

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Duratex is a publicly traded company with 69 years of history, that has the Value Proposition of offering Solutions for Better Living to customers and consumers. With its business divisions - Wood, Deca and Ceramic tile - we are working to produce and sell products for the furniture and finishings sectors in the civil construction industry. We are part of people's daily lives, working in the segments of wood panels, bathroom fixtures and metals, electric showers and ceramic tiles through our brands recognized in their segments for design and quality: Durafloor, Duratex, Deca, Hydra, Ceusa and Portinari (this last one acquired in 2019).

Duratex now has sixteen industrial units located in the South, Southeast and Northeast regions of Brazil and three additional wood panels units in Colombia, Notable among the products in our portfolio are MDP and MDF paneling, fiberboard sheets, wood flooring, sanitary ware, metals, metal fittings and electric showers. Besides serving the Brazilian market, our products reach over 50 countries, with a special presence in South America, Central America, Africa and the USA. In addition to the factories, Duratex is responsible for more than 200 thousand hectares of planted forests and conservation areas in Brazil and Colombia. Duratex ensures the use of the best native area conservation and management practices. In 1995, we were the first company in South America to receive FSC (Forest Stewardship Council) certification for responsible forest management. Our chain of custody is also certified, assuring the traceability of wood used in our production process. In our forest areas in Brazil and Colombia, we produce eucalyptus seedlings in nurseries, planting them at our own farms and at leased farms and using the wood to supply the fiberboard and paneling factories. We also manufacture the resin used to bind the particles and fibers in MDP and MDF panels. Verticalization of operations and the proximity between planted areas and industrial units are some of our main competitive advantages, adding value to our business at a lower cost. We also hold a minority stake in the Viva Decora startup, the main digital platform with content and services on architecture, design and décor in Brazil. In 2019, we completed the feasibility analyzes of the engineering studies and negotiations with Lenzing AG to create a joint venture in the dissolving wood pulp segment.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Brazil
- Colombia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

BRL

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Both own land and elsewhere in the value chain [Agriculture/Forestry only]
Processing/Manufacturing	Direct operations only [Processing/manufacturing/Distribution only]
Distribution	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

(C-AC0.6f/C-FB0.6f/C-PF0.6f) Why are emissions from distribution activities within your direct operations not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Other, please specify (Outside the scope of my organization)

Please explain

Emissions from distribution activities are calculated in Scope 3. Duratex does not operate the distribution of its own products. Specialized companies are hired for this service. The evolution and the amount of this emissions is evaluated every year.

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity

Timber

% of revenue dependent on this agricultural commodity

60-80%

Produced or sourced

Both

Please explain

Duratex is the largest producer of wood panels in Brazil. Its planted eucalyptus forests in Brazil guarantee the supply of wood paneling factories. These forests are managed using responsible management practices and conservation of native areas. In 1995, Duratex was the first company in South America to achieve FSC (Forest Stewardship Council) certification for its forest management. Duratex's chain of custody is also FSC-certified, ensuring the traceability of all the wood (both certified and from other responsible sources) used in our factories to be traced to its origin. FSC license codes: FSC-C006042 (Brasil) e FSC-C109955 (Colômbia).

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Director on board	<p>Duratex's governance structure is made up of the Board of Directors, which establishes the strategic direction of the business, and by the Executive Board. The Board of Directors is supported by six Committees that assess and address the most relevant aspects of Duratex's administration. One of them is the Sustainability Committee.</p> <p>Duratex has a Sustainability Committee with Executive appointed by the Board. This Committee has in its structure an independent member of the Board of Directors as the president, as approved in the Company Bylaws.</p> <p>Members and participants of the Committee for Sustainability:</p> <ul style="list-style-type: none"> President Specialist Consultant An independent member Members of Board Chair, including the Chairmen of the Board of Directors Chief Executive Officer Sustainability Manager <p>Among the agendas, those referring to climate change is addressed and proposed by the chairman of the Committee who is responsible for the negotiations and deliberations, also reporting to the Board of Directors.</p> <p>For climate change, specifically, the Committee's last decision was to support and approve, in conjunction with the Company's Executive Committee, the revisiting of Duratex's greenhouse gas emissions targets, based on science (SBT).</p> <p>The climate change guidelines are periodic, mostly bimonthly, with discussions and decisions supported by market trends and sustainability indexes, evaluation of the possibility of improvements and opportunities for the company in the climate theme and in some meetings, external experts are invited for participation in the Committees.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	<Not Applicable>	<p>The Sustainability Committee plays an active role in the definition of the strategic positioning of sustainability in the business units, in the definition of priority themes, including the issue of climate change; in the adjustment of the organizational structure of the area; in the definition of performance measurements; and in the incorporation of sustainability in a transverse manner across the Company’s various business areas. Duratex has a Corporate Sustainability Management Area, which reports to Sustainability and Innovation Directorate. This Management Area is responsible for the development of the integrated strategic plan and for the evaluation of opportunities for improvement at the Company, based on the analysis of external scenarios, materiality and market indicators. In our Sustainability Strategy, Climate Change has specific goals that involve all of our businesses.</p> <p>The Sustainability committee, together with the president and sustainability management accompany and discuss material themes of our strategy, which include climate change issues. For climate change, there are some dedicated meetings or the theme is treated during others meetings of this committee during the current year. The main subject of our last dedicated meetings for climate change agenda was low carbon economy transition, carbon management and climate change, external position on climate change, carbon emission and agriculture inventory.</p> <p>See more information about Climate Change Agenda in Duratex Integrated Report 2019 - pages 51, 52, 61 (https://www.duratex.com.br/Relatorio-Anual-2019/en/documents/Book_Duratex_RI_ing.pdf)</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Sustainability committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Duratex Corporate Sustainability and Innovation Manager is responsible for conducting the discussion about climate agenda and forwarding demands, evaluations, projects, and tendency to the Executive Board (lead by Duratex's CEO) and Duratex Sustainability Committee for deliberations and approvals. Incorporation of Climate Change theme in the company's guidelines is assured by the Duratex Sustainability Strategy.

i) Duratex's Sustainability Committee is appointed by the Board of Directors in our organizational structure. Our Corporate Sustainability Manager reports to reports to the Sustainability and Innovation Director, which reports to the CEO and also support the Sustainability Committee. Our Sustainability Committee advises Duratex on trends, best practices and opportunities for actions and improvements about climate change agenda.

ii) The Board of Directors is supported by six Committees that assess and address the most relevant aspects of our administration. All the committees meet monthly to discuss guidelines directly related to the company's business and help identify long-term trends and opportunities embedded in our strategic planning. Sustainability Committee is the advisory body to the Board of Directors. The Corporate Sustainability Management is responsible for strategic management of environmental and social issues, including consulting processes, analyses of risks and opportunities and consolidation of key indicators, among other duties. Climate change is one of the strategic theme that involves Sustainability agenda. For this subject, the area is responsible for developing new studies, analysis of new tendencies and market demands, searching for improve organizational performance, and also lead and execute projects proposed by the Sustainability Committee, direct and present actions to our Executive Committee

Projects linked to climate change are approved and communicated in these two instances (i and ii as described above). In order to achieve alignment with the Company's strategy, we have the direction of the Executive Board composed of the top leadership of all Duratex businesses, directing the best form of implementation, making available shared resources and prioritizing climate projects. Projects linked to the climate agenda that followed this flow in the year and the approvals in these instances were: revisiting and improving Duratex's greenhouse gas emission inventories, the company's carbon balance (concluded in 2019) and elaborating targets based on in science (started in 2019 and expected to be completed in 2020). In 2019, Duratex's adhesion to the São Paulo Agreement was approved in the same context, an agreement that aims to encourage companies in São Paulo to make voluntary commitments to reduce greenhouse gas emissions.

Regarding the Company's risk management, we have the structure below, which also includes the climatic risks included in Duratex's socio-environmental risks.

iii) We manage risks continually and guarantee compliance with the Risk Policy using a structure that includes: Audit and Risk Management, internal audits, internal controls and Risk Committee. This structure is responsible for supervising Internal Auditing work and internal control and risk management. At the executive level, the committee assesses and monitors risks involved in operations and activities, providing accountability every two months to the Audit and Risk Management Committee regarding. The Duratex's environmental and social risks are reviewed by Risk Management Committee every two years. The risks also include the climate change as a material theme. These risks are reviewed according to new legal requirement tendency, market demand, sustainability index, and others aspects, involving Corporate and industrial management. For the mapped risks, action plans are developed to minimize them. Every action plan are accompany montly by Audit Area to check the implementation.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	In 2019, Duratex started to revisit its sustainability strategy, published in 2017. The climate change goals will also be revisited, in line with the company's strategic planning and the global commitment to reduce greenhouse gas emissions. As such, the goals and incentives for climate change management will also be revisited and proposed.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	Duratex considers an immediate risk/opportunity as a short term risk/opportunity in a horizon of 0 and 5 years. Risks or opportunities that lead to prolonged results (actions that can start in the present tense or in the near future and whose impacts can be extended to the short term) are also included.
Medium-term	5	10	For Duratex, medium term horizon ranges from 5 to 10 years. Risks or opportunities that lead to prolonged results (actions that can start in the present tense or in the future and whose impacts can be extended to the medium term) are also included.
Long-term	10	20	Long-term horizon is considered over 10 years, especially for sustainable forest management. Risks or opportunities that lead to perennial results (actions that can start in the present tense or in the future and whose impacts can be prolonged to the long term) are also included.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

To assess the company's general risks, including the analysis of socio-environmental risks, are evaluated according to their impact and vulnerability. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, where the frequency of recurrence of the event is evaluated, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. There are monitoring for all risks assessed by Duratex. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. For the two classification "critical" and "high", the socio-environmental risks are considered substantive financial or strategic risks. Critical risks are considered to be above 3% of shareholders' equity (which may cause impacts greater than R \$ 147,965,040.00). High risks are considered to be less than or equal to 3% and above 2% of shareholders' equity (that is, between R\$ 98,643,360.00 and R\$ 147,965,040.00).

As a result, mitigation plans are established and risk managers are designated for continual monitoring, with a check by the Audit area and Sustainability Area. The Risk Commission is responsible for providing accountability every semestre for action plans executed to the Audit and Risk Management Committee which advises our Board of Directors.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Every two years

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Duratex manage risks continually and guarantee compliance with the Risk Policy using a structure that includes: Audit and Risk Management, internal audits, internal controls and Risk Committee. This structure is responsible for internal control and risk management. At the executive level, the committee assesses and monitors risks involved in operations and activities, providing accountability every two months to the Audit and Risk Management Committee regarding, and the risk area has daily monitoring of all company's risks, updated frequently and available on a risk management dashboard. The reviewing of Duratex' s environmental and social risks take place every two years. The risks also include the climate change as a material theme, and these risks are reviewed according to new legal requirement tendency, market demand, investors and sustainability index demand among others aspects, involving Corporate and industrial management. Every action plan are accompany montly by Audit Area to check the implementation. The monitoring of established goals and the progress of compliance and deployment of actions is carried out monthly by the audit area in a Duratex' s internal system.

To assess the company's general risks, including the analysis of socio-environmental risks, they are evaluated according to their impact and vulnerability, following Deloit' s methodology. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, where the frequency of recurrence of the event is evaluated, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. Edaphoclimatic studies of Duratex areas and the simulation of emissions trading were opportunities related to the company's climate risk studies (physical and transition risks respectively).

