.

LAND USE: CERTIFIED AREAS		
Land use	FSC-certified	
	hectares (ha)	%
Plantation	82,408.83	64%
Conservation areas	41,632.54	32%
Other uses*	5,356.35	4%
Total	129,397.72	100%

Other uses: roads, infrastructure, transmission lines, etc.
Reference: March 2022

CERTIFIED AREAS AT DEXCO

Land tenure	São Paulo		Minas Gerais		Rio Grande do Sul		Total	
	ha	%	ha	%	ha	%	ha	%
Own land	58,762	79%	-	-	5,955	70%	64,716	50%
Leased areas	15,393	21%	46,737	100%	2,551	30%	64,681	50%
Total	74,155	-	46,737	-	8,506	-	129,398	-

Reference: March 2022

As part of our strategic planning, approximately 40 thousand hectares of forestry assets were sold in 2018 and 2019. This reduction in the forest base aimed to balance the wood supply with the production capacity of our manufacturing units, ensuring the steady supply to our factories.

In 2020, with the establishment of LD Celulose, a joint venture with the Austrian company Lenzing AG to produce dissolving wood pulp, some of the forests in Minas Gerais that were in our certified scope no longer belong to Dexco.



Knowing the conditions of the areas where we operate allows us to identify any environmental limitations regarding our forest management. These include climate and soil conditions, the occurrence of pests and diseases, the risk of forest fires and possible legal restrictions to forest plantations and pesticides usage.

In order to identify alternatives to these limitations, Dexco follows its established operational procedures that minimize possible impacts on forest management and works with partners in the forestry industry in influencing policies regarding forest management.



05 FORESTRY PLANNING AND RESEARCH

OBJECTIVES:

- To develop the Operational and Strategical Planning, ensuring the flow of information needed for the adequate execution of forestry activities, focusing on sustainable wood supply for our factories.
- To support senior management and operations teams in carrying economic and financial assessments of investment alternatives in new Technologies, delays and/or operational processes.
- To continuously improve economic and financial results from the forestry business unit, maximizing returns to Dexco while fulfilling stakeholders' needs and expectations.
- To ensure innovation in our processes and the transfer of technology to operations teams, to develop technologies aiming to increase productivity and the optimization of resources, cost reduction, natural resources conservation and protection of people.
- To monitor forest growth and dynamics using forestry inventory. Permanent plots are established for continuous measurements and in specific situations, temporary plots are set for inventory some months ahead of harvesting in order to have more precise estimates of wood stocks at the farms. Volume modelling is carried out using well-established methodologies and equations, ensuring the reliability of information.
- The continuous practice of forestry inventory ensures greater knowledge of our forests productivity and allows the generation of reliable data on wood stocks, which support Dexco's future operational planning.

06 FOREST MANAGEMENT OPERATIONS

Forest management and harvesting practices are carried out with the application of widely used technologies in the forestry industry, which are constantly evolving.

In planting and maintaining our forests, we use equipment that aim to deliver efficient, high quality forestry operations with no harms to the environment or our workers. This equipment include tractor with implements designed specifically for preparing the soil (subsoiling), fertilizing, irrigation and pest, disease and weed control, in addition to manual tools used to plant the seedlings and application of herbicides and baits for leafcutting ants.

The harvesting equipment is generally selected to meet the specific needs of the forest in terms of conditions of the plantation, topography and soil, while also considering the planned use of the wood and the expected forest productivity.

Harvesting is carried out mechanically using harvesters to fell and trace the trees or sets of feller-bunchers for felling and swing machines for processing.

The removal of wood from the plots is carried out using forwarders or hauled using skidders. The logs are then loaded with forest loaders, before being transported to our factories with regular trucks or large off-road trucks whenever possible.

ORIGIN OF THE FORESTS

1. Collection of seeds or sprouts of selected trees
2. Seedling production at nursery
3. Planting of seedlings using the minimal cultivation system



MAINTENANCE

4. Weed control
5. Leafcutting ants control
6. Fertilizing



HARVESTING

7. Felling and processing
8. Hauling of logs from stands to roads
9. Transport of logs to factories



ENVIRONMENTAL CONTROLS

10. Road conservation
11. Protection of springs and water streams
12. Waste management



The annual rates of harvesting and exploitation are established based on the long-term planning that aims to sustain continuous wood supply to Dexco's industrial plants, using data obtained through forestry inventory and demand forecasts from our fiberboard factories.

The permanent cycles of planting and harvesting of rapid-growth forests ensure the sustainable supply of wood needed for industrial production over the long term. This wood may come from our own or leased areas or be procured from regional producers, including smallholders.



07 FOREST PROTECTION

INTEGRATED PEST MANAGEMENT AT DEXCO

Dexco employs techniques and procedures on its forests for pest management, as required to maintain forest productivity while safeguarding the health of our workers and ensuring environmental conservation.

Pest management at Dexco follows the concepts of IPM (*Integrated Pest Management*), which aims to associate techniques to manage the main pests populations, in order to keep them at reasonable levels without compromising the forest productivity.

Programs are established considering climactic zoning of the plantation regions, genetic breeding by the selection of trees resistant to pests and diseases, minimum cultivation planting and maintenance of conservation areas with native vegetation, which act as source for natural enemies to the pests. When pest control is needed, biological control is prioritized.

USE OF PESTICIDES

The use of pesticides is an alternative deployed when all other forms of pest control prove insufficient. Pesticides are important resources in responsible forest management, which may be used whenever necessary.

Legal aspects relating to the use of pesticides are always considered when choosing products to be used in the IPM, along with workers' health and safety and environmental conservation requirements.

Priority is always given, whenever necessary, to the use of products from the lowest toxicological class (practically non-toxic to humans), as defined by Brazilian standards. Workers are trained for the correct pesticides application and must use Personal Protective Equipment (PPEs) designed for their safety and supplied at no cost by Dexco.

Dexco does not use pesticides classified by the World Health Organization (WHO) as 1A and 1B.

Empty containers are stored and later sent to collection centers with rigorous safety criteria, in full compliance with the applicable laws.



FSC PESTICIDES POLICY

Dexco complies with the current Brazilian legislation and FSC policies regarding use of pesticides.

As required by the current version of FSC Pesticides Policy, we developed environmental and social risk assessments (ESRAs) for the chemicals used in forest management.

Through these assessments, control measures are established aiming to minimize risks to people and the environment when using pesticides.

ENVIRONMENTAL EMERGENCIES

For environmental emergencies, procedures have been established for the prevention and control of forest fires, an emergency that carries significant potential environmental, social and economic impacts. In 2021, 66 fires were recorded at our forests, all of which duly controlled and with no significant impact.

In cases of accidents involving transportation of hazardous substances, our workers have the required knowledge and resources to mitigate harmful effects and to communicate the potential risks to related stakeholders.

Stakeholders potentially impacted by possible environmental accidents at Dexco are informed and supported as needed and according to legal requirements. There are informative signs at the entrances of our farms identifying Dexco, the farm name and the phone number for contacting us.



08 ENVIRONMENTAL PROGRAMS

ENVIRONMENTAL CONTROL AT CONSERVATION AREAS

Aiming to develop technologies for environmental conservation of these areas, Dexco maintains relationships with the scientific Community to analyze and foster partnerships in research projects, studies and didactic activities.



Native vegetation along planted forests

RESTORATION OF DEGRADED AREAS

In areas under recovery, a monitoring process of natural regeneration is carried out for at least five years before any decision to plant native species. Should significant natural regeneration not occur, enrichment can take place with a range of regional species.

CONNECTIVITY

We consider the conservation of Permanent Preservation Areas (APPs, in Portuguese) the primary measure in ensuring connectivity between conservation areas. In areas where APPs are far apart, corridors may be created to link them, and thus create greater connectivity. Such measures have been introduced in Rio Claro and Monte Alegre farms, both located in São Paulo state.



Aerial view from a forest farm

FAUNA SURVEYING AND MONITORING

Dexco has had programs for surveying and monitoring the fauna since 1977, in partnership with universities and other institutions, as well as through the registry of our workers' animal sightings. The studies cover communities of mammals, birds, amphibians, reptiles and fish.

FLORA CHARACTERIZATION AND SURVEYING

The floristic research determines the phytoecological environments of the surveyed area and its successional stage so that, when necessary, program for the recovery of degraded areas can be introduced, along with monitoring of high conservation value areas. To support these decisions, we combine field assessments with geotechnologies, such as photointerpretation and digital processing of satellite images using Geographic Information Systems.



IDENTIFICATION AND PROTECTION PLAN FOR RARE AND ENDANGERED SPECIES

In order to identify the fauna and flora found in our forest plantation farms, particularly rare, threatened and endangered species, we maintain conservation biology projects in partnership with universities and other institutions, involving researchers, graduate students and field technicians, as well as Dexco's own team.

Research is conducted through sampling in pilot areas, prioritizing those of greatest environmental significance, such as high conservation value areas.

Dexco's forest plantations are established while maintaining set-aside areas, where native vegetation is preserved enabling the conservation of regional fauna and flora.

HYDROLOGICAL MONITORING

The monitoring of water resources is conducted using water analyses, along with the results of the "Flow Tower" Project (EUCFLUX), which, due to its complexity is carried out in a cooperative system.

In Minas Gerais and São Paulo, we monitor qualitative parameters with seasonal sampling in fixed locations and in variable collection points in areas where forestry operations are in place.

In Rio Grande do Sul, monitoring is also done through qualitative parameters, but in farms spread throughout the landscape units (as defined by state law) where we have operations. The representativeness of conservation areas and water resources is also taken into account when establishing monitoring points.