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Not relevant, included	Duratex leans on a consultancy (Âmbito) that provides services related to the mapping and updating of legislation related to the environment (and to health and work safety), in order to detect at local level, in each productive unit, the pertinent legislation, including water and climate-related regulations. This service includes a digital platform that helps managing legal requirements applicable, and selecting evidence to comply with this legislation. In addition to external consulting support, updates and notifications from the company's Legal Area ("Legal Flash") are internally disclosed about new legislation, including environmental issues. There are no risks for Duratex arising from current legislation.
Emerging regulation	Relevant, always included	Any updates arising from emerging regulations are identified through the tools mentioned above (legal consultancy and notifications from the legal area of the company). Legislation and regulatory trends are monitored by Duratex's legal, environmental, and sustainability areas. The identification of potential changes in water and climate related pricing structure can also occur through participation in meetings of Governmental Councils related to Environment and Working Groups in entities such as IBA - Brazilian Tree Industry, an important entity that leads discussions related to climate change and water, especially in the forestry sector. Every two years the mapping of possible risks is reviewed and critically degrees of risk are reconsidered. Progress in the implementation of action plans is evaluated by the Audit and Risk Management area. One of the risks assessed by Duratex: Public policies and government changes and could lead to changes in processes and requirements; increasing costs and potential emission taxes are risks from regulatory trends that are considered by Duratex. Another risk assessed is the implementation of a possible carbon pricing market, without taking into account carbon removals from forests planted in the national territory.
Technology	Not relevant, included	Duratex has invested and implemented clean energy systems during the past few years, especially between 2015 and 2018. In 2017, we began the operation of a new biomass energy generation plant at Agudos (SP, Brazil), to replace natural gas. This investments in new technology allowed an increase of biomass use in the energy matrix of Duratex. The risk is mapped but not relevant for Duratex, according to all the company efforts on this issue: in 2019, 92% of the energy used in Brazilian panel operations came from renewable sources (an increase of 1.5% compared to the previous year.) At Duratex as a whole, this percentage was 74 %. One of the risks evaluated by Duratex: Lack of budget planning to further increase the use of clean energy sources.
Legal	Not relevant, included	Duratex leans on a consultancy (Âmbito) that provides services related to the mapping and updating of legislation related to the environment (and to health and work safety), in order to detect at local level, in each productive unit, the pertinent legislation, including water and climate-related regulations. This service includes a digital platform that helps managing legal requirements applicable, and selecting evidence to comply with this legislation. In addition to external consulting support, updates and notifications from the company's Legal Area ("Legal Flash") are internally disclosed about new legislation, including environmental issues. Legislation and regulatory trends are accompanied by Duratex's legal, environmental, and sustainability areas. Every two years the mapping of possible risks is reviewed and critically degrees of risk are reconsidered. Action plans are evaluated and developments are monitored by the Audit and Risk Management. Currently, there are no risks for Duratex arising from legal obligation. All units have their obligations mapped.
Market	Not relevant, included	Market and also stakeholders demands are included in Duratex risk analysis. Duratex surveys inputs and assessments using interviews with company executives and external stakeholders (especially investors, customers and opinion-makers), in addition to studies and documents produced by organized civil society organizations. The risks raised are not critical to Duratex. Every two years, the risks are reviewed and the change in the scenario will be monitored. Land use, certification of forest management are constantly monitored by Duratex, in order to prevent risks related to market demands.
Reputation	Relevant, always included	The impacts on reputation and image of each risk mapped by Duratex are evaluated and classified according to their criticality. The legal and compliance areas are directly involved in these assessments and on the risk classifications. One of the risks evaluated by Duratex: Increasing greenhouse gases emissions or implementation and intensive carbon process can impact company image, and also pose a threat to the company's positive carbon balance (removals).
Acute physical	Relevant, always included	Flood and storm risks are considered for forests units and also for manufacturing units. Physical controls were implemented in units with flood risks, for example in Deca São Paulo. This risk is not critical no longer. For forest units, the risk of transport blockage (wood transportation, mecanization) and access to forests are considered.
Chronic physical	Relevant, always included	Chronic risk assessed is the occurrence of extreme events affecting Duratex's forest productivity. As it is a risk that directly affects the continuity of our businesses and our production chain, we have a specific area at Duratex that evaluates genetic improvement as a tool to face climate change. Genetic enhancement of eucalyptus seedlings and management of our forests are at the center of our investments for Forestry Business. An important part of our forest production process is the genetic improvement program, which started in the 1960s and has constantly generated more productive genetic materials that are adapted to the different climate conditions. In recent years, different species of eucalyptus have been introduced in regions where we operate in an effort to enrich the genetic base and allow trees to be generated for commercial planting which, in addition to their high productivity, are resistant to pests, forest diseases and environmental stresses such as drought, cold and floods.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

In Brazil, there is still no established regulation regarding a carbon taxation system or carbon market. The transition to a greenhouse gas charging scenario could increase Duratex's production costs, especially if there was no opportunity to offset or otherwise negotiate the carbon captured through the company's forests. Possibly, it would be necessary to channel more efforts to adapt the energy matrix of Deca (Ceramics and Metals) and Ceramic Titels Divisions, considering that more than 90% of the energy used in the panel plants in the Brazilian operations of Duratex comes from renewable sources, a factor that allowed an expressive reduction in direct emissions of the company in the last years. This continuous evolution is mainly due to adjustments in energy plants in panel factories, with the replacement of fossil fuels such as GMP oil and natural gas by biomass.

These adaptations have been more strategic for Panels plants, considering that the main raw material used in them is wood, which is also used as biomass. In the case of emissions taxes charging, it would be necessary to diversify the strategy of equipment adjustments and/or replacing fuels in other factories, especially in the case of a

scenario where the company's progress already conquered in reducing emissions was not taken into account.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

4845807.41

Potential financial impact figure – maximum (currency)

8076345.68

Explanation of financial impact figure

Estimated financial implications of the risk before taking action: range between R\$ 4.845.807,41 and R\$ 8.076.345,68.

Calculation basis: in order to estimate financial implications for the main regulatory risk, prices from the European and Latin carbon markets have been adopted as projected taxation for each carbon equivalent tonnes emitted by Duratex in 2019. Financial impacts included Scope 1 and 2 emissions (an amount of 200,405.60 tCO₂e scope 1 + scope 2 market based). and the adopted carbon taxation ranges between US\$ 6.00 and US\$ 10.00 . For this scenario, we do not include removals from Duratex. The estimated range corresponds to about 0.10% to 0.16% of the company's net revenue in 2019 (R\$ 5.011 billion).

Calculation:

Minimum financial impact = 200,405.60 tCO₂e x (US\$ 6.00 x 4.03) = R\$ 4,845,807.41

Maximum financial impact = 200,405.60 tCO₂e x (US\$ 10.00 x 4.03) = R\$ 8,076,345.68

Adopted value for dollar: 12/31/2019: R\$4.03

Only emissions from operations in Brazil were considered in this case, since there is already taxation in Colombia (where Duratex has already raised about US\$ 3.9 million from the sale of carbon credits due to the offsetting of the carbon captured by our local forests).

Cost of response to risk

43800000

Description of response and explanation of cost calculation

The most recent investment related to the reduction of direct emissions in Duratex occurred in the panel plant of Agudos (São Paulo) between 2017 and 2018. During this period, the factory's power plant was adapted to allow the total replacement of natural gas by biomass for the generation of thermal energy. The investment (R\$43 million), included project planning, equipment, materials, labor, tests and maintenance. Although the initial investment was high it is estimated that the project's Return On Investment is 9 times the amount invested, for a 20 year horizon.

Duratex also manages these risks through: annual GHG inventory to quantify emissions (with external auditing); calculations of the carbon sequestered in forests; monitoring environmental legislation, such as federal and state policies on Climate Change; participation in groups and associations for discussing GHG-emissions-related affairs; setting GHG emissions reduction targets linked to the Sustainability Strategy, and executing projects to reach them; participation in simulations of the Carbon Market System; R&D, such as the Flux Tower (to analyze carbon balances in forests) and others.

In addition, within Duratex's Sustainability Strategy, there is the following target to be achieved by 2025: "Reduce absolute GHG emissions by 25% (scope 1)".

Besides the investment in the adaptation of the furnace, costs with the inventory verification and participation in associations was also considered for cost of management.

Comment

The investments in equipment suitability in Duratex for de-fossilization of the energy matrix are constant, and vary every year; the project developed in Agudos was chosen as a reference because it was the most recent, and of relevant impact to the company.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Trend of regulations about emissions-reporting are followed up by Duratex's Sustainability area. Enhanced emissions-reporting obligations could impact Duratex increasing the costs of the inventory, third part audit, and developing a method to evaluate all supply chain. Duratex's inventory includes emissions of scopes 1, 2 and 3, and has been audited by independent companies since 2011, ensuring the credibility of its historical database and the improvement of its operations. In 2019, GHG emissions report and the Annual Report itself were audited by KPMG Financial Risk & Actuarial Services Ltda. The operations comprised in Duratex's scope 3 include predominantly transport of raw materials and products, waste and effluents disposal, as well as air travel. A more stringent regulation of scope 3 would require a strategy to expand this report.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

8250

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Increasing price of inventory verification due to growth of the scope on third party audit. A 10% rise on average price of annual inventory audit was considered.

Current price - around R\$ 82,500.00

New scope - around R\$ 90,750.00

Impact - R\$8,250.00

Cost of response to risk

103500

Description of response and explanation of cost calculation

As part of Duratex's Sustainability Strategy, developed in 2016, 45 targets to be achieved by 2025, one of which is as follows: "Increase measurement of Scope 3 emissions by 50%" (considering a baseline of 171 facilities). Efforts have been done for improving our issuance calculation for all reporting scopes. In 2017, an action plan was developed to increase measurement of scope 3. The plan is ongoing with the support of the Supply Chain area. In 2018, there was a 28% increase in scope 3 measurement, in relation to the baseline. Aligned with the new criteria of platinum seal that has been implemented by GHG Protocol, Duratex also has an absolute emission reduction target: "Reduce absolute GHG emissions at Duratex by 25% (Scope 1)", besides relative targets. Monitoring of reductions is being conducted annually and published in our annual report.

Cost of management includes annual cost for external audit (87.7% of the cost of response to risk) and employees dedication (monthly, quarterly and annual dedication - the other 12.3%).

Comment

For more information on Duratex's Sustainability Strategy targets related to climate and progress in 2019, see pages 62- of the 2019 Integrated Reporting

<https://www.duratex.com.br/Relatorio-Anual-2019/en/index.html>

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Mandates on and regulation of existing products and services
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The charge for the use of water resources in Brazil is an instrument of the National Policy of Water Resources established by Law number. 9.433/97, the "water law". This charge is not a tax, but rather a fee for the use of a public good whose price is fixed from a pact between water users, civil society and the government under the Watershed Committees - CBHs, to whom the Brazilian legislation establishes the competence of proposing mechanisms of collection of values for direct withdrawal, consume, and surface water discharges. It is up to the state management bodies to carry out or not the charge for the use of state-owned water. Thus, not all Brazilian states have established collection for the extraction of groundwater or surface water, for example. Between 2014 and 2015, when Brazil experienced a severe water crisis, the pressure for the development of water charging mechanisms increased. These crises have a cyclic character. The state of São Paulo, where Duratex has units, is one of those that already adopts collection mechanisms.

At Duratex, 95% of water in 2019 was withdrawn in Brazil (85% groundwater, 5% surface water and 10% water from public water supply). 51% of discharges took place in surface waters.

In the case of the use of water and the discharge of effluents in public supply/collection systems, the charge for the treatment and distribution is made by the responsible utility company. In Duratex, there is already a charge for these services.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

93282.83

Potential financial impact figure – maximum (currency)

123576.48

Explanation of financial impact figure

Estimate: based on the water prices practiced in 2019 for PCJ basin (São Paulo) and extrapolated to Brazil. Calculation: weighted average of the water volumes withdrawn from surface and groundwater sources at Duratex in 2019, in addition to surface discharges and consumptive use, in relation to the prices for each category currently practiced. Same reasoning used for max and min impact. 4.31%/year inflation for a six-year horizon:

Vol (m³) X current/future price (R\$) of surface water at Duratex Brasil in 2019: (158,602.1 m³ x 0.0127 R\$/m³) and (158,602.1 m³ x 0.0165 R\$/m³)

Vol (m³) X current/future price (R\$) of groundwater at Duratex Brasil in 2019: (2,604,397.3 m³ x 0.0127 R\$/m³) and (2,604,397.3 m³ x 0.0165 R\$/m³)

Vol (m³) X current/future price (R\$) of consumptive use at Duratex Brasil in 2019: (308,863.5 x 0.0255 R\$/m³) and (308,863.5 x 0.0331 R\$/m³)

Vol (m³) X current/future price (R\$) of surface discharges at Duratex Brasil in 2019: (394,950.7 m³ x 0.1274 R\$/m³) and (394,950.7 m³ x 0.1659 R\$/m³)

Cost of response to risk

0

Description of response and explanation of cost calculation

Within Duratex's Sustainability Strategy, there are the following targets to be achieved by 2025: "Reduce relative water withdrawal by 10% "and" Reduce water consumed by irrigation by 50% per hectare of crops ". Thus, Duratex has been engaged in eco-efficiency actions to reduce water consumption, adaptations in productive lines to increase reuse, and work on R&D to reduce water use in forestry operations.

Water is still a relatively cheap natural resource for the industrial sector in Brazil. Duratex already withdraws most of its water (90% in 2019) from underground and surface sources, which are the cheapest among the options available. It reduces dependence on public sources of supply, often under pressure from local population growth. Even so, the risk of increased prices has always been considered in Duratex's strategic decisions, and was intensified in 2014, when the country went through critical droughts.

In addition, Duratex makes part of representative associations engaged with policy makers in discussing matters related to environmental issues and contributes to regulatory discussions, through sector representations. Participating in meetings of Municipal Councils and Groups of the Brazilian Tree Industry (IBA) are examples. It is considered that initiatives aimed at increasing water eco-efficiency and forestry improvements, in addition to the participation of meetings and groups, are actions intrinsic to Duratex's business, not requiring additional costs.

Comment

Based on Calculation based on COLLECTION FOR THE USE OF WATER RESOURCES IN PCJ BASINS - 2021

<http://www.agencia.baciaspcj.org.br/docs/cobranca/folder-cobranca-2021.pdf>

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify (Carbon market)

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Considering that Duratex acts strongly in the forestry sector, there is an opportunity to operate in the carbon market and increase revenue due to carbon credit negotiation, especially in places where there is already an established regulation, such as in Colombia. In 2019, Duratex had about 200 thousand hectares of planted forests and conservation areas, in Brasil and Colombia, which the eucalyptus plantation area consist of fostered forests, specifically for the purpose of supplying our wood panel production facilities.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

289557

Potential financial impact figure – maximum (currency)

2639675.79

Explanation of financial impact figure

The minimum financial impact (R\$ 289,557) represents the amount already collected in 2019 at Duratex Colombia with the removal of 12,900 tCO₂e. The maximum value was estimated based on a projected scenario, where there was also in Brazil a regulation that would allow emissions compensation through the removals provided by our forests. Thus, the maximum financial impact was estimated by adopting the potential gain from the 550,172.09 tCO₂e removed by Duratex's Brazilian forests in 2019, multiplied by an average offset carbon price in Latin America (US\$ 4/tCO₂e). Subtracting from this multiplication a potential taxation value for Duratex Scope 1 and Scope 2 emissions from operations in Brazil in 2019 (257.614,2 tCO₂e multiplied by US\$ 6/tCO₂e) it would result in the figure R\$ 2,639,675.79. Dollar quoted on 12/31/2019.

Cost to realize opportunity

105000

Strategy to realize opportunity and explanation of cost calculation

In Colombia, where Duratex operates with 3 panel plants and 11,000 hectares of forests, there is already an established regulation in line with the reduction targets derived from the Paris Agreement. In 2016, the Colombian government created a carbon tax, which imposes charges on carbon emissions, and in 2017 developed a mechanism that allows companies to compensate emissions through projects such as the "Carvida Duratex", as the local program is called. Between 2010 and 2017, Duratex Colombia captured 956,000 tons of CO₂e, certified in 2018 by ICONTEC (Colombian Institute of Technical Standards). This fact allowed the collection of COP 11,997,087,600 (about US\$ 3.9 millions) in 2018, with the sale of "bonuses" referring to 937,503 tCO₂e. This amount represented 3.3% of Duratex's revenue from Colombian operations in 2018. For Brazilian operations, discussion and financial analyses are in course, and consulting studies are being conducted to improve the accounting for carbon capture and stock through forests in order to improve our carbon balance methodology, so that the company is prepared for when there is regulation or a market formation in the country. Duratex also actively participated in forums of the IBA (Brazilian Tree Industry), the main entity in Brazil leading the discussions related to the carbon market. Cost to realize the opportunity: costs to allow the gains in Colombia (70%) + the costs with consultancies to improve the methodologies of calculation of carbon balance (30%).

Comment

This opportunity was classified as "medium-term" since it has the potential to increase its coverage in Brazilian operations, even though it was already materialized in Colombia.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Total renewable energy consumption in Duratex was 74 % in 2019. The main contributor to this high figure is the use of biomass as fuel for generation of thermal energy in panel plants. Even with the acquisition of Ceusa, whose energy matrix is predominantly non-renewable (89%), there was no significant change in Duratex's general characteristic regarding the percentage of renewable sources in the energy matrix. This fact is possible due to the constant evolution of the company regarding the use of biomass. The portion of energy from renewable sources at Duratex oscillated between 66.8% to 74% from 2014 to 2019, including operations in Colombia (even though Duratex's participation in the capital of Tablemac, currently called Duratex Colombia, only became practically complete in 2016: 99%). These data reflect Duratex's efforts to use cleaner fuels to reduce emissions from fossil fuel sources, and also reduce operating costs with traditional fuels (such as natural gas and GMP oil). Efforts are expected to continue to reduce emissions from the newly acquired Cecrisa operations, mostly carbon intensive.

Time horizon

Long-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

394658220

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The furnace of the panel plant in Agudos (São Paulo, Brazil) was adapted to the complete replacement of natural gas used for thermal energy generation by biomass. Biomass was already partially used in the unit in some production lines, and the total replacement of natural gas occurred in fact from July 2018 on. Although the initial investment for equipment improvements was high (around R\$ 43 million), the Return On Investment (ROI) forecast for a 20-year horizon represents about 9 times the initial investment. The ROI was calculated based on a simulation of the theoretical consumption of natural gas, if the project had not occurred, less the equivalent of the biomass consumption. The formula adopted was as follows: gain from the investment in the year (R\$ 21,915,407) times 20 years; of the result, the cost of the project was subtracted (R\$ 43,469,920); finally, dividing the result by the cost of the project (R\$ 43,469,920), we obtain 904.14%, which represents R\$ 394,658,220.

Cost to realize opportunity

43649920

Strategy to realize opportunity and explanation of cost calculation

Duratex's Sustainability Strategy, developed in 2016, has 4 pillars (people, processes, products & services and new business models), from which derived targets to be achieved until 2025. Within the pillar processes, there are targets comprising the reduction of energy consumption, reduction of direct emissions, besides the increase of the energy matrix from renewable sources. The targets and their respective action plans are tracked within the "Duratex Management System" (SGD), which follows a

"Plan, Check, Do, Act" (PDCA) model. Even before the development of the Strategy, Duratex was already committed to the constant improvement of the technologies of its operations, a fact reflected by the numbers: increase of 8 percentage points in renewable energy use and a reduction of 21.6% in direct emissions in 5 years, even with the expansion of business.

The cost of management considered here (R\$ 43 million), includes project planning, equipment, materials, labor, tests and maintenance of the adaptation of the furnace of Agudos, the most recent investment related to the subject.

Comment

Some examples of adjustments in productive lines that have helped to improve the numbers mentioned above include the gradual replacement of GMP oil by biomass at Itapetininga (São Paulo, Brazil) and Taquari (Rio Grande do Sul, Brazil) units; improved efficiency energy efficiency in the Deca Division with the adjustment in furnace temperature (ceramics); use of rotary kiln (metals) to reduce the use of natural gas and electric energy; suitability of equipment for automatic shutdown, etc. The case study of the furnace adaptation of the Agudos panel unit was adopted as a reference because it is a recent example, in addition to bringing a relevant impact. The items described in the strategy to realize the opportunity, however, demonstrate the diversity of actions that have already brought results to the company, and should continue to occur for the evolution of Duratex's figures. In this way, the potential gains can be even greater, considering the efforts already made and those in progress.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Currently, our costumers, partners and influencers are looking for more and more water-saving and energy-saving products. This is evident in research carried out by Duratex. In addition to an innovative design product, they are looking for products that bring savings. Our clients from construction companies are also looking for products with lower environmental impact and aim at construction of more sustainable buildings. The growing concern of large construction companies to offer sustainability-certified buildings such as LEED (Leadership in Energy and Environmental Design) also increases the demand for this type of product (specially for Deca and Ceusa's brand)

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

105000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The amount of R\$ 105 millions represents the revenue of products from the Deca Comfort line in 2019. This technology is present in all of the brand's faucets, bathroom single-handle and basin mixers. Deca comfort products bring more comfort to consumers while also helping to save water resources. This innovation, which has no impact on the design of tap and mixers, guarantees a standard flow, regardless of whether a buiding has low or high pressure plumbing system. This results in a smooth and costant jet of water, that does not cause unpleasant splashing when washing hands, for instance. This system has been patented.

With this type of product, wich represented 14% of sales in Metals Division and 2.1% of Duratex's revenue in 2019, there is the opportunity to meet the emerging requests of this most demanding publics, strengthening the brand.

Cost to realize opportunity

3016000

Strategy to realize opportunity and explanation of cost calculation

Within the "Products & Services" pillar of the Duratex Sustainability Strategy, developed in 2016 and launched in 2017, there is the following target: "For 100% of the finished metals and Deca toilets portfolio to be eco-efficient" by 2025. In 2019, 30 % of the sanitary toilets portfolio and 100% of the bathroom faucet portfolio were classified as eco-efficient.

The cost of R\$ 3,016,000 of Deca Comfort involves the cost for changing all the faucets to 1/4 of a turn, changing line production and the cost of research and development of internal mechanism itself. Research and Development - R\$ 2,210,000.00 Tooling technology - R\$ 210,000.00 and changing line production R\$596,000.

Comment

In our revisitation of our sustainability framework, which has been taking place during the year 2020, eco-efficient solutions will gain an even greater weight in the company's strategic context, further increasing the positive impact on consumer choice.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Other, please specify (Economic Sensitivity to Environmental Aspects)	<p>At Duratex's Sustainability Strategy, the theme "Climate Change" was established within the pillar "Processes" of the Strategy. One of the targets related to the Climate Change theme, "Reduce Duratex's absolute GHG emissions by 25% (scope 1)", required the projection of scenarios of market demands and production in all divisions of Duratex, so that the targets of could be estimated for each year (as a result of this analysis). Currently, these targets are under review, even because the company's business are expanding to other sectors and the Sustainability Strategy has being reviewed.</p> <p>In the forest business, it is already an incorporated part of Duratex's research and improvement routine to work on preventive and adaptive fronts in relation to climate change, taking into account scenarios of extreme weather events, such as drought, flooding and wind breaking.</p> <p>In 2019, in partnership with Embrapa (a Brazilian Agricultural Research Corporation), Duratex has carried out a study to assess current and future climate vulnerabilities in the Zona da Mata region (Atlantic Forest), in regions that are important for our forest business. The edaphoclimatic study identified, evaluated and quantified temperatures, water balance, rainfall, water deficiency and temperature evolution in the regions studied, between the years 1980 to 2050, with projections and scenarios for the long term for the study region (northeast region).</p> <p>The following climatic assessments of the regions of interest were carried out:</p> <ul style="list-style-type: none">*For periods of 30 years (1985 to 2015) and 10 years (2006 to 2015), aiming to verify possible recent changes in trends;*For future periods between 2021 to 2030 and 2031 to 2040, using the Hadgen2-ES global model of climate change, on a monthly scale. <p>Through this work, possible vulnerabilities were mapped over the next four decades in order to anticipate scenarios for planning the operation. As a result, it was found that none of the objective areas of the study for Duratex presented risks in the scenarios evaluated for our specific characteristics of our planted forests.</p> <p>We also selects species crosses and, later, adapts clones to the main growing regions of Duratex: in São Paulo, Minas Gerais, Rio Grande do Sul and Alagoas. Thus, materials that do not withstand drought well, or do not develop in wetlands, will not be selected for the regions where these phenomena may occur. This is the first form of selection for tolerance to climate change that is occurring. Problems with floods and winds are more frequent in Rio Grande do Sul. The drought issues are more frequent in Minas Gerais and Alagoas. We also participate in a cooperative project involving the Forest Research Society and 14 other companies in the forestry sector, with the evaluation of species crosses produced by drought tolerant parents of these companies for subsequent selection of the best crosses and the best clones for drought tolerance. These trials are being evaluated in João Pinheiro and Buritizeiro-MG and Alagoinhas-BA, places with a history of severe drought.</p>

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The search for sustainable innovations in products and services is driven by our purpose to offer Solutions for Better Living. Our initiatives are aimed at contributing to a circular economy, which values the use of renewable inputs, reuse of materials and fewer social and environmental impacts. In 2017, the market was introduced to Deca Comfort technology, that brings more comfort to consumers while also helping to save water resources (up to 60% water savings in relation to products without this technology). This innovation, which has no impact on the design of taps and mixers, guarantees a standard flow, regardless of whether a building has low or high pressure plumbing system. In 2019, R\$ 105 millions were collected with the Deca Comfort line, which presented the variety of 500 products (sku) available. Sales with the line accounted for 14% of Deca Metals Division sales in 2019. As a result, Deca Comfort being a solution that reduced water consumption and also indirect carbon emission in the use phase, provided an improvement in use, the company adopted the strategy of applying the mechanism to all product lines (taps) of the Deca brand. A service also provided by Duratex is the "Pro-Água", through which, on the demand of customers (residential, commercial or industrial), we plan actions and application of water-saving products and devices in buildings, from the simplest to the most complex, to rationalize and qualify the use of the natural resource. Our specialized professionals develop diagnoses and suggest measures to be taken to monitor and minimize consumption, avoid waste - including maintenance plans - and / or promote the reuse of water. Since 2014, we have prepared 606 projects with the "Pro-Água" program, 151 of them in 2019. All these 151 projects executed in 2019 represented more than R\$ 962,735.59 in sales (net) of solutions.
Supply chain and/or value chain	Yes	An important factor that allows Duratex operations to be stable is the constant control and monitoring of its supply chain, in order to avoid risks. Similarly, companies with which Duratex relates and sells products and services are increasingly interested in the full extent of their value chains, which also involves the suppliers of their suppliers. In this way, Duratex's potential entry into a carbon market would be more facilitated as its image in terms of the supply chain becomes better. In that sense, Duratex was the first company in South America to obtain FSC certification (since 1995), and in 2019 we had 94% of our forest area certified (our own and leased areas and for chain of custody). In addition, Duratex has developed the GFD - Duratex Supplier Management program, through which critical suppliers respond to socio-environmental questionnaires and undergo on-site visits. This questionnaires also include and verify how suppliers address industrial emissions issues. Since its launch in 2012, the program has been attended by more than 600 strategic partners from different segments. In 2019, 191 companies accounting for more than 50% (about R\$ 1.35 billions) of Duratex's supplier spending were evaluated in this model. Duratex also promotes activities such as workshops to assist its suppliers to improve their adherence to issues of relevance to GFD.
Investment in R&D	Yes	To better understand the impacts of the use of natural resources, the influence of climatic seasonality and the sustainability of planted forests, there should be long-term monitoring of carbon, water and nutrient flows in these ecosystems. Therefore, since 2008, Duratex is one of the companies that participated in the creation of the "Euclflux - Torre de Fluxo" a cooperative program, which has an experimental research base installed in an area of 200 hectares that periodically captures data about our planted forests, contributing to scientific studies regarding the best sustainability practices and production optimization for this type of cultivation. Coordinated by IPEF (Institute of Science and Forest Research) and CIRAD (Agricultural Research for Development), the program was renewed in 2017 for its 2nd phase and now has 6 companies. In 2019, Duratex invested R\$ 95,324.00 in Euclflux. This program aims to quantify the inputs and outputs of carbon, water and nutrients for a complete rotation of Eucalyptus, increasing the collection of biogeochemical cycles of forests, which help to formulate practical recommendations, optimize production and ensure the sustainability of crops. This program has already provided relevant information to improve forest management, such as the reduction in the fertilization of forest plantations. It also showed that one hectare of planted forest sequesters more than one tonne of CO2 per month and that, after harvesting, the carbon balance is again positive seven months after planting the new stand. In this sense, advances in research in this field provide specific data characterizing Duratex plantations and assist in the improvement of carbon capture and balance measurement methodologies. Since there is no consolidated methodology or regulation in Brazil in terms of carbon balance and commercialization, Duratex invests in its own studies.
Operations	Yes	Duratex's investments in equipment adaptations and replacement of fuels lead to operational adjustments in some production lines, and increase or reduce the demand for certain types of materials. The most recent major investment (in the order of R\$ 43 million) occurred at the Agudos panel unit (São Paulo), gradually reducing the demand for natural gas at this plant, whose total replacement for biomass materialized in 2018. The investment accounted for about 23.8% of Duratex's general expenses in 2018 (R\$ 180.7 million). In order to minimize the impact on the production, the adjustments in the power plant of the unit were carried out during the maintenance shutdown previously programmed for the unit. We seek to guide investments in improvements in more carbon-intensive operations at the Company. This was the case with the Louças Sul unit, which was the most carbon intensive unit of the crockery units. As a result, the oil-fired furnace was deactivated, which reduced emissions at the unit (about 13% in scope 1 stationary combustion operations)