09 MONITORING RESULTS

The monitoring indicators for forest management were defined aiming to measure the adherence of our operations to the management objectives, including targets related to relevant environmental, social and economic aspects.

These indicators are used as reference for periodic critical analyses of our performance against management objectives and established targets.

If needed, the targets and indicators may be updated and adjusted to ensure their adherence to management objectives.

ENVIRONMENTAL INDICATORS					
Subject	Indicator	Unit	2021 Result	2021 Target	Target achieved?
Water collection	Annual water consumption at the nursery – São Paulo	m³	140,044.00	554,184.00	Yes
	Annual water consumption at the nursery – Minas Gerais		68,944.00	101,142.72	Yes
Pesticides usage	% of recommendations for no control of leafcutting ants	%	37.00	35.30	Yes
Fertilizer usage	% of stands meeting the recommended fertilizer dosage	%	67.00	60.00	Yes
Alien species in conservation areas	Area with alien species elimination activities	hectares	710.01	1,444.00	No
High Conservation Value Areas (HCVAs)	Populational study of <i>Bokermannohyla sazimai</i>	Number of individuals found	15	Presence of the species	Yes
	Surface water quality (IQA) variation between analyses (1 st and 2 nd semesters)	%	15.70	20.00	Yes
Biodiversity	Number of contributions on the <i>Animal Lens</i> program (animal sightings registry)	Quantity	1,062	1,223	No

MONITORING RESULTS

ECONOMIC INDICATORS					
Subject	Indicator	Unit	2021 Result	2021 Target	Target achieved?
Harvesting	Harvested wood volume	m ³	4,098,084.00	4,000,000.00	Yes
Forest management certification	% of own and leased areas with FSC certification	%	97.10	97.00	Yes
Forest quality	1 st rotation areas meeting quality standards	%	98.40	96.00	Yes
	2 nd rotation areas meeting quality standards		95.70	96.00	No
Forest fires	Average burnt planted forest area by fire spot - Agudos	Hectares/fire spots	0.90	6.00	Yes
	Average burnt planted forest area by fire spot – Uberaba	Hectares/fire spots	2.90	12.00	Yes
	Average burnt planted forest area by fire spot - Itapetininga	Hectares/fire spots	14.00	4.00	No
Nurseries	Seedlings shipments – São Paulo	Thousand seedlings	16,699.34	18,000.00	No
	Seedlings production – Minas Gerais	Thousand seedlings	3,572.34	3,000.00	Yes
	Seedlings shipments – São Paulo	Thousand seedlings	15,227.57	15,600.00	No
	Seedlings production – Minas Gerais	Thousand seedlings	3,085.22	3,000.00	Yes
Fuel consumption	Annual average fuel consumption by m ³ of felled wood - Agudos	liters/m ³ of felled wood	1.30	1.40	Yes
	Annual average fuel consumption by m ³ of felled wood - Itapetininga	liters/m ³ of felled wood	1.10	1.20	Yes
	Annual average fuel consumption by m ³ of felled wood - Uberaba	liters/m ³ of felled wood	1.50	1.60	Yes

MONITORING RESULTS

SOCIAL INDICATORS					
Subject	Indicator	Unit	2021 Result	2021 Target	Target achieved?
Environmental awareness	Visitors at Espaço Arvorar	Visitors	108	6,500	No
	Visitors at Taquari River Trail	Visitors	0	150	No
Social use of forests	Social use events held	Number of events	0	4	No
Social and environmental operational monitoring	Dialogues with neighbors (farms and routes)	%	97	100	No
	Invasion events addressed		76.00	100.00	No
	Stakeholders' requests addressed		70	100	No
	Stakeholders' complaints addressed		97	100	No
Research projects	Ongoing or finished research projects	Number of research projects	0	1	No
Occupational safety	Injury frequency rate – direct operations (São Paulo and Minas Gerais)	Rate	0.51	1.80	Yes
	Injury severity rate – direct operations (São Paulo and Minas Gerais)		7.00	105.00	Yes
	Injury frequency rate – contractors (Rio Grande do Sul)		6.72	1.80	No
	Injury severity rate – contractors (Rio Grande do Sul)		57.00	105.00	Yes
Capacity building	Average training hours by active worker	Hours/worker	4.80	3.50	Yes

10 HIGH CONSERVATION VALUE AREAS (HCVAs)

Locations that present environmental and/or social values of an exceptional nature or that are of critical importance are classified as High Conservation Value Areas (HCVAs). In these areas we have measures in place for protecting the identified values, such as to forbid any kind of hunting or fishing, surveillance patrols, preventing and controlling forest fires, lower speed limits on roads nearby these areas and alien species control. In addition to these measures, specific monitoring procedures for the identified value are established.

These actions protect rare, threatened and endangered species and native ecosystems, as well as regional fauna and flora relevant for the livelihood of local communities and their traditional practices.

In 2020, we reassessed our areas using the revised criteria for HCV categories 1 and 4. As a result, one of our areas was reclassified.

Based on the reassessed criteria, the presence of an endemic frog species (*Bokermannohyla sazimai*) at the Nova Ponte farm, in Minas Gerais, led the location to be classified as a category 1 HCVa, comprising an area of 32.50 hectares.

HCVa categories	
HCV 1	<p>Species diversity</p> <p>Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.</p>
HCV 2	<p>Landscape-level ecosystems and mosaics</p> <p>Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.</p>
HCV 3	<p>Ecosystems and habitats</p> <p>Rare, threatened, or endangered ecosystems, habitats or refugia.</p>
HCV 4	<p>Critical ecosystem services</p> <p>Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.</p>
HCV 5	<p>Community needs</p> <p>Sites and resources fundamental for satisfying the basic necessities of local communities or Indigenous Peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or Indigenous Peoples.</p>
HCV 6	<p>Cultural values</p> <p>Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or Indigenous Peoples, identified through engagement with these local communities or Indigenous Peoples.</p>

11 SOCIOECONOMIC ASPECTS

Dexco historically maintains communication channels with internal and external communities in order to foster dialogue. The low incidence of conflicts indicates that the commitments for the environment, people and communities assumed in the Forest Management Plan are incorporated into our activities and operations.

Our certified areas are spread throughout 43 cities in São Paulo, Minas Gerais and Rio Grande do Sul states, in the following meso-regions: Bauru, Itapetininga, Marília, Macro Metropolitana Paulista, Triângulo Mineiro/Alto Paranaíba, Sul/Sudoeste de Minas, Oeste de Minas, Centro-Oriental Rio-Grandense and Região Metropolitana de Porto Alegre.

Established in rural areas, our forest plantations are predominantly surrounded by other forest management units, cropland (mostly sugarcane and soybean) and pastures for cattle ranching.

Dexco does not manage areas officially recognized as indigenous ou quilombolas. In these situations, free, prior and informed consent must be obtained from the affected communities before any forestry operation.

The cities where our forests are located and the communities that surround our farms and transportation routes are listed in the following pages.



Local community near a Dexco farm

SÃO PAULO		
Agudos	Capão Bonito	Paulistânia
Angatuba	Duartina	Pilar do Sul
Avaí	Gália	Piratininga
Bauru	Guareí	Presidente Alves
Bofete	Itapetininga	Salto de Pirapora
Botucatu	Itapeva	São Manuel
Buri	Itatinga	São Miguel Arcanjo
Cabrália Paulista	Lençóis Paulista	Sarapuí

MINAS GERAIS		
Delfinópolis	Prata	Uberaba
Nova Ponte	Sacramento	Veríssimo
Patrocínio	São João Batista do Glória	-
Perdizes	São Roque de Minas	-

RIO GRANDE DO SUL		
Arroio dos Ratos	Minas do Leão	Triunfo
Bom Retiro do Sul	Rio Pardo	Vale Verde
Butiá	São Jerônimo	-
General Câmara	Taquari	-

FORESTRY UNIT	CITY	COMMUNITY	CATEGORY
Agudos	Agudos	Assentamento Barro Preto	Surroundings
		Centenário/Cohab	Quilombola
		Espirito Santo da Fortaleza e Porcinos	Surroundings
		Lar dos Desamparados	Surroundings
		Recanto dos Nobres; Linha do Trem	Surroundings
		Santa Cândida; Jardim Bela Vista	Surroundings
	Avaí	Araribá/Ekeruá	Indigenous
	Bauru	Centro de Progressão Penitenciária I	Surroundings
		Nogueira	Surroundings
		Santa Maria	Surroundings
	Cabrália Paulista	Tibiriçá	Route
	Duartina	Limoeiro	Surroundings
	Piratininga	Santa Luzia	Route
Presidente Alves	Real Village; Brasília Paulista; Presidente Alves	Surroundings	
	Presidente Alves	Route	

FORESTRY UNIT	CITY	COMMUNITY	CATEGORY
Itapetininga	Angatuba	Bairro Aterrado	Route
	Araçoiaba	Cerrado	Route
	Bofete	Alpes Castelo	Surroundings
	Botucatu	Chácara São Pedro; Parque Bela Vista	Surroundings
		Rubião Junior	Surroundings
	Buri	Bairro Capelinha	Route
		Bairro dos Costas	Route
		Bairro Matão	Route
		Buri	Route
	Capão Bonito	Brás; Taquaral Abaixo	Surroundings/Route
	Guareí	Cohab Ribeirão Grande; Balneário	Route
		Penitenciária; Guareí	Route
	Itapetininga	Bairro Espigão	Route
		Bairro Gramadinho	Route
		Juvu	Route
		Moquém; Pacaembu II	Surroundings/Route
		Porto Velho; São Roque	Route
		Tupi	Surroundings
		Varginha; Vila Palmeira	Route
	Itatinga	Várzea	Surroundings
Itatinga		Route	
Pilar do Sul	Lobo	Surroundings	
	Bairro Turvinho	Surroundings	
	Pombal	Route	