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Acquisitions and divestments	In Colombia, where Duratex operates with 3 panel plants and 11,000 hectares of forests, there is already an established regulation in line with the reduction targets derived from the Paris Agreement. In 2016, the Colombian government created a carbon tax, which imposes charges on carbon emissions, and in 2017 developed a mechanism that allows companies to compensate emissions through projects such as the "Carvida Duratex", as the local program is called. Between 2010 and 2017, Duratex Colombia captured 956,000 tCO2e, certified in 2018 by ICONTEC (Colombian Institute of Technical Standards). This fact that allowed the collection of approximately US\$ 3.9 millions, with the sale of "bonuses" referring to 937,503 tCO2e. This financial amount represented 3.3% of Duratex's revenue from Colombian operations in 2018. In 2019, the bonuses were quite lower: the selling of carbon credits were around US\$ 53.753, equivalent to 12.900 tCO2e. For our Brazilian operations, discussion and financial analyses are in course. In 2019, studies have been conducted to improve the carbon capture accounting and carbon pools/sinks in order to improve our carbon balance methodology. We also actively participated in forums of the IBA ("Brazilian Tree Industry"), the main entity in Brazil leading the discussions related to the carbon market. For acquisitions, Duratex has a Social and Environmental Program which focuses on the standardization and dissemination of its socio-environmental policies, practices and systems over a 2-year timeline. The objective of the Program is to mitigate and avoiding risks to our business, including carbon emissions issues. Thus, in the case of business expansion through the acquisition of new companies, such as the acquisition of Cecriisa (Portinari) at the end of 2019, Duratex practices an integration systematic of the business in socio-environmental terms and evaluating the impact of energy matrix on carbon emissions, helping to develop action plans for mitigation and migrate to a less carbon-intensive matrix, replacing coal (currently the main source of energy). We also evaluated in 2019, in new projects proposed by the Duratex Innovation Center, the influence of a future carbon tax on the energy matrix. We analyzed the viability of a project (still being implemented) in Duratex's Forestry Business. The project foresees the implementation of a clean energy matrix for energy use in one of our Panel units. The cost avoided by the non-emission of carbon from fossil sources and the taxation that would possibly be in force in Brazil was used to calculate the Net Present Value. For the evaluated project, specifically, the first calculated avoided cost was R\$ 674.235,62. In 2020, this project will be reviewed with new factors identified by the Duratex's Innovation Team.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Climate change management is one of the priority themes of Duratex's Sustainability Strategy which contains the key elements and strategic themes from which derived 45 targets to be achieved until 2025 and was structured in 4 pillars: People, Processes, Products & Services and New Business Models. Within the Pillar "Processes", there is the theme "Climate Change". Climate change became no longer seen just as carbon management and goes through a theme in a broader and strategic way for the company. We understand that Duratex, as a representative company in Brazil, has the potential and should contribute to reducing GHG emissions and to combating global warming, promoting innovation, incorporating new technologies into production processes and articulating partnerships for the value chain and public organizations to develop joint solutions. In this sense and with the Sustainability Strategy reviewed, climate-related targets comprising Brazilian operations were established to be achieved until 2025: "Reduce absolute GHG emissions at Duratex by 25% (scope 1)"; "Reduce relative GHG emissions at Panels by 50% (scope 1)"; "Reduce GHG emissions at Deca and Hydra by 10% (scope 1)" and "Increase measurement of scope 3 emissions by 50%". In 2019, the company achieved 41.7% reduction on absolute direct emissions in Brazilian operations, compared to the baseline year (2012). Our emissions targets are under review, to also cover our new company acquired (Cecrisa/Portinari), further aligning with the company's long-term growth strategy.

In 2018 and 2019, we carried out a work to revisit our accounting for GHG emissions. We evaluate critically our inventory of industrial emissions, as well as our agricultural emissions inventory, with the support of the Plantar Carbon consultancy. With the suggestions pointed out, we specially improved our inventory with improvements in the methodological approach to native areas, planted areas and presentation of our balance of emissions and removals and following the norm ABNT NBR ISO 14064: 2007.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Base year

2012

Covered emissions in base year (metric tons CO2e)

265184.97

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2025

Targeted reduction from base year (%)

25

Covered emissions in target year (metric tons CO2e) [auto-calculated]

198888.7275

Covered emissions in reporting year (metric tons CO2e)

154478.65

% of target achieved [auto-calculated]

166.987322094461

Target status in reporting year

Achieved

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The absolute target established is: "Reduce 25% of Duratex's direct emissions (Scope 1)" in relation to the baseline year (2012). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017. This target covers Duratex's operations in Brazil, excluding Ceramic Coating business. In 2012, Duratex's capital participation in Tablemac (now called Duratex Colombia) increased from 25% to 37%, and their emissions were not yet accounted for, which is why the Scope's emissions percentage was 100% in the base year. In, 2019, the operations covered in the target would represent 92.4% of direct emissions.

Duratex's Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review, with the objective of establishing a science target emission. Considering the projections made at that time of the milestones elaboration, the emissions from Duratex's Brazilian operations in 2019, which include the Deca (Metals and Ceramics), Hydra and Wood (Forest and Panels) divisions, totaled 154,478.7 tCO2e, which are lower compared to the milestone expected for 2019 (186,634.79 tCO2e), and by 41.7% less than baseline.

The expected evolution to reach the target in 2025 was not linear, since variable production projections were taken into account.

It is important to emphasize that Duratex is revisiting its emission targets and started in June/2020 a study to propose science-based targets. The expectation is to release them next year, together with the new Sustainability Strategy of the Company.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2017

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Other, please specify (tCO2e/m3)

Base year

2016

Intensity figure in base year (metric tons CO2e per unit of activity)

0.04084

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2025

Targeted reduction from base year (%)

50

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.02042

% change anticipated in absolute Scope 1+2 emissions

31

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.0145761

% of target achieved [auto-calculated]

128.618511263467

Target status in reporting year

Achieved

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The relative target established is: "Reduce the relative GHG emissions in Panels (Division in Brazil) by 50% (scope 1)" in relation to the baseline year (2012). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017. This target only covers Duratex's Brazilian operations. In 2012, Duratex's capital participation in Tablemac (now called Duratex Colombia) increased from 25% to 37%, and their emissions were not yet accounted for, which is why the Scope's emissions percentage was 100% in the base year. The expected evolution to reach the target in 2025 was not linear, since variable production projections were taken into account. In 2019, the relative indicator for this target was 0.0146 tCO2e/m³ (58% less than milestone). The project for natural gas substitution for biomass at the power plant of Agudos - São Paulo has contributed to the reduction of absolute direct emissions in this plant and impacted the results of the Panels Division considerably to achieve the target. It is important to emphasize that Duratex is revisiting its emission targets and started in June/2020 a study to propose science-based targets. The expectation is to release them next year, together with the new Sustainability Strategy of the Company.

Target reference number

Int 2

Year target was set

2017

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Metric tons CO2e per unit of production

Base year

2016

Intensity figure in base year (metric tons CO2e per unit of activity)

0.0002675

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2025

Targeted reduction from base year (%)

10

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.00024075

% change anticipated in absolute Scope 1+2 emissions

9

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.000251721

% of target achieved [auto-calculated]

58.9869158878505

Target status in reporting year

Achieved

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The relative target established is: "Lower relative GHG emissions at Deca by 10%" in relation to the baseline year (2012). It was developed in 2016, from the review of the

material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017. This target only covers Duratex's Brazilian operations in Deca Division. For Deca metals business, the baseline was 0.00026750 tCO₂e/part. The expected evolution to reach the target in 2025 was not linear, since variable production projections were taken into account. In 2019, the relative indicator for this target was 0.000252 tCO₂e/unit of metals, and the target to 2025 is to maintain at least a 10% reduction in comparison to the baseline year. It is important to emphasize that Duratex is revisiting its emission targets and started in June/2020 a study to propose science-based targets. The expectation is to release them next year, together with the new Sustainability Strategy of the Company.

Target reference number

Int 3

Year target was set

2017

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Other, please specify (tCO₂e/kg)

Base year

2012

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.000639673

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2025

Targeted reduction from base year (%)

10

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.0005757057

% change anticipated in absolute Scope 1+2 emissions

9

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.000540043

% of target achieved [auto-calculated]

155.75145425866

Target status in reporting year

Achieved

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The relative target established is: "Lower relative GHG emissions at Deca by 10%" in relation to the baseline year (2012). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017. This target only covers Duratex's Brazilian operations in Deca Division. For Deca Sanitary Ware business, the baseline was 0.000639673 tCO₂e/kg. The expected evolution to reach the target in 2025 was not linear, since variable production projections were taken into account. In 2019, the relative indicator for this target was 0.000540043 tCO₂e/kg, and the target to 2025 is to maintain at least 10% of reduction in comparison to the base year (0.000639673 tCO₂e/kg). It is important to emphasize that Duratex is revisiting its emission targets and started in June/2020 a study to propose science-based targets. The expectation is to release them next year, together with the new Sustainability Strategy of the Company.

Target reference number

Int 4

Year target was set

2017

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Metric tons CO₂e per unit of production

Base year

2016

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.00001625

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2025

Targeted reduction from base year (%)

10

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.000014625

% change anticipated in absolute Scope 1+2 emissions

1

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.000007663

% of target achieved [auto-calculated]

528.430769230769

Target status in reporting year

Achieved

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The relative target established is: "Lower relative GHG emissions at Deca by 10%" in relation to the baseline year (2012). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017. This target only covers Duratex's Brazilian operations in Deca Division. For Deca Hydra business, the baseline was 0.00001625 tCO2e/unit of product (this baseline refers to the first year of emissions operational control of all Hydra business - 2016).

The expected evolution to reach the target in 2025 was not linear, since variable production projections were taken into account. In 2019, the relative indicator for this target was 0.000540043 tCO2e/kg, and the target to 2025 is to maintain at least 10% of reduction in comparison to the base year (0.00001625 tCO2e/kg).

It is important to emphasize that Duratex is revisiting its emission targets and started in June/2020 a study to propose science-based targets. The expectation is to release them next year, together with the new Sustainability Strategy of the Company.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2017

Target coverage

Business division

Target type: absolute or intensity

Absolute

Target type: energy carrier

Steam

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2016

Figure or percentage in base year

72

Target year

2018

Figure or percentage in target year

95

Figure or percentage in reporting year

92.25

% of target achieved [auto-calculated]

88.0434782608696

Target status in reporting year

Underway

Is this target part of an emissions target?

This target directly influences the scope 1 emission reduction target of the Company and the Madeira business.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The company assumed to reach 95% of the energy mix come from renewable resources to generate thermal energy at Panel units (by 2018), contributing to the reduction of fossil carbon in the atmosphere.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Increase measurement of Scope 3 emissions by 50%)
-----------------------	--

Target denominator (intensity targets only)

<Not Applicable>

Base year

2016

Figure or percentage in base year

171

Target year

2025

Figure or percentage in target year

257

Figure or percentage in reporting year

219

% of target achieved [auto-calculated]

55.8139534883721

Target status in reporting year

Achieved

Is this target part of an emissions target?

Expanding our measurements of indirect emissions is important to evaluate our supply chain in order to manage, mitigate possible impacts and evaluate the actions to reduce emissions. In addition to increasing the accounting for Scope 3 sources, this goal also aims to engage suppliers and our supply area to understand the impact of our chain in carbon emissions.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The goal of Increase measurement of Scope 3 emissions by 50% is based on the mapped Duratex facilities that we had in this scope in 2016 (171 indirect sources of emissions). In 2025, we will have to reach a total of 257 installations.

With the new acquisitions of Duratex in Ceramic Tiles and the revision of our Sustainability Strategy, this number of indirect sources should be much higher, with the evolution of measurements and better calculations in inventory.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	1238.91
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	5621.3
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Hydropower
-------------------------------	------------

Estimated annual CO2e savings (metric tonnes CO2e)

5621.3

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

35311060

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

Duratex purchases energy on the open market. The initiative does not have a specific duration, and for this reason we have adopted the period of 3 to 5 years, due to the 5-year contract renewal term. It is estimated a gain of around 20% for being in the free energy market.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	The definition of legal requirements is considered to drive investment in emission reduction activities in Duratex's units
Financial optimization calculations	Financial optimizations can drive investment in emission reduction activities. Replacement of new materials, technologies, equipments for emissions reduction can be defined according to positive financial analysis.
Employee engagement	Duratex with its internal education program for Sustainability , Ciranda D, promotes training resulting from its management systems, which also include awareness of the use of natural resources and climate change. The program is an online platform where employees can participate in quick courses, with quizzes to answer what they have learned, as well as tips from books, videos and articles on the topic. The Ciranda D stands out for the possibility of exchanging knowledge. Employees can share good practices or send suggestions for videos, books, articles, to generate greater interaction between different units and businesses. On the platform there is also a ranking of participation, through a score. The objective is to recognize the most engaged and participative employees.
Dedicated budget for energy efficiency	Implementation of projects to increase the energy efficiency of our production processes and to expand the use of renewable resources in our energy mix. Example: installation of capacitors to better use energy in metal smelting ovens, modernization of compressed air generation and electroplating systems and automation of lighting systems to prevent waste. Installation of mills that process waste from panel manufacturing (biomass), sending this waste to combustors that generate the hot gas needed to dry the wood particles.
Dedicated budget for other emissions reduction activities	Implementation of projects. Examples: production of organic compost, produced by using the sludge from the Effluent Treatment Stations and ash from the burning of biomass. As a consequence, a waste volume was not disposed of in a landfill.