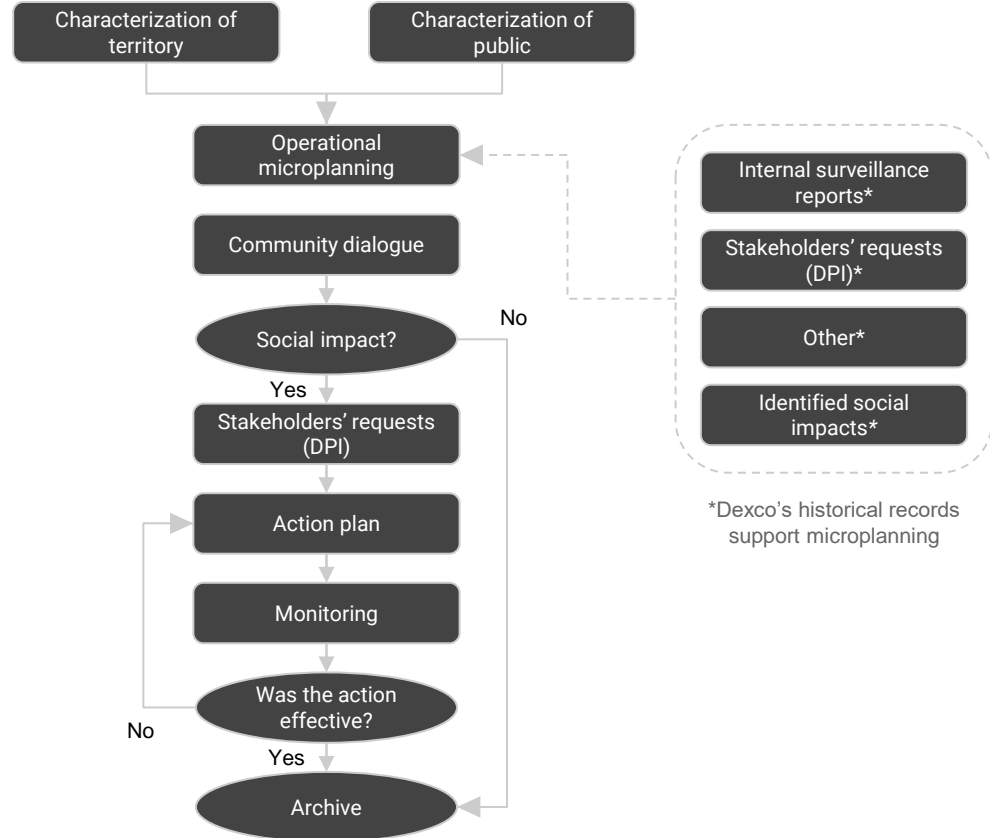
FORESTRY UNIT	CITY	COMMUNITY	CATEGORY
Itapetininga	Pardinho	Sítio dos Pinherais; Campos Eliseos	Surroundings
	Salto de Pirapora	Salto de Pirapora; Condomínio Fazendinha	Surroundings
		Salto de Pirapora	Route
	São Miguel Arcanjo	Abaitinga	Surroundings
	Sarapuí	São Bento	Route
Sarapuí		Route	
Taquari	Arroio dos Ratos	Vila Pinho; Vila Garcia	Surroundings
	Bom Retiro do Sul	Mundo Novo	Surroundings
	Butiá	Vila São José	Surroundings
	General Câmara	Potreiro/ Tivico	Route
		Banheiro Velho	Surroundings
	Rio Pardo	<i>Sem nome</i>	Surroundings
	São Jerônimo	Assentamento	Route
		Morrinhos	Route
		Porto do Conde	Route
	Taquari	Assentamento do Governo	Route
		Coqueiros	Surroundings
		Fazenda dos Porto	Route
		Passo da Aldeia	Surroundings
	Triunfo	Ponte Seca	Route
Vale Verde	Monte Alegre	Route	
Uberaba	Nova Ponte	Distrito Industrial de Nova Ponte	Surroundings
	Nova Ponte	Parque das Árvores	Surroundings
	Prata	Patrimônio do Rio do Peixe	Route
	Uberaba	Assentamento Rural; Chácaras Bougainville	Surroundings/Route
	Veríssimo	Sete de Setembro	Route

SOCIOECONOMIC ASPECTS

Consultations to the affected stakeholders are periodically carried out to diagnose the social aspects of our forest management activities.