C-AC4.4/C-FB4.4/C-PF4.4

(C-AC4.4/C-FB4.4/C-PF4.4) Do you implement agriculture or forest management practices on your own land with a climate change mitigation and/or adaption benefit?

Yes

C-AC4.4a/C-FB4.4a/C-PF4.4a

(C-AC4.4a/C-FB4.4a/C-PF4.4a) Specify the agricultural or forest management practice(s) implemented on your own land with climate change mitigation and/or adaptation benefits and provide a corresponding emissions figure, if known.

Management practice reference number

MP1

Management practice

Afforestation

Description of management practice

When expanding its forest areas, Duratex only uses areas already anthropized such as pasture or sugarcane, thus changing the land use from intensive usage to a forest. Also, as the forest grows, carbon is stocked. In 2019, we accounted for a carbon stock in our planted forests (commercial areas) of 35 million tons of carbon.

Primary climate change-related benefit

Increase carbon sink (mitigation)

Estimated CO2e savings (metric tons CO2e)

35355342.21

Please explain

This estimated CO2e savings were calculated for inventory of 2019. The removals of planted forests for this year was 479,294.51 tCO2e.

Management practice reference number

MP2

Management practice

Practices to increase wood production and forest productivity

Description of management practice

Duratex has its own forest breeding program, which aims to develop varieties more adapted to the many different climatic conditions, better productivity and pest resistance.

The savings will be estimated in the coming years.

Primary climate change-related benefit

Increasing resilience to climate change (adaptation)

Estimated CO2e savings (metric tons CO2e)

201018.57

Please explain

The estimate was made based on eucalyptus forests productivity in 2019 and the Annual Average Increase ("IMA" factor) of Duratex's forests, considering the difference between carbon stocked in forests that presented values considerably higher than the average productivity (IMA 40), compared to the previous year.

Management practice reference number

MP3

Management practice

Composting

Description of management practice

At the Wood Division, we have continued to reuse biomass and sludge ash from effluent treatment to produce natural fertilizers at the composting plants installed at the Agudos (SP) and Uberaba (MG) units. In 2019, 29,587 t of sludge waste were destined for composting and incorporated into the soil for fertilization and we purchased 28,304 t of organic fertilizer from the market.

Primary climate change-related benefit

Reduced demand for fertilizers (adaptation)

Estimated CO2e savings (metric tons CO2e)

20525.79

Please explain

Duratex, when consuming organic fertilizer, incorporating into the soil in addition to or replacing traditional nitrogen fertilizer, we no longer emit, in due proportions, carbon of fossil origin into the atmosphere. In 2019, the amount of organic fertilizer used represented the equivalent of 20,500 tons CO2e of emissions avoided by not using nitrogen fertilizer.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Wood from forests; MDF panels, laminated flooring made from MDF and MDP panels, High-density.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Sectorial Analysis: group of durable goods and product made from renewable material)

% revenue from low carbon product(s) in the reporting year

59

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

Whereas Duratex manufactures products accepted as "durable goods" with low intrinsic carbon emissions, all product groups are considered to be "low carbon". Products made from reforested wood, with responsible management practices and conservation. And especially for the Madeira business, we have an energy matrix of 92% from renewable sources.

Level of aggregation

Group of products

Description of product/Group of products

Metal fittings: taps, mixers, dischargevalves, showers.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (LCA - ISO NBR ISO 14040)

% revenue from low carbon product(s) in the reporting year

31

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

Duratex's entire portfolio of metal fittings are all eco-efficient. In addition, we have Deca Comfort technology, which keeps the water flow of the tap constant during its use, providing the best comfort, as well as savings, directly influencing the outcome of environmental footprints. Each 1 liter/min less at the use phase, there is a decrease of 50 m³ in the water footprint and 14.5 kg CO₂eq in the carbon footprint of the product.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

264375.99

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads) and Wood (Panels and Forests), existing operations at the time.

Scope 2 (location-based)

Base year start

January 1 2012

Base year end

December 31 2012

Base year emissions (metric tons CO2e)

56918.06

Comment

This base value covers the operations of the Deca (Metals and Ceramics Sanitary Ware), Hydra (electric showerheads) and Wood (Panels and Forests), existing operations at the time.

Scope 2 (market-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

0

Comment

In 2017, the consumption of scope 2 (market-based) was 76,562.40 MWh . The emissions were not considered for this source, since the energy traced came from Small Power Centers (PCHs).

2017 was the first year that Duratex started to measure market-based scope 2 emissions.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Brazil GHG Protocol Programme

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol Agricultural Guidance: Interpreting the Corporate Accounting and Reporting Standard for the Agricultural Sector

The Greenhouse Gas Protocol: Scope 2 Guidance

Other, please specify (US EPA CLIMATE LEADER)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

US EPA CLIMATE LEADER. Design Principles. 2005.

Greenhouse Gas Conversion Factor Repository. DEFRA. UK. 2018.

Other information:

Emission factors:

EPE. Balanco Energetico Nacional. 2018. (biomass/wood)

SABESP- Companhia de Saneamento Básico do Estado de São Paulo (biological oxygen demand - BOD)

Oliveira, 2010. Master thesis of ESALQ/USP. (fertigation)

DEFRA. Methodology for EF. 2018 (air travel)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

167193.5

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Brazil's operations scope 1 - 154,478.7 tCO2e
Colombia's operations scope 1 - 12,714.9 tCO2e
(including all GHG)

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Duratex has been discussing the new Scope 2 Guidance with the GHG Protocol Brazil Program. Since 2017, we established our methodology to report a Scope 2 market-based figure Together with our energy supplier we aligned the best way to receive the consume information as well as the declaration, according to the GHG Protocol requirement.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

64147.7

Scope 2, market-based (if applicable)

45926.9

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

In 2019, Duratex was reporting a scope 2 market-based: 612,018.9 MWh (an emission of 45,926.92 tCO2e). According to Scope 2, location-based our consumption was 672,345,43 MWh , which corresponds to 64,147.7 tCO2e (a total emission of 51,548.2 tCO2e in Brazil, and 12,599.5 tCO2e in Colombia).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Duratex still does not calculate the emissions that occur in the extraction and production of products (raw material). It is possibly a relevant issue, but we must expand our knowledge. According to studies carried out on Life Cycle Assessment for some products in our portfolio, emissions related to productive inputs are possibly the 3rd most relevant value on our supply chain. Duratex committed to increase the monitoring of its indirect emissions by 50% until 2025.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Duratex still does not calculate the emissions that occur in the extraction and production of capital good (equipments). It is not a relevant issue. According to studies carried out on Life Cycle Assessment for some products in our portfolio, emissions related to capital goods are not relevant to the product's environmental footprint.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Duratex still does not calculate the emissions that occur in the extraction and production of fuels used in our supply chain. It is not a relevant issue. According to studies carried out on Life Cycle Assessment for some products in our portfolio, emissions related to this fuels are not relevant to the product's environmental footprint.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

6239.22

Emissions calculation methodology

Duratex uses GHG Protocol methodology to calculate our Emissions Inventory, including scope 3, and emissions factors of IPCC.

For this category we calculate emissions from transportation and distribution of products purchased by vehicles that are not owned or operated by the organization, as well as other outsourced transportation and distribution (including both inbound and outbound logistics).

Information about distance traveled by upstream transport are accounted for and determined by the Supply area. The emission factors (emission / km traveled) are applied to calculate GHG emissions for each fuel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Duratex's Supply area has a system for surveying and mapping third-party routes, which makes it possible to collect information for the calculation of emissions. This system is currently being expanded and unified for the company's business.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

3294.17

Emissions calculation methodology

Duratex follows GHG Protocol methodology to calculate our Emissions Inventory, including scope 3, and emissions factors from IPCC and Brazil's wastewater system.

For this category we calculate emissions from wastewater and solid waste applying the factors for each type of waste destination and for each type of effluent treatment.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions from solid waste and effluents are calculated with factors recommended in the literature and IPCC. The factors are not specific to the recipients to which we send our waste.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

2478.54

Emissions calculation methodology

We calculate emissions from air trip made by Duratex's staff. All flights are informed by the Travel Agency contracted (Maringá Tourism). Our Supply Area is responsible for the data. Trips are classified as short, medium and long distance and the respective conversion factors () are applied to calculate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

All the flights data are provided by our Travel Agency contracted.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1302.75

Emissions calculation methodology

Duratex follows GHG Protocol methodology to calculate our Emissions Inventory, including scope 3, and emissions factors from IPCC .

Emissions referring to the collective transport of Duratex's employees are calculated based on fuel consumption information or the mileage traveled by the vehicles that make the journey (home /work /home). Emissions factors are applied for each situation.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Distance and fuel information is provided by third-party companies that provide transportation services to Duratex. Data is collected and entered into our emissions calculation system.

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3450.2

Emissions calculation methodology

Duratex follows GHG Protocol methodology to calculate our Emissions Inventory, including scope 3, and emissions factors from IPCC. Emissions refer to leased farms with operations carried out by third parties. This amount refers to the Taquari Forestry unit.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This category is being analyzed by Duratex. With the review of the sustainability strategy in 2016, Duratex committed to increase the monitoring of its indirect emissions by 50% until 2025. In 2017, Duratex started to expand the mapping of its scope 3 sources, and an action plan was constructed to report the most relevant emission sources in the coming years.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

74658.45

Emissions calculation methodology

Duratex uses GHG Protocol methodology to calculate our Emissions Inventory, including scope 3, and emissions factors of IPCC. For this category we calculate emissions from transportation and distribution of our produced products by vehicles that are not owned or operated by the organization, as well as other outsourced transportation and distribution (including both inbound and outbound logistics). Informations about distance traveled by upstream transport are accounted for and determined by the Logistic area. The emission factors (emission / km traveled) are applied to calculate GHG emissions for each fuel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Duratex's Supply area has a system for surveying and mapping third-party routes, which makes it possible to collect information for the calculation of emissions. This system is currently being expanded and unified for the company's business.

Processing of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This emissions could be relevant for Wood Business, in which our wood products are processed by joiners and furniture industries. This category is being analyzed by Duratex. With the review of the sustainability strategy in 2016, Duratex committed to increase the monitoring of its indirect emissions by 50% until 2025. In 2017, Duratex began to understand and to map the scope 3 emissions sources, and an action plan was constructed to report the most relevant emission sources in the coming years.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

When using our products, greenhouse gas emissions can be related to the consumption of electricity and gas in our showers. However, it is not relevant considering the company's entire portfolio (around 12%).

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Our products have a long durability and the emissions from the end-of-life treatment of sold products represent 0.1% of emissions in the life cycle assessment study.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable for Duratex. We do not have downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Duratex does not have franchises . This category is not applicable to Duratex's operations.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not applicable to Duratex's operations. Our inventory is based on our operating limit. Although Duratex has investments in other companies, there is no operational control.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable for Duratex.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable for Duratex.

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area?

Partially

C-AC6.6a/C-FB6.6a/C-PF6.6a

(C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

Activity

Distribution

Scope 3 category

Upstream transportation and distribution

Emissions (metric tons CO2e)

6239.22

Please explain

The emissions in this category cover the transportation of the purchase of our inputs and raw materials. It represents 7.1% of Duratex's scope 3 emissions.

Activity

Distribution

Scope 3 category

Downstream transportation and distribution

Emissions (metric tons CO2e)

74658.75

Please explain

The emissions in this category cover the shipment of finished products. It represents 84.9% of Duratex's scope 3 emissions.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

Yes

C-AC6.8a/C-FB6.8a/C-PF6.8a

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from land use management

Emissions (metric tons CO2)

67830.49

Methodology

Default emissions factors

Please explain

This amount includes forest fire emissions (57,208.61 tCO2e) and use of fertilizers (10,621.87 tCO2e).

CO2 removals from land use management

Emissions (metric tons CO2)

550172.94

Methodology

Default emissions factors

Please explain

This amount includes removals from commercial areas due to stock differences (479,294.51 tCO2e) and the increase in conservation areas (70,878.43 tCO2e).

Sequestration during land use change

Emissions (metric tons CO2)

0

Methodology

Default emissions factors

Please explain

Not applicable. At Duratex there is no change in land use.

CO2 emissions from biofuel combustion (land machinery)

Emissions (metric tons CO2)

3331.75

Methodology

Default emissions factors

Please explain

Biogenic carbon results from the use of ethanol, ethanol on gasoline, and biodiesel in diesel. This amount includes Brazil and Colombia emissions.

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2)

528349.94

Methodology

Default emissions factors

Please explain

For processing/manufacturing machinery, the biogenic carbon comes from burning biomass. This amount includes Brazil and Colombia emissions.

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Timber

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

Forest business in Duratex is responsible for supplying timber (wood for MDF and MDP production) and represented 31% of all greenhouse gases emissions in Brazilian's operations in 2019 (including Scopes 1, 2, 3 and emissions from agricultural activities). And this business is responsible for all our carbon removals. For Panels Business, responsible for wood consumption and MDF and MDP production, emissions (scope 1, 2 and 3) from Brazil and Colombia units, represent 38% of Duratex's total emissions.