These consultations follow our internal procedure, which aims to establish methods and criteria to identify, measure and assess the relevance of the social impacts caused by forest management operations, to set prevention or mitigation actions and to monitor their effectiveness.

This flow chart summarizes the steps that make up the methodology.



Through these assessments we identified the following possible social aspects arising from forest management activities:

POSITIVE

- Acquisition of products and services
- Professional capacity building (*technical and awareness trainings*)
- Employment generation
- Tax payments

NEUTRAL

- Forest harvesting
- Forest production

NEGATIVE

- Traffic accidents
- Traffic disruption
- Domestic animals roadkill
- Damage to roads
- Damage to neighboring properties
- Dust generation
- Noise generation
- Vibration generation
- Domestic animals poisoning
- People poisoning

When, while planning forestry activities, the possibility of these or other negative social aspects is identified, it is the responsibility of the operations teams to adopt preventive measures. If this is not possible, measures for mitigation or compensation should be agreed with the impacted stakeholders.

The main negative social aspects observed in our historical records are damage to roads and dust and noise generation. These aspects mostly occur during the transportation of logs from forests to our factories

The main measures adopted to prevent these aspects are compliance to traffic laws and roads maintenance, with water being sprayed in dust roads when needed.

An internal registry of these consultations is maintained, along with the characterization of these impacted stakeholders. This information is used as a reference to establish community engagement and define monitoring actions.

SOCIAL INITIATIVES

ACTIONS FOR ENVIRONMENTAL EDUCATION

Dexco runs a visitor center where it tells the history of wood and its importance for society, as well as the importance of responsible forest management to fulfill customer demand. There are also demonstrations of the environmental protective measures we adopt in our forestry activities.

Located in Agudos (São Paulo), the Espaço Arvorar offers interactive installations and organized spaces dedicated to the development of educational and environmental awareness activities for schools, universities, employees, community members and other interested audiences.

The offered resources include:

- A multimedia room with audiovisual equipment to be used for presenting responsible forest management.
- An exposition center equipped with panels and other resources describing the history of wood, its importance in our lives and information about forest management and the importance of biodiversity and other natural resources.
- Forest trails for conducting activities focused on environmental awareness, allowing visitors to get in touch with local native vegetation and forest plantations.

Also, in Rio Grande do Sul we have the Taquari River Ecological Trail, where visitors can get to know and experience a typical area of riparian forest.

Dexco participates in initiatives in the communities where we operate, sharing knowledge of its techniques and results of its research and monitoring with seminars, round tables, fairs, councils and other events.

SCHOOL GARDENS

In 2016, Dexco set up a partnership with a municipal school in Taquari (Rio Grande do Sul) to create a school vegetable garden.

The school provided the open area and Dexco contributed with materials and labor to build the garden. Training for teachers, students and community members was conducted through a partnership with EMATER (state agency for rural extension) and SENAR (National Service for Rural Learning).

The products grown in the garden are used at the school kitchen and by the students' families.

We also have a similar project in Minas Gerais, at the Patrimônio do Rio do Peixe district, located in the municipality of Prata.

Visits are pre-booked and conducted by a Dexco guide. To schedule a visit, reach us through the contacts below:



Espaço Arvorar

Rodovia Marechal Rondon, Km 323
Fazenda Monte Alegre – Zona Rural
CEP 17139-899
Caixa Postal 50
Phone: +55 14 3262-8169
E-mail: arvorar@dex.co



Taquari River Ecological Trail

Rua Júlio de Castilho, 1787
Bairro Coqueiro
CEP 95860-000
Phone: +55 51 3653-6500
E-mail: sustentabilidade@dex.co

ADDITIONAL DEXCO ACTIONS

- Partnerships with apiarists;
- Na Mão Certa (*In the Right Hands*) program;
- Professional and social inclusion programs;
- Incentive program for educational, cultural and sporting events;
- Cuidar Juntos (*Together we Care*) – health and well being program for the Dexco team;
- Formare program.

COMMUNICATION CHANNELS

In addition to direct consultations with our surrounding communities, we also acknowledge stakeholders' requests related to our forest management activities through these channels:

- Stakeholders' requests (*DPI*) registry;
- Questions made by visitors at Espaço Arvorar and Taquari River Ecological Trail;
- Round tables;
- Internet channels;
- Internal public;
- Complaints channel (Ombudsman).

FOREST FOSTERING PROGRAM

Forest fostering stimulates the alternative use of rural properties, enabling the implementation of agrosilvipastoral programs and, therefore, the diversification of income sources, generating jobs and contributing to keeping people in rural areas.

Our fostered partners are located within 60 kilometers of the industrial units. We offer these rural producers the Eucalyptus seedlings, technical assistance and a good practices manual.

With Dexco's support, the first group of fostered partners, called Forest Producers of Vale do Taquari – Group 01, conquered the responsible forest management certification, comprising around 20% of all the planted areas of fostered producers in our Taquari unit.