C-AC6.9a/C-FB6.9a/C-PF6.9a

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

Timber

Reporting emissions by

Unit of production

Emissions (metric tons CO2e)

0.146

Denominator: unit of production

Other, please specify (cubic meters (m3))

Change from last reporting year

Much lower

Please explain

Indicator : 0,014576 tCO2e/m3 represents relative emissions of Duratex Panels production.

Increased production of the panel units and the discontinuation of one of our factories (Panels Botucatu) impacted the reduction of emissions, especially scope 1 emissions.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000045038

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

225719.97

Metric denominator

Other, please specify (Total revenue in 2019 (R\$))

Metric denominator: Unit total

5011706000

Scope 2 figure used

Market-based

% change from previous year

14

Direction of change

Decreased

Reason for change

Duratex's revenue increased by 1.3%. This increase is mainly due to the implementation of an increase prices in the Deca division and the incorporation of the results of Ceramic Tiles. And emissions decreased by 13%, especially due to the discontinuity of more carbon-intensive operations (as was the case with Louças Sul Unit, for example).

Investments were made in the Louças Sul unit, prior to decommissioning, which was the unit The furnace of the unit that operated with oil was deactivated, which reduced emissions at the unit (about 13% in scope 1 stationary combustion operations)

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	133257.882	IPCC Fifth Assessment Report (AR5 – 100 year) <i>Reported in GHG Protocol Brazil (Kyoto Protocol) and added emissions in Colombia operations</i>
CH4	8698.416	IPCC Fifth Assessment Report (AR5 – 100 year) <i>Reported in GHG Protocol Brazil (Kyoto Protocol) and added emissions in Colombia operations</i>
N2O	14461.591	IPCC Fifth Assessment Report (AR5 – 100 year) <i>Reported in GHG Protocol Brazil (Kyoto Protocol) and added emissions in Colombia operations</i>
HFCs	7742.77	IPCC Fifth Assessment Report (AR5 – 100 year) <i>Reported in GHG Protocol Brazil (Kyoto Protocol) and added emissions in Colombia operations</i>
Other, please specify (HCFC 22)	3032.872	IPCC Fifth Assessment Report (AR5 – 100 year) <i>Reported in GHG Protocol Brazil as other greenhouse gases not covered by the Kyoto Protocol and added emissions in Colombia operations</i>

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Brazil <i>Reported in GHG Protocol Brazil (Kyoto Protocol)</i>	154478.7
Colombia <i>Reported in GHG Protocol Brazil (Kyoto Protocol)</i>	12714.9

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Deca (included Metals, Sanitary Ware and Hydra)	53217.7
Wood (included Forest and Wood Panels)	62101.4
Central Office and Show Room	30.7
Ceusa - Ceramic tiles and floors	39128.8
Duratex Colombia (Wood Panels)	12714.9

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Central Office	30.5	-23.558145	-46.659214
Forest Area - Agudos	7963.5	-22.488451	-49.133606
Forest Area - Botucatu	2528.9	-22.879022	-48.452454
Forest Area - Estrela do Sul	9515	-18.73695	-47.7361
Forest Area - Itapetininga	3845.4	-23.586486	-48.105526
Forest Area - Lençóis Paulista	657.6	-22.560757	-48.816719
Forest Area - Taquari	121.7	-29.803859	-51.846371
Forest Area - Uberaba	2768.7	-19.75334	-47.97688
Panels - Agudos	16612.8	-22.488451	-49.133606
Panels - Botucatu	171.1	-22.879022	-48.452454
Panels - Itapetininga	8591.3	-23.586486	-48.105526
Panels - Taquari	2944	-29.803859	-51.846371
Panels - Uberaba	6381.5	-19.742167	-47.978368
Show Room - Deca	0.2	-23.568771	-46.672883
Metals - Jacareí	150.5	-23.28647	-45.9779
Metals - Jundiá	1202.9	-23.202716	-46.843107
Metals - São Paulo	2283.6	-46.843107	-46.688054
Ceramics - João Pessoa	12292.3	-7.178436	-34.910088
Ceramics - Jundiá I	14651.9	-23.18171	-46.861324
Ceramics - Queimados	7312.9	-22.730522	-43.62375
Ceramics - Recife	10641.3	-8.254303	-35.027161
Ceramics - São Leopoldo	4644.4	-29.786485	-51.117389
Hydra - Aracajú	37.9	-10.916818	-37.073895
Ceusa - Urussanga	39128.8	-28.533263	-49.319493
Duratex Colombia - Panels Barbosa	1299.2	6.43161	-75.346086
Duratex Colombia - Panels Manizales	3897.7	5.030965	-75.432513
Duratex Colombia - Panels Yarumal	7518	6.812468	-75.495412

C7.3c**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO2e)
Mobile Combustion	26316.5
Stationary Combustion	108491.3
Industrial Process	2852.3
Solid Waste and liquid effluents	8058.1
Fugitive sources	10853.5
Agriculture emissions	10621.9

C-AC7.4/C-FB7.4/C-PF7.4**(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?**

Yes

C-AC7.4a/C-FB7.4a/C-PF7.4a**(C-AC7.4a/C-FB7.4a/C-PF7.4a) Select the form(s) in which you are reporting your agricultural/forestry emissions.**

Emissions disaggregated by category (advised by the GHG Protocol)

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions category

Total

Emissions (metric tons CO2e)

143856.784

Methodology

Default emissions factor

Please explain

This total includes all scope 1 emissions related to the production process of operations in Brazil.

Activity

Processing/Manufacturing

Emissions category

Total

Emissions (metric tons CO2e)

12714.88

Methodology

Default emissions factor

Please explain

This total includes all scope 1 emissions related to the production process of operations in Colombia.

Activity

Agriculture/Forestry

Emissions category

Mechanical

Emissions (metric tons CO2e)

10621.87

Methodology

Default emissions factor

Please explain

These emissions refer to the emissions from mechanized agricultural activities, including equipment used for operations in forests.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Brazil	51548.2	45926.9	672345.4	612018.9
Colombia	12599.52	0	59997.7	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Deca (included Metals, Sanitary Ware and Hydra)	8299.93	2671.67
Wood (included Forest and Wood Panels)	41098.94	41105.9
Central Office and Show Room	58.01	58.01
Ceusa - Ceramic tiles and floors	2091.34	2091.34
Duratex Colombia	12599.52	0

C7.6b**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Central Office	58.01	58.01
Forest Area - Agudos	34.85	34.85
Forest Area - Botucatu	0.54	0.54
Forest Area - Estrela do Sul	10.02	10.02
Forest Area - Itapetininga	0.71	0.71
Forest Area - Lençóis Paulista	7.37	7.37
Forest Area - Taquari	0	0
Forest Area - Uberaba	7.99	7.99
Hydra Aracajú	893.81	0
Ceramics - João Pessoa	574.463	0
Ceramics - Jundiá I	1042.14	966.61
Ceramics - Queimados	880.58	0
Ceramics - Recife	1000.72	0
Ceramics - São Leopoldo	314.61	314.61
Metals - Jacareí	289.1	289.1
Metals - Jundiá	1437.12	1437.12
Metals - São Paulo	1867.39	97.5
Panels - Agudos	14863.84	15428.21
Panels - Botucatu	313.31	313.31
Panels - Itapetininga	10861.07	10787.42
Panels - Taquari	5124.61	4885.24
Panels - Uberaba	9874.64	9630.25
Ceusa - urussanga	2091.34	2091.34
Duratex Colombia - Panels Barbosa	8243.41	0
Duratex Colombia - Panels Manizales	1427.34	0
Duratex Colombia - Panels Yarumal	2928.77	0
Show Room Deca	7.27	7.27

C7.6c**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electrical Energy Acquisition	64147.7	45926.9

C7.9**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	16603.896	Decreased	6.4	<p>As sources of renewable energy we have the consumption at Duratex of biomass and electricity in the Brazil and Colombia operations, also adding ethanol consumption in the Brazilian operations. In this scenario, we had a reduction of 16,603.9 tCO2e in emissions, compared to the previous year.</p> <p>The total emissions in Brazil and Colombia's operations from this consumption in 2018 was 89,921.0 tCO2e. While in 2019, the emission was 73,317.1 tCO2e, representing an emission reduction of 16,603.9 tCO2e. (Calculation formula = 89,921.0 - 73,317.1 = 16,603.9 tCO2e)</p> <p>For the emissions value (percentage), the calculation formula was: the reduction between this two years divided by the total scope 1 and 2 emissions of 2018. =16603,9/260205,9=6.4%</p> <p>Especially in Brazil, for the consumption of biomass as an energy source (our main renewable fuel in scope 1), the emission reduction went from 10,875.33 tCO2e in 2018 to 8,459.94 tCO2e in 2019. Electricity reduced from 66,209.23 tCO2e from 2018 to 51,548.2 tCO2e in 2019. In ethanol, the reduction is not representative in the total emissions of these fuels.</p> <p>In Colombia operations, in contrast to Brazil, emissions from renewable energy increased by 3.7%, but in total emissions it is not relevant in Duratex's overall (difference of 469.7 tCO2e more in 2019).</p>
Other emissions reduction activities	6742.248	Decreased	2.6	<p>Improvement in energy efficiency and improvements in the productive processes at Duratex's factories, impacted on the reduction of CO2 emissions. Among the units of Queimados and Jundiá Sanitary Ware units, Jacarei and Jundiá Metals Units, and Agudo Panels, the reduction was 10%, comparing the emissions of 2018 (65186.05 tCO2e) and 2019 (58443.80 tCO2e). (Calculation formula = 65186.05 - 58443.80 = 6,742.25 tCO2e)</p> <p>For the emissions value (percentage), the calculation formula was: the reduction between this two years divided by the total scope 1 and 2 emissions of 2018. =6,742.25/260,205.9=2.6%</p>
Divestment	34880.1	Decreased	13.4	<p>The reduction refers to the end of the São Leopoldo and Botucatu units operations in 2019. In particular, São Leopoldo operations in the south of the country, was more intensive in carbon emissions due to the use of oil for burning in the furnaces. Emissions from these operations represented a reduction from 40,280.09 tCO2 in 2018 to 5,399.99 tCO2e in 2019. (Calculation formula = 40,280.09 - 5,399.99 = 34,880.1 tCO2e)</p> <p>For the emissions value (percentage), the calculation formula was: the reduction between this two years divided by the total scope 1 and 2 emissions of 2018. =34,880.10/260,205.9=13.4%</p>
Acquisitions	0	No change	0	The emissions related to the recently acquired Cecrisa operation will be accounted for in the next reporting cycle. Not applicable in this reporting period for Duratex.
Mergers	0	No change	0	Not applicable in this reporting period for Duratex.
Change in output	0	No change	0	The production's effect was not relevant to the impact on emissions compared to 2018-2019.
Change in methodology	2823.03	Decreased	1.1	<p>Between 2018 and 2019, we carried out a revisiting work accounting for GHG emissions, with the support of an external consultancy. We critically evaluated our inventory of industrial emissions and our agricultural inventory, and among the suggestions mentioned, the consideration of changing the effluent emission factor that had been adopted by the Company. Duratex used the value of 0.3 (IPCC default) for the MCF parameter of the emission factor in the aerobic treatment of the Effluent Treatment Station. However, this value represents an aerobic treatment system "poorly handled or overloaded". The IPCC default value for the MCF parameter in "well-managed" aerobic treatment systems is 0. Therefore, there would be no CH4 emissions from the aerobic effluent treatment. If Duratex still adopted a more conservative approach using the upper limit of the MCF parameter of "well managed" aerobic treatment, which is 0.1. This change in methodology resulted in an emission difference between 2018 and 2019 of 2823.03 tCO2e (67% reduction for this category), excluding the influence of the reduction in the volume of effluent between those years.</p> <p>For the emissions value (percentage), the calculation formula was: the reduction between this two years divided by the total scope 1 and 2 emissions of 2018. =2,823.03/260,205.9=1.1%</p>
Change in boundary	0	No change		There was no change in the period as a justification to represent an eduction or increase in emissions.
Change in physical operating conditions	0	No change		There was no change in the period as a justification to represent an eduction or increase in emissions.
Unidentified	0	No change		Not applicable for Duratex
Other	0	No change		There was no change in the period as a justification to represent an eduction or increase in emissions.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	1323390.98	586088.2	1909479.19
Consumption of purchased or acquired electricity	<Not Applicable>	664216.94	7799.7	672016.65
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	1987607.93	593887.91	2581495.84

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

432830.51

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

56.1

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of natural gas were considered:

CO2 56.1 kg GHG / GJ
CH4 0.001 kg GHG / GJ
N2O 0.0001 kg GHG / GJ

Fuels (excluding feedstocks)

Wood Chips

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1309954.35

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

112

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of biomass from wood were considered:

CO2 112.0 kg GHG/GJ

CH4 0.030 kg GHG/GJ

N2O 0.0040 kg GHG/GJ

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

11643.96

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

77.4

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of fuel oil were considered:

CO2 77.4 kg GHG/GJ

CH4 0.003 kg GHG/GJ

N2O 0.0040 kg GHG/GJ

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

92461.77

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

74.1

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of fuel oil were considered:

CO2 74.1 kg GHG/GJ

CH4 0.0039 kg GHG/GJ

N2O 0.00439 kg GHG/GJ

Fuels (excluding feedstocks)

Other, please specify (Ethanol)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

4400.15

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

68.3

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of ethanol were considered:

CO2 68.3 kg GHG/GJ

CH4 0.018 kg GHG/GJ

N2O 0.0006 kg GHG/GJ

Fuels (excluding feedstocks)

Other, please specify (Gasoline)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1981.91

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

69.3

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of gasoline were considered:

CO2 69.3 kg GHG/GJ

CH4 0.025 kg GHG/GJ

N2O 0.008 kg GHG/GJ

Fuels (excluding feedstocks)

Other Petroleum Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

53840.77

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

63.1

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC. 2006 Guidelines -Energy. 2006.