OCCUPATIONAL HEALTH AND SAFETY

Dexco is committed to provide suitable working conditions for its teams, adequate for good performance, eliminating possible causes of accidents and minimizing risks. All workers receive personal protective equipment (PPE) free of charge and are trained on its correct use. All work must be carried out safely, following the applicable safety rules and procedures.

QUALITY OF LIVING

One of the commitments of our forest management is to monitor and promote the occupational health of our teams. We work to prevent labor-related injuries and diseases and to promote the well-being of our worker.

TRAINING AND DEVELOPMENT

Dexco has programs and activities that aim to train its employees and raise awareness in the aspects of activities related to the environment, workplace safety and motivation.

All internal training programs cover aspects with relation to environmental conservation and occupational health and safety.

ONBOARDING PROGRAM

All new Dexco employees, contractors and forest clients must undergo an onboarding process before starting their activities in our areas. This program presents information about Dexco, internal regulations and procedures regarding health and safety, the environment and human resources.

1 2 CHAIN OF CUSTODY

The forest management plan provides support to the chain of custody of the certified products manufactured at Dexco's wood panel factories.

In 2000, the FSC standards for chain of custody certification were implemented in our factories. This certification ensures the traceability of the wood up to its forest of origin, ensuring that the certified products made by Dexco only use forest-based raw materials from certified areas or from other controlled sources.

Since 2007, we have procedures in place for assessing wood suppliers and we are committed not to procure wood from illegal sources through a policy for wood supply from controlled sources.

FSC license code for chain of custody: FSC-C003088



13 COMPLIANCE WITH INTERNATIONAL AGREEMENTS

The **Convention on Biological Diversity** is an instrument of international law whose objective is to promote the conservation of biological diversity, the sustainable use of resources and the fair and equitable sharing of benefits arising from the use of genetic resources.

The Convention encompasses all aspects of biological diversity: genomes and genes, species and communities, habitats and ecosystems. Dexco's projects may be influenced by the Convention or converge with public efforts, as we keep set-aside areas for native vegetation conservation and in compliance with environmental legislation. These areas can be made available on request to universities and other institutions for research and study purposes.

The International Labor Organization (ILO) deliberations are considered in Dexco activities through their incorporation into the procedures for the protection of workers' health and social integrity. The compliance with Brazilian labor and occupational health and safety laws are objective evidences of our actions to be aligned with the ILO guidelines and conventions ratified by the Brazilian government. The ILO Code of Practices for safety and health in forestry work serves as the foundation for Dexco's operational procedures.



14 ENVIRONMENTAL PROTECTION

Our forest management follows rules and guidelines to ensure our operations are conducted aiming to have the least possible impact on the environment and our surrounding communities.

PROTECTION OF CONSERVATION AREAS

Our conservation areas (set-aside for conservation purposes) are comprised of Permanent Preservation Areas (APPs, as required by the Brazilian Forest Code) where native vegetation is maintained in very steep slopes and on buffer areas around water streams and springs. Other areas are also set aside for conservation in a complementary manner. Protection of these areas helps the conservation of water and biodiversity.

- Not to cause damage to the trees and plants in conservation areas while moving equipment and vehicles;
- Not to cut native trees to facilitate manouvering or transit of equipment and vehicles. Only dead trees or those that have been felled by the wind or rain may be cut when they present risks or are obstructing roads;
- Not to park or constructo tents, shelters or other installations in conservation areas;



- Not to dump or dispose any type of waste (such as tires, food packaging, paper, plastic, used rags, etc.) or harvesting residues (twigs and branches) in conservation areas;
- Not to collect ferns, orchids or any other native plant from conservation areas.
- To fight fires in native vegetation areas or where they threaten these protected areas.

¹Biodiversity is the set of animal and plant species living in any given area (Source: The Brazilian Environmental Atlas, EMBRAPA, 1994.)

SOIL PROTECTION

Dexco takes care not to degrade the soil. Examples of soil degradation are the loss of natural fertility, reduction of organic matter, erosion (loss of soil caused by Rainwater), contamination by waste disposal or chemical products spillage.

To conserve the soil, we use the minimum cultivation technique, which consists in keeping the remaining plant material at the harvesting site in order to form layers of physical protection for the soil and to ensure nutrient cycling.

As part of the minimum cultivation practices, we do not use fire in our forest management activities, thus helping soil conservation.

- To optimize the movement of equipment in planted areas to minimize soil compaction;
- Not to abandon any form of waste (such as tires, food packaging, paper, plastic, used rags, etc.) in the forest or any other areas;

- To use trays or other containers to collect any oil or grease residues when doing mechanical maintenance in the forest;
- To communicate the occurrence of erosion (soil loss) and siltation (the accumulation of soil in water streams, reducing water flow);
- In case of spillage of oil or other chemicals onto the soil: follow the instructions indicated in specific procedures.

WATER RESOURCES PROTECTION

Water is an essential resource for maintenance of life in this planet. Every care should be taken to conserve and not to pollute springs, water streams, rivers, dams and lakes.

- Not to throw any kind of waste (such as tires, food packaging, paper, plastic, used rags, etc.) into springs, water streams and dams;

- Not to dump any type of chemical substances into the streams, water outlets and dams;
- When washing equipment and machinery is needed, to do so in adequate locations, far away from water streams.
- Never wash any type of equipment in lakes, springs or water streams;
- To use trays or other containers to collect any oil or grease residues when doing mechanical maintenance in the forest;
- Avoid wasting water. Use it responsibly.

PROTECTION OF THE AIR

The air is the gaseous layer that covers the Earth, also known as the atmosphere. Care should be taken to keep it in adequate conditions for life maintenance.

- To renew the air in enclosed spaces such as meeting rooms, watchtowers and forestry equipment cabins;
- To conduct periodic inspections on equipments regarding emission of black smoke;
- To ensure adequate maintenance of machinery and equipment in order to prevent air pollution.

PROTECTION OF FAUNA

Fauna is the group of animals found in any given location, with each species having a role in maintaining the ecosystem balance.

The benefits of conservating the regional fauna go from the dispersal of seeds of native plants to the recovery of forests and pest control.

Thus, the variety of animals in a given location demonstrates that the environmental conditions are being maintained and that the ecological balance is being preserved.

- Avoid running over wildlife. Always respect the speed limits while driving and if you see an animal in the road:
 - Either slow down or stop the vehicle;
 - At night, dip the headlights and give the animal time to find its way and leave the road.
- Let a Dexco employee know when traps, hunters or fishermen are found in the forest, since it is forbidden to capture or hunt wildlife.



PREVENTION OF FOREST FIRES

Forest fires cause damages to the environment (soil, air, water, fauna and flora), local communities, future generations, agriculture and forests. These fires can be caused by intentional burning to clear land that goes out of control, matches or cigarettes butts thrown by smokers or arsonists, or other causes.

Prevention is the most effective method for avoiding forest fires and depends on each one of us. Follow these recommendations to help avoiding these fires:

- If you are a smoker, smoke only on roads, away from forest areas (both planted and native);
- Carry out maintenance of machinery and equipment in clean locations creating firebreaks around them;
- Clear the site when welding and always have fire extinguishers at hand;
- Always check whether the vehicles and machinery under your responsibility are not producing sparks from the exhaust or are at risk of short-circuiting;
- Always ensure there are fire extinguishers on vehicles, machinery and equipment and they are up to date and ready to use;
- Do not store or dispose in the forest: fuel, lubricants, grease, oil, solvents, tires, plastics, paper, cloths, oil-contaminated towels or rags, alcohol or gasoline;
- Do not light fires in the forest;
- Get in touch with Dexco employees when you find sites with candles, matches, alcohol or any trespassing vehicle or people;
- Immediately let a Dexco employee know if any fire risk is present or when noticing smoke or flames at the forest or its surroundings;

In case of fire on vehicles or forestry equipment:

- Immediately stop the operation, switch off the engine and the master key;
- Use the fire extinguisher available at the equipment;
- Use the radio as soon as possible to alert the fire and seek help if needed;
- Create a firebreak around the equipment if you are unable to put out the fire.

WORKPLACE SAFETY

All employees, contractors and forest clients must follow all safety procedures and guidelines from the SESTR (Specialized Service for Health and Safety at Work) while at Dexco forestry units.

- To use the required PPE (Personal Protective Equipment) for the activity being executed;
- Be sure to transport people or materials carefully and safely;
- Take care while walking inside the forest stands to avoid accidents;
- Do not unnecessarily obstruct internal roads with vehicles and equipment;
- Speed limits must be respected at all times when driving any kind of vehicle;



- Respect traffic signage;
- It is forbidden to transport people on the back of trucks or pick-ups or any other open vehicle;
- The workplace should be maintained in safe and hygienic conditions, with daily cleaning and waste removal;
- It is forbidden to employees and contractors to consume or possess alcoholic beverages or illicit drugs while working;
- To guide and instruct people about the correct use of PPE and the compliance to safety procedures of the activity being executed;
- Should you have any questions, contact Dexco.

CONTACT INFO

About the Forest Management Plan:

Environmental Management – Wood Division

Phone: +55 14 3262-8169/8148
meioambiente.madeira@dex.co

Complaints Channel (Ombudsman)
0800 011 70 73 | <https://www.canalconfidencial.com.br/dexco/>

Agudos Forestry Unit

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Uberaba Forestry Unit

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Itapetininga Forestry Unit

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CEP 18.200-000 – C.P. 168
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Rio Grande do Sul Forestry Unit

Rua Julio de Castilho, 1787 – Coqueiros
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