Comment

The following emission factors for stationary combustion of liquefied petroleum gas were considered:

CO2 63.1 kg GHG/GJ

CH4 0.001 kg GHG/GJ

N2O 0.0001 kg GHG/GJ

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Brazil

MWh consumed accounted for at a zero emission factor

612018.9

Comment

During 2019, Duratex entered into an electric power purchase agreement with the companies Enel and Rialma, which sell electricity from hydroelectric / small hydroelectric plants. Of the traceable consumption, covered by this contract, the GHG emission factor is zero because it is energy from a hydroelectric plant.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

93871.87

Metric numerator

Generation of waste in Duratex (unit - tonne)

Metric denominator (intensity metric only)

Not applicable

% change from previous year

36

Direction of change

Decreased

Please explain

Search for alternatives that aim to ensure eco-efficiency generation of waste and effluents also it is part of the daily life of our units. In the division Deca, for example, the Metals units adopt technology which recovers and reuses all bronze and brass that is left over from the casting process in other stages productive. At the Metals unit in São Paulo, since February 2019, we reached the zero waste mark destined for landfills. At the Sanitary Ware units, we continued to reduce the generation and disposal of shards of ceramic waste to landfills. In the Wood division, the plant in Itapetininga (SP) stopped using impregnated paper for landfills, after finding alternatives for disposal.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

KPMG_Duratex_CDP-verification-2020_Brasil e Colombia_CLIENTE.pdf

Page/ section reference

*Document : "KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE"

All pages.

*Document: KPMG_Duratex_CDP-verification-2020_Brasil e Colombia_CLIENTE"

All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

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All pages.

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

KPMG_Duratex Brasil e Colômbia_Relatório_de_Asseguração_GEE_2020_Inglês_CLIENTE.pdf

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All pages.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

C11. Carbon pricing**C11.1****(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

C11.1a**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Colombia carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Colombia carbon tax

Period start date

January 1 2019

Period end date

December 31 2019

% of total Scope 1 emissions covered by tax

76

Total cost of tax paid

200554.44

Comment

The value in Colombian currency is \$ 135.485.054,95 COP.

The carbon tax in Colombia for 2019 corresponds to the emissions of liquefied petroleum gas (LPG) and ACPM. Natural Gas is excluded excluded for this scenario.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Colombia started carbon taxation on December, 2016 and Tresury Ministry established incidence of taxes for fuel purchases. On June, 2017 the Environmental Ministry enacted a decree for emission compensation. Companies in charge of taxation started to have the alternative of offsetting their emissions. At the beginning of 2017, the compensation could be only with projects carried out in the Colombian territory. At Duratex Colombia, this system and also the projects for offsetting are already established and it is the first big company in Colombia to assurance its carbon credits. Duratex's Colombia Strategy is the continuation of the "CARVIDA" project, related to compensation of carbon bonus through carbon capture from forests.

In Colombia, we received the Icontec Forest Compensation certificate, an achievement linked to the Carvida Duratex program – a carbon bonus for life, in 2018. Between 2010 and 2017, our forests captured 956 thousand tons of carbon dioxide, equivalent to the total emissions of all the vehicles that circulate in the Metropolitan Area of Valle de Aburrá (Medellin and neighboring municipalities) for 14 days each year, over the period mentioned. In 2019, the bonus was around 12.900 tCO₂e. The recognition serves as evidenced that our Greenhouse Gas Forests Compensation program based on forest cultivation is the largest in Colombia.

Since the market carbon implementation in Colombia, Duratex already provided income of about U\$S 3.954 millions.

In Brazil, we collaborated until 2018 with a Voluntary Emissions Trading System, which simulates the functioning of a Cap & Trade emissions market. In this model, there is a restriction on the total volume of issues and the companies participating in the system buy and sell securities to manage their respective

GHG emission. For the next year, we intend to resume participating in the program, since there is the possibility of simulating the emissions trading with removals from planted forests, allowing an analysis more aligned with the reality of Duratex's businesses.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Climate change performance is featured in supplier awards scheme

% of suppliers by number

3.3

% total procurement spend (direct and indirect)

50

% of supplier-related Scope 3 emissions as reported in C6.5

95.7

Rationale for the coverage of your engagement

Since 2012, Duratex conducts Duratex Supplier Management program or GFD, its acronym in Portuguese, a complete set of mechanisms to identify, select and monitor the social, environmental, economic and quality performance of a group of companies that provide products and services that are essential for the continuity of our operations. Companies that have similar social and environmental impacts are grouped into five general sectors. Participants are classified into these groups: Industry, Hard services, Utilities, Services and Mining. In the GFD dynamic, the suppliers selected are asked to answer a self-assessment questionnaire. In 2019, 216 suppliers representing 58% of the procurement spend answered the questionnaire, which includes issues related to greenhouse gas management, GHG inventory, water and biodiversity management. The selection criteria are the volume of payments made to the supplier, the criticalness of their sector of operation to our business and their history of participation in the program. In 2019, 88% of the companies asked to take part in this process answered the questionnaire. This methodology for analyzing and selecting suppliers was revised in 2017, with the goal of incorporating sustainability criteria into the procurement process. Duratex's partners' activities were grouped into categories, which were used to map the most critical and highest risk social and environmental aspects. Based on this matrix, the appropriate management measures were established for each category, according to the stage of the relationship: pre-contract, negotiation and contracting – with supplier monitoring and/or development.

Impact of engagement, including measures of success

In 2019, the percentage of suppliers that obtained an evaluation score equal to or above 8.0 jumped from 28% to 35%, a considerable increase that reveals Duratex's effort to contribute to the improvement of socioenvironmental performance throughout its chain of value. When assessing the individual evolution of suppliers from one year to the next, it is noted that, among the participating suppliers for the second year (112), 69% showed improvement in performance, an index eight percentage points above that seen last year. Regarding the Environment dimension, we also addressed the theme of water, energy, biodiversity, atmospheric emissions, waste and environmental risk assessment. Also for specific sectors, questions about the environmental origin of wood, freight efficiency and energy efficiency are addressed. The average level of adherence in this dimension in 2019 was 73% and, in all sectors.

Comment

Every year, Duratex recognizes outstanding suppliers in the GFD assessment and monitoring cycle. Outstanding practices are identified during technical visits made to company facilities (31 in 2019) and awards are aimed at valuing advancement in incorporating sustainability practices into business, in addition to inspiring other companies to adopt similar measures. In 2019, the Best Suppliers Award promoted a special event. Suppliers were honored in their 6 operation categories and engagement.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

ESPAÇO ARVORAR - Since 2017, the "Espaço Arvorar" at the Agudos (SP) forest unit is opened to the public. It is a place dedicated to raising visitor awareness about the history and importance of wood, through sensorial experiences and lots of information. There are five environments that are open to visits by children, young people and adults, free of charge. The topics highlighted in the space are: music, the use of wood, biodiversity, sculpture, native forests, planted forests, tools made of wood, huge constructions, housing, and carbon sequestration. The place is open for students and other interested parties from all over Brazil. In 2019, Duratex received 8030 visits at Espaço Arvorar.

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Other, please specify (Encouraging good management practices through fostered forests)

Description of management practice

Duratex fosters more than 27,000 hectares of forests, destined to supply its panels plants. Duratex shares its technical knowledge with fostered smallholders to encourage best management practices in their forests, in order to reduce socio-environmental impacts and increase forest productivity.

Your role in the implementation

Knowledge sharing

Operational

Explanation of how you encourage implementation

Duratex has a due diligence system for the supply of controlled timber and for fostered forests. Through this system, Duratex ensures the compliance of non-certified timber suppliers with labor, environmental, land, tax and occupational health and safety legislation, laying the foundation for future certification. Duratex also provides tree saplings for timber producers, which give preference to wood supply to Duratex. Additionally, one of the targets of the Sustainability Strategy is "For 80% of areas to be certified (FSC) by 2035."

In 2019, Duratex started the process of involving producers partners in order to guide them to obtain the seal. Approximately 50 of these forested producers participated in a meeting in which concepts related to certification were presented and an overview of the necessary adaptations for the process of obtaining the certificate. The expectation is that, in 2020, we will have the first forested producers endorsed on these requirements recognized worldwide.

Climate change related benefit

Increasing resilience to climate change (adaptation)

Increase carbon sink (mitigation)

Reduced demand for fossil fuel (adaptation)

Reduced demand for fertilizers (adaptation)

Reduced demand for pesticides (adaptation)

Comment

The good management practices encouraged by Duratex in fostered areas allow the reduction of the use of inputs and natural resources, in addition to increase productivity. By using the seedlings supplied by Duratex, all the benefits of the genetic improvement program are shared with the fostered smallholders, such as the utilization of genetic materials well adapted to the local conditions, giving them better resilience to climate change.

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

Funding research organizations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Through involvement with associations and trade organizations, we anticipate trends and progress in the market. Corporately, we participate in the Brazilian Association of Publicly Traded Companies (Abrasca), the Federation of Industries of the State of São Paulo (Fiesp), the Brazilian Institute of Investor Relations (IBRI), Ethos Institut Ethos and Brazilian Business Network for Life Cycle Assessment (Rede ACV).

Under the auspices of our forestry activities, associations considered strategic to are: Brazilian Tree Industry (Ibá); Forestry Science and Research Institute (Ipef); and Forestry Investigation Society (Sociedade de Investigações Florestais - SIF).

As a Deca Business we also participate of: Brazilian Association of Sanitation Materials (Asfama), National Confederation of Industries (CNI), Brazilian Association of Building Materials Industry (ABRAMAT).

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Some of the associations mentioned and others important associations that Duratex makes part:

The Abrasca - Brazilian Association of Publicly Traded Companies aims to bring together Brazilian companies in an organization that, in addition to the experiences of its associates, achieves the improvement of corporate governance policy practices, especially and comprehensively as it relates to the Capital Markets - structural basis of a market economy and more specifically in the field of relationship with shareholders, in the research, study, dissemination and debate of procedures and mechanisms that allow a constant and qualified expansion of this market.

IBA - The Brazilian Tree Industry, is the association responsible for institutionally representing the planted tree production chain, from the field to the industry with its main stakeholders. Ibá advocates on behalf of the industry's interests aiming at adding value to products obtained from planted pine and eucalyptus trees, as well as other species used for industrial purposes with officials and governmental agencies, entities of the planted trees production chain and important sectors of the economy, social and environmental organizations, universities, schools, consumers and the press—domestically and internationally. IBA's mission is to increase competitiveness in the industry and align member companies at the utmost standard of science, technology and social and environmental responsibility for the entire planted trees production chain, pursuing innovative solutions for the Brazilian and global market.

IPEF - Institute for Research and Forest Studies, created in 1968, is a non-economic association whose objective is to plan, implement and coordinate actions and manage resources for studies, analysis and research in the area natural resources, with an emphasis on forest science.

ASFAMAS - One of the objectives of the entity involves the presentation of proposals to value the areas of sanitation and housing. Besides representing the industries of the sector, ASFAMAS promotes the continuous improvement of quality and productivity.

FIESP - The structure of Fiesp reflects the strategic thinking and the homogeneous treatment that the entity confers on the various productive chains and unions, regardless of the size of the companies or the segment to which they belong.

How have you influenced, or are you attempting to influence their position?

Our participation in associations and industry organizations contributed to our ability to forecast market trends and keep pace with changes in regulations and other matters relevant to the areas in which we act.

Abrasca - Duratex has a representant as president of the association.

ASFAMAS - Our Industrial Director at Deca e Hydra is President at ASFAMAS (Brazilian Association of Sanitation Materials), and CNI Member of the committee, contributing to the maintenance of a permanent dialogue to build an agenda that stimulates and strengthens innovation in Brazilian companies and the federal government

IBA - Our CEO is the Vice-president Wood Panels sector and we also have representatives in the Committees.

IPEF - Our Manager of Forest Technological Development and Environment is representant on the Deliberative Council

Duratex is a Concl part of Brazilian Network Life Cycle Assessment (Rede ACV). This association aims to create an environment of cooperation among companies, to articulate governments, and to make available and disseminate to information about LCA in Brazil. The company also actively participates in the greenhouse gas emissions working groups and the Climate Change Committee, led by Ibá (Brazilian Tree Industry), where issues of relevance to the sector are discussed, as well as the sector's positioning in relation to legislation and future opportunities.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Duratex ensures a common approach to multiple climate engagement activities across business divisions due to the alignment of the Business Strategy with our current Sustainability Strategy and Sustainability Policy, which includes, among other aspects, climate change.

Duratex has a strategic representatives, aligned and knowledgeable about this Sustainability Strategy, that participate in Associations such as managers, directors, vice-president and president. These employees represent the goals of our company and can influence actions to be implemented in our business, anticipate legislation and implement market trends.

Our experts, also knowledgeable about the Company's Strategy, participate in technical discussions and share information and trends that influence our industry. They are always participating in pre-established agendas and have the responsibility to communicate, engage and propose action plans for strategic issues for the company, such as climate change.

As an example, we can mention the participation in Ibá's working groups and committees related to climate change and the evaluations of opportunities in market indices related to the theme.

In line with our governance process, managements share experiences and information for the various levels of the company, such as the Executive Committee and the Sustainability Committee for establishing and approving action plans, with a view to advancing the theme in the company. Issues such as a science-based goal and carbon balance were addressed and discussed with these Duratex Committees and action plans were established for the year 2020.

In addition, the strategy is always strengthened in our communications and the goals until 2025 have their respective leaders who report the actions and achievements carried out during the year.

In line with market trends, the increasingly latent questions in the ESG sphere by investors and the purpose of the Solutions for Better Living company, a major project, started in 2019, is underway at the company to revisit the Sustainability Strategy from Duratex, and the theme of climate change permeates and gives direction to transversal axes of the strategy. We are currently in the final stage of approving the framework with our Councils to start setting up our commitments. This strategy will be announced at the beginning of next year.

Direct and indirect activities that are not in line with the Company's purpose or the Sustainability Strategy are not followed.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Book Duratex_RI_ing.pdf

Page/Section reference

2019 Integrated Report

Sections: Climate Risks (page 51), Carbon Balance (page 52), Sustainability goals (page 62), GRI Attachment (pages 80 and 81).

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify (Economic and financial results)

Comment

In the 2019 Report (Duratex Integrated Reporting - 2019) we inform the latest work we have done on climate risk scenarios in forestry operations, the company's latest carbon balance, with GHG emissions from our industrial and forestry activities, and emissions from our chains and also the carbon removals that occurred during the year, demonstrating our positive impact. Also reporting on our Sustainability Strategy goals, we report on the progress of our goals related to emissions and the expansion of our scope 3.

Publication

In voluntary communications

Status

Complete

Attach the document

Duratex2019 (PBGHGP).pdf

Page/Section reference

Inventory of greenhouse gas emissions 2019 - All pages

Content elements

Emissions figures

Comment

The Public Register of Emissions, in accordance with the GHG Protocol Brazil, for the inventoried year of 2019 was already submitted on Brazil's Plataforma. Our report is validated by the third party. The inventory for 2019 is attached.

C13. Other land management impacts

C-AC13.1/C-FB13.1/C-PF13.1

(C-AC13.1/C-FB13.1/C-PF13.1) Do you know if any of the management practices implemented on your own land disclosed in C-AC4.4a/C-FB4.4a/C-PF4.4a have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.1a/C-FB13.1a/C-PF13.1a

(C-AC13.1a/C-FB13.1a/C-PF13.1a) Provide details on those management practices that have other impacts besides climate change mitigation/adaptation and on your management response.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impact

Every time Duratex acquires a new area for forest planting, a positive impact is generated on conserving biodiversity. Duratex's forests are planted only in areas which were already used for commercial activities, so not only deforestation is prevented, but also part of these areas is set aside for conservation purposes, where the natural regeneration of these areas is made possible.

Along with planted forests, Duratex maintains areas of native vegetation containing habitats suited to the development of local fauna and flora. These areas are connected through the biodiversity corridors at Duratex's units, contributing to the preservation of animal and plant species. Studies have been conducted since the 1970s in partnership with universities in the conservation areas have monitored the positive impacts of the biodiversity conservation actions we carry out.

In these locations, measures are in place to protect the environmental values, such as prohibiting hunting and fishing, patrols by forest rangers, actions for preservation and mitigation of forest fires, reduced speed limits and control of invasive species. These actions aim to protect old growth forests, thus also protecting the biodiversity found in these areas, including species within the local flora and fauna that are rare or threatened by extinction. Updated figures from the last cycle show that our forests are inhabited by 2,442 species of native flora and fauna, 33 of which are at risk of extinction.

In 2019, we underwent an international consultancy assessment that ranked our management practices among the best standards worldwide, which reflects our commitment to sustainable development since the beginning of our operations.

Have you implemented any response(s) to these impacts?

Yes

Description of the response(s)

Duratex is responsible for 199,405.3 hectares of own and leased areas in Brazil, 28.3% of which are set aside for conservation. Duratex continues to adopt best forestry management practices, certified according to FSC standards, ensuring the maintenance of conservation areas and habitats suited to development of fauna and flora. These conservation areas in our forest areas are interspersed with planted eucalyptus, allowing for connection between conservation areas and facilitating the flow of animals and plants.

In Rio Grande do Sul, Duratex also helps producers by supporting their environmental licensing processes, sharing our intellectual capital so that these forest owners meet all of the legal requirements for forestry management.

Since 1977, Duratex has carried out various studies on plant and animal life through partnerships with universities and research institutions that showed considerable diversity of wildlife and plant life in the conservation areas and forest plantations throughout different biomes. In 2019, we renewed our participation in the program for another seven years.

These studies contribute to the development of scientific research in Brazil by sharing the results with the scientific community through theses, dissertations, papers and participation at congresses.

Management practice reference number

MP2

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Yield

Other, please specify (Local community)

Description of impact

Duratex does not use fire as a management practice. Actions guarantee prevention and combating of forest fires, so as to protect crop and conservation areas, as well as the community and employees, machinery and company facilities. The destruction of plant cover, resulting in an increase in the occurrence of ecological and humanitarian disasters, such as: soil erosion and major floods.

Have you implemented any response(s) to these impacts?

Yes

Description of the response(s)

Many forest workers are qualified as forest firefighters; surrounding communities are informed about forest operations and are given a communication channel that can be used to report fires; firebreaks maintenance.

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Other, please specify (Working conditions)

Description of impacts

Duratex gives technical guidance to its outgrowers, ensuring that the best forest management practices are in place. By doing this, the conservation areas are adequately protected (no harvesting there), the soil is protected and the workers' rights are respected.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

The due diligence system established by Duratex for wood procurement ensures these positive impacts are amplified. Desk and field audits are conducted on all wood suppliers. If issues are found, an action plan is generated with a deadline to follow up. If there are major or recurring problems, the supplier is suspended until the issue is resolved.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Duratex is an integrated business platform, focused on offering Solutions for Better Living. This understanding is a reflection of the consolidation of the elements of our culture, whose transformation process started about four years ago. Since then, we have reformulated our team, especially our leaders; and we establish management standards that strengthen Our Way of Being and Doing, focused on the People, Processes, Customers and Results pillars.

2019 was marked, at Duratex, by important achievements in the continuous search for operational efficiency, with a focus on satisfying our customers and deliver results that exceed our cost of capital. The Company concomitantly concluded the processes of cultural transformation, adjustments in the production chain and approval of the largest investment in its history, now in the soluble cellulose sector. Our net revenue totaled R \$ 5,011.7 million, an increase of 1.3% in relation to 2018. However, if we disregard the sale of forest assets and the receipt related to the last tranche of the sale of biological assets for Suzano S.A., a 4.8% increase over the previous year. This increase is mainly due to the implementation of price increases in the Deca division and the incorporation of Cecrisa's results.

Specifically in Colombia, the currency devaluation coupled with the worsening in the competitive scenario impacted net revenue, down 6.4% under 2018.

In addition, the increase in the cost of international freight has reduced the profitability of our products in the international market, leading the share of revenue from the foreign market to represent 16.6% of the total calculated - compared to the 19.2% recorded in the previous year.

Consolidated investments in 2019 totaled R \$ 455.7 million, below the R \$ 500 million provided for in the budget. Of this total, R \$ 179.2 million was spent on the formation of biological assets and R \$ 276.5 million was invested in fixed and intangible assets, which includes the disbursement of R \$ 85.9 million in the new ceramic coating line.

Of note in the period was the allocation of R \$ 289.8 million in the acquisition of the company Cecrisa Revestimentos Cerâmico S.A., in addition to the incorporation of liabilities in the amount of R \$ 438.5 million. Not yet R \$ 45.4 million were paid in civil, tax and labor contingencies during the year, an amount provided for in the additional price of up to R \$ 275 million in the event of future verification of certain suspensive conditions.

In the year, the receipt of R \$ 395.3 million related to the sale of land and forests to Suzano, carried out in July 2018, with direct effect on cash, was also determined.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer of Duratex	Chief Executive Officer (CEO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Duratex is a publicly traded company with 69 years of history, that has the Value Proposition of offering Solutions for Better Living to customers and consumers. With its business divisions - Wood, Deca and Ceramic tile - we are working to produce and sell products for the furniture and finishings sectors in the civil construction industry. We are part of people's daily lives, working in the segments of wood panels, bathroom fixtures and metals, electric showers and ceramic tiles through our brands recognized in their segments for design and quality: Durafloor, Duratex, Deca, Hydra, Ceusa and Portinari (this last one acquired in 2019).

Duratex now has sixteen industrial units located in the South, Southeast and Northeast regions of Brazil and three additional wood panels units in Colombia, Notable among the products in our portfolio are MDP and MDF paneling, fiberboard sheets, wood flooring, sanitary ware, metals, metal fittings and electric showers. Besides serving the Brazilian market, our products reach over 50 countries, with a special presence in South America, Central America, Africa and the USA. In addition to the factories, Duratex is responsible for more than 200 thousand hectares of planted forests and conservation areas in Brazil and Colombia. Duratex ensures the use of the best native area conservation and management practices. In 1995, we were the first company in South America to receive FSC (Forest Stewardship Council) certification for responsible forest management. Our chain of custody is also certified, assuring the traceability of wood used in our production process. In our forest areas in Brazil and Colombia, we produce eucalyptus seedlings in nurseries, planting them at our own farms and at leased farms and using the wood to supply the fiberboard and paneling factories. We also manufacture the resin used to bind the particles and fibers in MDP and MDF panels. Verticalization of operations and the proximity between planted areas and industrial units are some of our main competitive advantages, adding value to our business at a lower cost. We also hold a minority stake in the Viva Decora startup, the main digital platform with content and services on architecture, design and décor in Brazil. In 2019, we completed the feasibility analyzes of the engineering studies and negotiations with Lenzing AG to create a joint venture in the dissolving wood pulp segment.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	5011706000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	BR	DTEXACNOR3

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

MRV Engenharia e Participações

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

579.8

Uncertainty (±%)

Major sources of emissions

Duratex's businesses that represented the largest scope 1 emissions were Sanitary Ware (32%), Ceramic Tiles (25%) and Panels (22%). Stationary combustion represents the largest source of emissions for these businesses, where natural gas and biomass fuels stand out. The latter is the most significant fuel for the manufacture of products consumed by MRV.

Verified

No

Allocation method

Allocation based on the volume of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The specific calculation of GHG emissions by product purchased is not yet a possible form of reporting. We consider the issue based on revenue and products sold to the

customer.

The Duratex Emissions Inventory is verified by a third party. However, there is no specific verification regarding the allocation of emissions reported to MRV.

Requesting member

MRV Engenharia e Participações

Scope of emissions

Scope 2

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

193.47

Uncertainty (±%)

Major sources of emissions

Duratex's businesses that represented the largest scope 2 emissions were Panels (80%). Scope 2 of Duratex refers only to electricity from hydroelectric plants. According to scope 2 (marked-based), the allocation would result in 172.38 tCO2e.

Verified

No

Allocation method

Allocation based on the volume of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The specific calculation of GHG emissions by product purchased is not yet a possible form of reporting. We consider the issue based on revenue and products sold to the customer.

The Duratex Emissions Inventory is verified by a third party. However, there is no specific verification regarding the allocation of emissions reported to MRV.

Requesting member

MRV Engenharia e Participações

Scope of emissions

Scope 3

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

330.19

Uncertainty (±%)

Major sources of emissions

Duratex's businesses that represented the largest scope 3 emissions were Metals (34%), Sanitary Ware (26%) and Panels (23%). Transport and Distribution (upstream and downstream) are more representative contributions of this scope.

Internally, we aim to expand the mapping of the Company's scope 3 emissions. Major advances were made in 2018 and 2019 and we continue to challenge ourselves to expand reporting.

Verified

No

Allocation method

Allocation based on the volume of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The specific calculation of GHG emissions by product purchased is not yet a possible form of reporting. We consider the issue based on revenue and products sold to the customer.

The Duratex Emissions Inventory is verified by a third party. However, there is no specific verification regarding the allocation of emissions reported to MRV.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

Public emissions data that have been used for this estimation are available on the websites below. Sales volume data for MRV is not publicly available.

Public Register of Emissions: <https://www.registropublicodeemissoes.com.br/participantes>;

Duratex Integrated Report 2019 : <https://www.duratex.com.br/Relatorio-Anual-2019/en/index.html>

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Specific strategy for each costumers could improve our allocation. Specify our process emission or to develop a customer-specific tracking system involving production and logistic transportation also could help overcome the challenges in each of our business.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

Duratex still need to develop capabilities to allocate emissions to its customers due to the number and diversity of its portfolio. The emissions allocation is a challenge for each product of Duratex's brand. Evolution on carbon footprint could be a stage to improve this measure.

Duratex intends to start a detailed study on life cycle assessment of its products, covering all the company's businesses. The project will be supported by external consultants and will be segmented by type of business of the company. The intention is that in the first year of the project we will have advances in ceramic tiles.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

Requesting member

MRV Engenharia e Participações

Group type of project

Relationship sustainability assessment

Type of project

Assessing products or services life cycle footprint to identify efficiencies

Emissions targeted

Actions to reduce customers' operational emissions (customer scope 1 & 2)

Estimated timeframe for carbon reductions to be realized

1-3 years

Estimated lifetime CO2e savings

Estimated payback

Other, please specify (Opportunity is still in the early stages)

Details of proposal

The study would impact the specific knowledge of scope 1 (MRV) and scope 3 (Duratex) emissions. After mapping, it would be possible to act on the possibilities of reducing emissions and financial return.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC3.1

(SC3.1) Do you want to enroll in the 2020-2021 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2019-2020 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms