



Dexco 7^{years}













Live Environments.

Integrated Report **2021**

summary

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Message from the Board of Directors



To be a company that pays attention to changes and the needs of our customers, creating and sharing value with all of our stakeholders. This is the horizon we aim at. This is the Dexco we want to be.



Closer to the customer, interacting more with innovation and incorporating a more sustainable strategy. This is how a 21st century company should be and, this year, we made headway towards this company with the best performance in our history in all segments in which we operate, particularly wood panels, the product that originated our Company. This could be a brief summary of our performance this past year. However, in a period so full of challenges and achievements, I can start my message with this sentence but never focus only on it. This is because, in the same period of record performance, we became Dexco. And this change is not limited to the brand or the company's name. It represents a new stage and carries the evolution of our culture with it.

We have been watching the market's transformations for 70 years,

always attentive to the demands of our consumer customers and society in general. We understood that we had to change and introduce, in a clear manner, into our operations, the practices that we already carried out but which merited greater strategic focus. For this reason, the ESG (Environmental, Social and Governance) agendas, which have always been present in our initiatives, gained more weight in our business-related decisions. Our Board of Directors is fully committed to the targets established in Dexco's Sustainability Strategy, which was revisited in 2021, and I believe that the initiatives in the environmental, social and governance fields, combined with innovation and our organizational culture, are the way to pursue our purpose of Solutions for Better Living.

In 2021, we continued with our strategic growth plan, with investments



70 years

WATCHING THE MARKET'S TRANSFORMATIONS, always attentive to the demands of our consumer customers and society in general.

ALFREDO EGYDIO SETUBAL,
Chairman of the Board of Directors



of R\$2.5 billion in expanding the capacity of the divisions in which we are market leaders, automation and plant modernization, increasing our forest base and even a new plant. In our strategy design, the consumer started to take a central position, and you will see that this evolution will bring a very significant cultural and business positioning transformation in the coming years in terms of value creation.

It is important to mention that, in this period, amidst these corporate changes and even with the continuity of the Covid-19 pandemic, combined with the social and economic crisis, with high inflation rates, our operations remained with full strength, with record volumes and positive

margins. We were able to maintain our price and profitability levels, a result of the adjustments that we made before in terms of costs, production and industrial efficiency, culminating in the best year for the Company in these seven decades.

We cannot anticipate the next 70 years, but it is possible to catch a glimpse of where we will be in the short- and medium terms. With respect to sustainability, we approved, at the Board of Directors, targets for us to achieve within the next three years, such as results from the efficient use of water and energy, in addition to the increased number of women in the organization as a whole and in leading positions, which is a

topic that has been largely debated at the Company.

This is how we plan to move forward in this new stage of Dexco's history, growing with soundness, developing more sustainable products, building more diverse teams, monitoring the aspects of climate change, finding new usages for our forests, expanding our business segments and transforming our culture in line with the topics that society praises.

To be a company that pays attention to changes and the needs of our customers, creating and sharing value with all of our stakeholders. This is the horizon we aim at. This is the Dexco we want to be.





Message from the CEO



We created a new positioning for our corporate brand. We combined our robustness of seven decades as Duratex with the inspiration of offering unique environments for people's homes.



In 2021, we became Dexco. This represented not only a new name for the Company but a fundamental work that we carried out in 2021 and that will take us to another level of relationship with our customers and the market. We created a new positioning for our corporate brand. We combined our robustness of seven decades as Duratex with the inspiration of offering unique environments for people's homes.

Experiencing this brand change made us want, even more, to bring to each consumer our promise of Live Environments. More than products, we work to offer solutions that awaken feelings, affection and comfort and that are in every home's environments.

Dexco establishes itself as our institutional identity, and the business brands will be the point of contact with consumers, and Dura-

tex will remain as our benchmark in MDF and MDP panels. As a result, we set up the beginning of a new cycle of growth and modernization at the Company.

We had been thinking about this change for a few years and it materialized in conjunction with a package of organic and inorganic investments for the expansion of our business in the amount of R\$ 2.5 billion, a process that started in 2021, continues in 2022, and will be completed in 2023.

At Deca, we have been investing in the improvement of our mix of bathroom fitting products and in the modernization of our bathroom fixture plants. In the Ceramic Tiles Division, one new development is the plant in Botucatu, State of São Paulo. We started to prepare the land and we are in the licensing stage. The launch is expected for 2023.

In the Wood Division, we have debottlenecking investments that will add 10% to our production capacity. Additionally, we will have three new wood panel finishing lines, one in Agudos, State of São Paulo, which already started to operate in 2021, and two in Itapetininga, State of São Paulo, aimed at adding value to the business. We are also expanding the capacity of the forests in the Northeastern region, which opens new opportunities of future projects for us.

The reliance on new businesses allocated R\$100 million of investments to start-ups and scale-ups by means of DX Ventures, which, together with Noah and Urben, are important companies in the production of engineered wood and, more recently, in Brasil ao Cubo. There was also the acquisition of the Castelatto brand, a leading company in the premium architectural



**ANTONIO JOAQUIM DE OLIVEIRA,
CEO**



concrete floors and coatings segment, and the acquisition of a 10% equity interest in ABC da Construção S.A., which introduced us to the retail segment and to a new *phygital* model, which operates with reduced inventories and combines physical and digital stores. This will be an opportunity for us to be closer to the consumer, allowing us to understand their needs. Meanwhile, the LD Celulose plant, which is expected to be inaugurated at the beginning of 2022, will place us in the dissolving wood pulp segment. All of this supported by our internal journey of cultural transformation, innovation, progress in ESG commitments and focus on customers.

These evolutions are part of our growth strategy for the next five years and, in 2021, our efforts were compensated by excellent results. Our plants operated at full capacity and we ensured record sales of our products. We decided on this increase in production to seize all of our potential and opportu-

nities that we had not identified yet. As a result, it was possible to debottleneck our plants. We were prepared for the time of resuming growth thanks to the strategic changes that we made over the past five years.

All of these changes would not have made sense if we were not supported by a comprehensive Sustainability Strategy that encompassed all environments: the Consumer Environment, the Company Environment and the Society Environment. Therefore, we redesigned our strategy in 2020 and 2021, also driven by our new brand positioning. Additionally, the Covid-19 pandemic became a warning to the importance of the trajectory towards a low-carbon economy, inclusion and social impact actions. In this redesign, our purpose was to bring closer the ESG aspects to the challenges of our industry and promote wellbeing, care about people and the environment and positive impacts on our activities and on the communities in which we are present.

As part of our commitment to a better society and planet, we are signatories to the Global Compact, a UN initiative to engage companies and organizations to adopt ten principles in the human rights, labor, environment and anti-corruption fields, and we seek an increased alignment with the Sustainable Development Goals (SDGs).

I would also like to highlight that two years of the Covid-19 pandemic have taught us a great deal. In 2021, we maintained the security protocols for our employees who work at the plants, and those who were working from their homes gradually adjusted to the hybrid format, spending some days at home and some periods at the office. We also value conviviality and we felt that it will be possible for all of us to be together again in this different model that is here to stay.

With the purpose of Solutions for Better Living, we believe that it is impossible to achieve results on our own. Our employees are essential for our success and, in

**AT THE END OF
2021, WE HAD**
25%
**OF WOMEN IN
LEADING POSITIONS,**
including Brazil and
Colombia.

2021, we evolved in the diversity of people who work with us: at the end of 2021, we had 25% of women in leading positions, including Brazil and Colombia.

We will continue with the certainty that this whole work will generate positive results for our Company, our employees and all of our main stakeholders.

About this report



About this report

The Dexco 2021 Integrated Report follows the guidelines of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) Standards.

This is the 2021 Integrated Report of Dexco S.A. This publication is annually disclosed and this is the third consecutive year using the Integrated Report format in accordance with the guidelines of the International Integrated Reporting Council (IIRC). Also, this report was prepared in compliance with the GRI standards: Core option. We also follow the criteria of the Brazilian Association of Publicly-Held Companies (ABRASCA). The previous report, for 2020, was published

by the Company on May 31, 2021.

The information reported in the 2021 edition refers to the year between January 1 and December 31 of that year, encompassing our three business divisions (Wood, Deca and Ceramic Tiles) in operation in Brazil and Colombia, in addition to the new businesses described throughout this report. We work towards sustainable development, in line with global initiatives, such as the UN Sustainable Development Goals (SDGs) and

the Global Compact, and our contributions are described in this report.

This report is organized in accordance with the capitals of the Integrated Report methodology and, in each chapter, it correlates the material topics and pillars of the sustainability strategy corresponding to the matters addressed.

The publication was submitted to external audit to check on the adherence to the GRI Standards and the

Integrated Report methodology and was conditioned upon the approval and review of Dexco's Board of Officers, as well as its Sustainability Committee and Board of Directors. The financial statements, which are not part of this document, were audited by PwC and submitted to the Brazilian Securities and Exchange Commission (CVM) and they are available on the [Investor Relations website](#). Meanwhile, the GRI disclosure items were submitted to the external analysis of KPMG Assessores Ltda.





Materiality

GRI 102-44, 102-46, 102-47, 102-49

Materiality is the process through which a company identifies the most significant matters for the business and the impacts it generates in all aspects. The work to define materiality involves consultations to internal and external stakeholders and studies on relevant documents of the company and the market.

Dexco's materiality was defined in 2019 and, in 2021, there was no significant change in the list of material topics and limits in relation to the previous reports. Our Sustainability Strategy and the framework arising from it also strengthen the importance of the topics established. The material topics will be reviewed for the 2022 cycle.

There are four priority pillars on which materiality is based:

- ⊗ Proper business environment;
- ⊗ People who transform;
- ⊗ Responsible processes;
- ⊗ Sustainable solutions.

Based on these pillars, we defined the material topics for the stockholders, customers and suppliers consulted in the process and considered in the vision of the members of the senior management who were involved in the analysis and validation stages. These material topics support the management of risks and opportu-

nities, as well as value creation, and help define the limits of scope of the topics addressed in this report.

Questions related to this publication may be forwarded to our Investor Relations (investidores@dex.co) and ESG (sustentabilidade@dex.co) teams.

GRI 102-53

MATERIAL TOPICS



Proper Business Environment Pillar:

- ⊗ Ethics and compliance;
- ⊗ Innovation and digitalization;
- ⊗ Cash generation and funding;
- ⊗ Diversification of business portfolio.



People who Transform Pillar:

- ⊗ Health and safety;
- ⊗ Diversity and inclusion;
- ⊗ Professional training;
- ⊗ Local development;
- ⊗ Environmental education



Responsible Processes Pillar:

- ⊗ Supply chain;
- ⊗ Forest management;
- ⊗ Environmental performance;
- ⊗ Climate change.



Sustainable Solutions Pillar:

- ⊗ Eco-efficient solutions;
- ⊗ Environment solutions.

➤ LEARN MORE ABOUT MATERIAL TOPICS, THEIR IMPACTS AND THEIR RELATIONSHIP TO GRI AND SDG TOPICS IN THE GRI ATTACHMENT.

The sum of form and function



Dexco is born from the combination of the elements we believe have determined our trajectory. From the 70-year history of improving environments with innovation behind each of our products.

From the efficient management that creates value with the aesthetics that make us unique and desired.

Dexco is the continuous sum of form and function.

In the center of what we do is the belief that the perfect design makes the relationship of people with any and all types of environment more harmonious and pleasant.

Whether in a work, leisure or rest environment or in the environment as a whole. It is the design that enchants, simplifies, represents, preserves and transforms all these environments. Because we believe that environments do not exist only for being shown in fairs and magazine covers.

Environments exist for being lived in.

And life asks for more awareness about what we do, balance in the way we do it, and diversity in choosing the people that do it with us.

After all, it has to be functional, sustainable and responsible to be beautiful.

Dexco believes that robustness and fluidness are complements that allow us to make the beauty of our products the reflection of our business.

Reflecting our commitment to cause every environment to be lived in its entirety, with the maximum preservation and positive impact on your future as possible.

 BRAND LAUNCH VIDEO



Value creation



Value creation model

Through our brands, our strategy and the investment in the expansion of our business, we followed our purpose so that our resources are transformed into results that create value for our stakeholders.

RESOURCES (INPUTS)

FINANCIAL CAPITAL

- ⊙ Company listed in the New Market segment of B3
- ⊙ Operations in three Business Divisions – Wood, Deca and Ceramic Tiles – in Brazil and Colombia
- ⊙ Company with an AAA(bra) rating by Fitch

MANUFACTURED CAPITAL

- ⊙ 24 plant and forest units in Brazil and Colombia
- ⊙ Over 140,000 hectares of planted forests and conservation areas in Brazil and Colombia
- ⊙ Acquisition of the totality of and/or interest in more than ten companies since 2011, focusing on the company's inorganic growth
- ⊙ Insertion in new businesses with the creation of and interest in digital and industrial businesses
- ⊙ Investment in the acquisition of strong brands that are recognized in the market

INTELLECTUAL CAPITAL

- ⊙ Promotion of entrepreneurship among employees and in partnership with external institutions
- ⊙ Investments in start-ups and scale-ups for the development of new businesses and diversification of portfolio
- ⊙ Development of innovative products that are in line with the market's demands and expectations

SOCIAL AND RELATIONSHIP CAPITAL

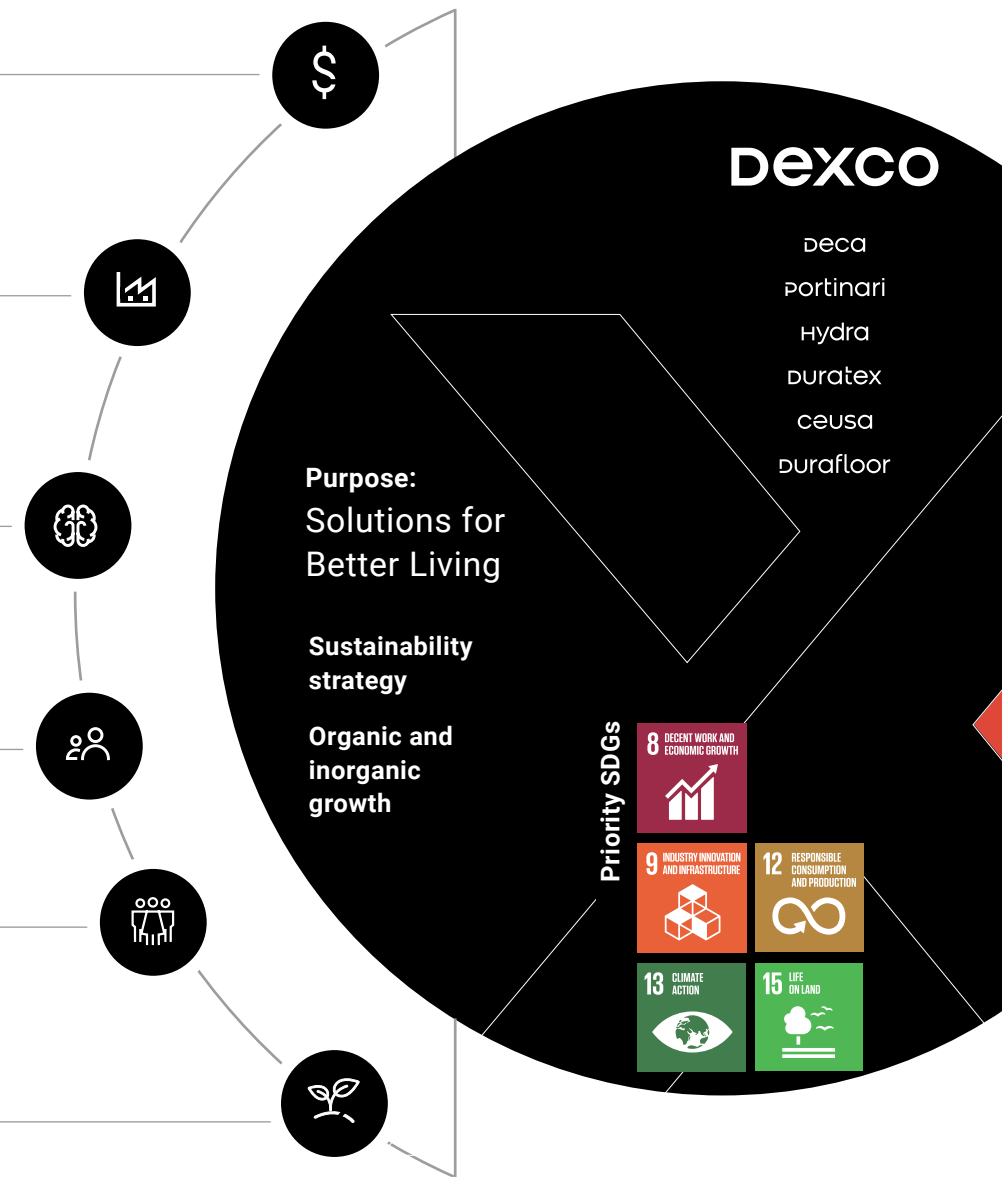
- ⊙ Company established in the market with a 70-year history, unblemished reputation and strong governance
- ⊙ Consolidated relationship with its main stockholders

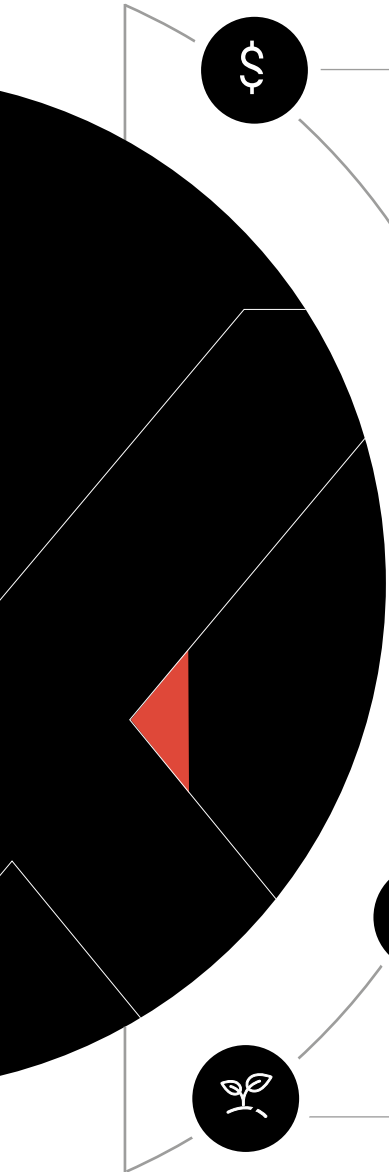
HUMAN CAPITAL

- ⊙ Trained workforce and specific development programs in Brazil and Colombia
- ⊙ Cultural transformation and valuation of diversity and inclusion
- ⊙ Improvement of the employee Health and Security program

NATURAL CAPITAL

- ⊙ Search for the improvement of the company's energy matrix
- ⊙ Alignment with international responsible forest management criteria, certifications and initiatives - Forest Stewardship Council® (FSC®), management of greenhouse gas (GHG) emissions with a focus on reduction (CDP, GHG Protocol) and climate risks (TCFD)
- ⊙ Regulated carbon market in Colombia





FINANCIAL CAPITAL

- ⊙ Inclusion in all ESG indexes of B3
- ⊙ R\$8.2 billion in net revenue and R\$2.2 billion in adjusted and recurring EBITDA
- ⊙ R\$2.5 billion in organic and inorganic investments for the expansion of the business

MANUFACTURED CAPITAL

- ⊙ 3,120,000 m³ sold in the Wood Division, 29,616 pieces sold in the Deca Division and 25,318,000 sq. m sold in the Ceramic Tiles Division
- ⊙ Announcement of the acquisition of Castelatto
- ⊙ In December 2021, a company that operates in the premium architectural concrete floors and coatings segment, in line with the strategy of products with strong brands and market differentiation
- ⊙ Start of the operations of LD Celulose, a company dedicated to the production of dissolving wood pulp

INTELLECTUAL CAPITAL

- ⊙ Renewal of the Imagine Program, with more than 4,000 projects sent by employees in 2021
- ⊙ Creation of a venture capital fund (DX Ventures) for investments in and application of sustainable innovations in the Civil Construction field, with a contribution, in 2021, of R\$45 million to companies that build and develop projects with engineered wood
- ⊙ Touchless Line of Deca and Protect Plus Line of Wood Panels with attributes related to health and hygiene care, also thinking of the challenges faced during the Covid-19 pandemic

SOCIAL AND RELATIONSHIP CAPITAL

- ⊙ Now we are Dexco! Change of the Company's corporate name in search for proximity with the final user and new brand positioning
- ⊙ the consumer, offering solutions for Live Environments by means of the union of the Dexco brands and strategic partners
- ⊙ in 10 projects in 2021
- ⊙ R\$373,221.90 donated to 26 municipalities benefitted from actions to fight and prevent Covid-19
- Customers:**
 - ⊙ Announcement of the first Flagship Store in São Paulo, a space intended for
- Suppliers:**
 - ⊙ More than 6,000 active suppliers in Brazil and 994 in Colombia
- Community:**
 - ⊙ R\$5.4 million of Private Social Investment used
- Stockholders:**
 - ⊙ Payment of R\$878 million in dividends and interest on capital in 2021

HUMAN CAPITAL

- ⊙ 14,162 employees in 2021: 13,583 in Brazil and 579 in Colombia
- ⊙ 21% of women in total, 25% in leading positions
- ⊙ Contracting of apprentices with a focus on diversity and inclusion; definition of a target focused on contracting women for leading positions and of goals aimed at PWDs

NATURAL CAPITAL

- ⊙ 97.1% of the forest areas in Brazil are FSC® certified
- ⊙ 54.5% of renewable energy in the Company's energy matrix in Brazil and 56.4% in Colombia
- ⊙ In an initial analysis, 67% of the Company's practices adhered to the recommendations of the Task Force Climate-related Financial Disclosures (TCFD)
- ⊙ Participation, in Colombia, in the *Carvida Dexco-Bônus*, Carbon for Life, program of carbon removals by the forests maintained in that country, which ensured the generation of a bonus of almost 600,000 metric tons of CO₂eq

RESULTS
IN 2021 (OUTPUTS)



We are Dexco

(FINANCIAL AND MANUFACTURED CAPITAL)

TOPICS RELATED TO THIS CHAPTER:

- ⊙ Proper Business Environment Pillar
- ⊙ Material topics: Ethics and Compliance, Innovation and Digitalization
- ⊙ ESG topic corresponding to chapter: **G** (governance)

Dexco. Live Environments

The launch of the new brand and value proposition reflects our even greater attention to people.

In a year when we celebrate seven decades of operation, recording the best results in our history, we made a strategic move that symbolizes the new timing of growth at the Company. In 2021, Dexco was born from Duratex, materializing our purpose of Solutions for Better Living.

With the launch of the new brand and value proposition, Dexco reflects our event greater attention to people, also combining the soundness of conscious and efficient management of our business with a careful look at design upon the delivery of high quality products with distinctive aesthetics. Consequently, we started a digital journey that makes us an increasingly modern company and brings us closer to the consumer.



WE ARE AMONG
THE WORLD'S
10
LARGEST COMPANIES
in the industries
in which we operate

Meet Dexco S.A.

GRI 102-5

Dexco S.A. is a private publicly-held Brazilian company. Listed since 1951 on the Brazilian stock exchange, its shares are traded on B3 S.A. - Brasil, Bolsa, Balcão under the new ticker code DXCO3, in replacement of DTEX3, which was changed at the same time as the announcement of the change of the corporate brand. Dexco is in the New Market segment, establishing the highest level

of corporate governance. The Company's control is held by the Blocks Itaúsa (Itaúsa - Investimentos and members of the Setubal and Villela Families) and Seibel (members of the Seibel Family), with respective interests of 40.0% and 20.0% in the capital and that share with Dexco their governance cultures and focus on the long-term value creation.

We are among the world's ten largest companies in the industries in which we operate and we are the largest producer of manufactured wood panels and floors, and bathroom fixtures and fittings in the Southern Hemisphere, in addition to one of Brazil's largest ceramic tile manufacturers.



WE OPERATE IN THREE BUSINESS DIVISIONS:

GRI 102-2

Wood Division



Duratex
Durafloor

Production and sale of MPD and MDF panels (raw and coated), laminated floors and vinyl flooring, finishing, accessories and skirting boards, in addition to forest activities.

Deca Division



DECA
Hydra

Production of bathroom fixtures and fittings, plastic faucets, electric showers, in addition to valves and finishing.

Ceramic Tiles Division



ceusa
portinari

Production and sale of special coatings and tiles for different applications (for dry or wet environments), polished porcelain and roof tiles.

OTHER BUSINESS:

⊙ **Caetex:** a 50% interest in the joint venture with the Carlos Lyra Group (Usina Caeté) for the establishment of planted forests in the State of Alagoas.

⊙ **LD Celulose:** a 49% interest in the joint venture with Austria's Lenzing AG for the production of dissolving wood pulp.

⊙ **DX Ventures:** a venture capital fund for investments in start-up and scale-ups.

⊙ **Viva Decora:** a platform for the creation of content and inspiration in decoration, interior design and renovations

⊙ **ABC da Construção S.A.:** a minority interest in the retail chain of the construction industry.

Where we are

GRI 102-3, 102-4, 102-6

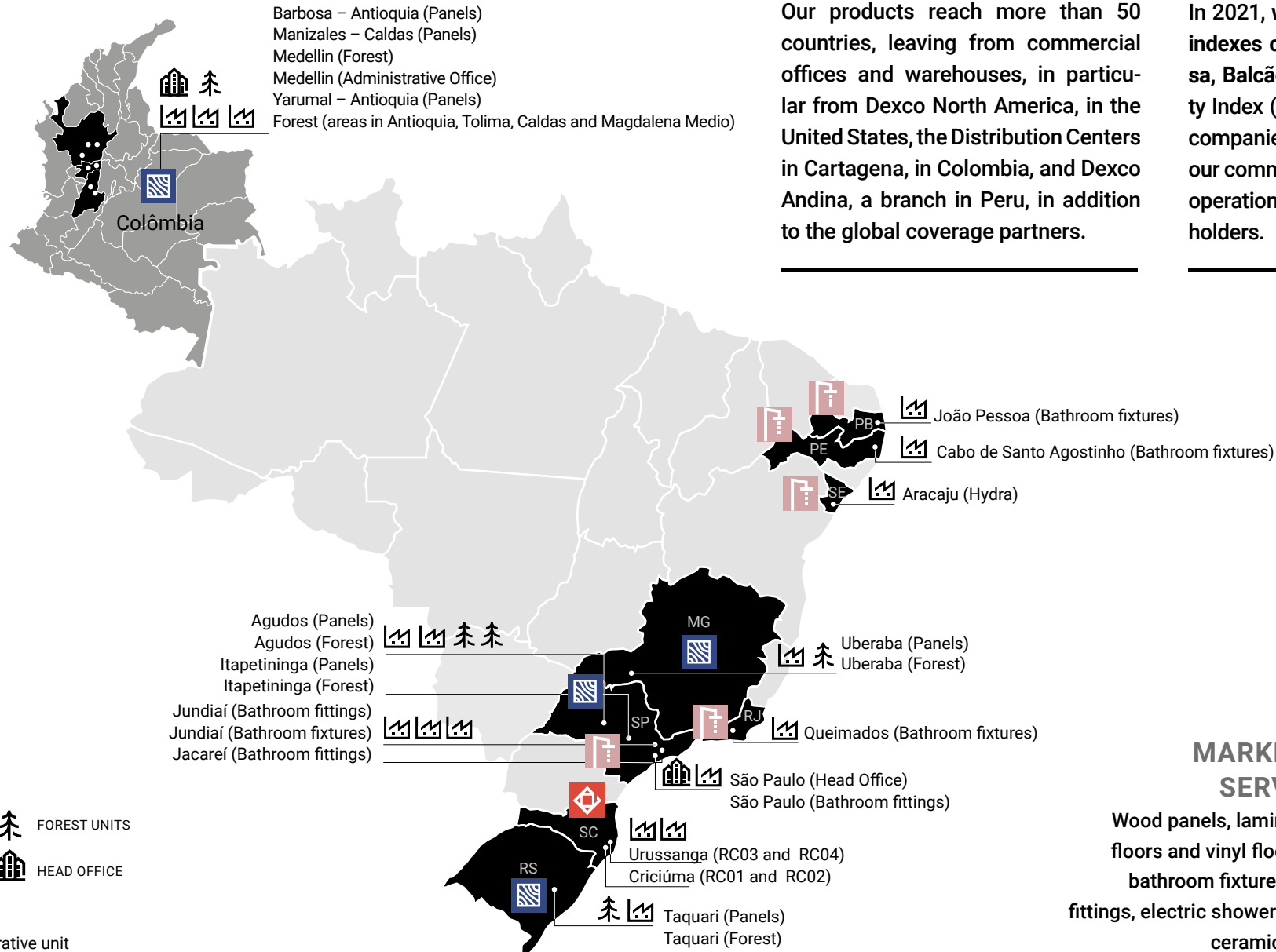
We have manufacturing and forest operations in Brazil and Colombia

3 plants in Colombia

16 plants in Brazil

4 forest units in Brazil

1 forest unit in Colombia^(*).



WOOD	CERAMIC TILES	FOREST UNITS
DECA	PLANTS	HEAD OFFICE

^(*) Considers the concept of forest administrative unit

WORLDWIDE

Our products reach more than 50 countries, leaving from commercial offices and warehouses, in particular from Dexco North America, in the United States, the Distribution Centers in Cartagena, in Colombia, and Dexco Andina, a branch in Peru, in addition to the global coverage partners.

ISE B3 ISE – 14th YEAR IN THE PORTFOLIO

GRI 102-12

In 2021, we were included in the portfolio of all seven indexes connected with the ESG topics of Brasil, Bolsa, Balcão (B3), which has the Corporate Sustainability Index (ISE) as a benchmark. To be listed among the companies that are part of these indexes strengthens our commitment to the sustainable management of the operations and the creation of value shared with stakeholders.

Over **140** thousand hectares of planted forests and conservation areas in Brazil and Colombia

24 plant and forest units in Brazil and Colombia

MARKETS SERVED

Wood panels, laminated floors and vinyl flooring, bathroom fixtures and fittings, electric showers and ceramic tiles

More than **14** thousand employees

GRI 102-6, 102-7, 102-8



Our new brand

GRI 102-10

The launch of the Dexco brand represents a new cycle of expansion and modernization.

We are not a Company with a single product and having Duratex as a corporate and product brand at the same time created difficulties in associating our other businesses with the corporate brand. In 2012, when we reviewed and renewed the Duratex brand, this issue was already very latent. After we diversified our operation even further with the entry into the ceramic tiles segment, this need became stronger.

Finally, in 2021, the timing was right for the change, orchestrated within a comprehensive strategic shift in the Company. Therefore, Duratex, at the corporate level, becomes Dexco, and the Duratex name is established in our MDF and MDP panel brand.

This launch closes a virtuous cycle, setting up the beginning of the next

cycle for which we prepared so as to seek a new wave of expansion and modernization.

We wanted to record this emblematic moment as a corporate identity that is more open to growth and to the acquisitions that may happen. In this context, Dexco represents flexibility and ability to absorb new brands and new lines, in line with the future we want.

The name "Dex" refers to the diminutive form of Duratex and "co", comes from company. So, at the same time, we honor the legacy of seven decades of Duratex, but we project the image of what the new Company will be.

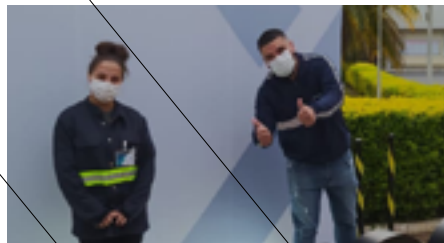
In this change, we transferred to Dexco some attributes of Duratex, such



as credibility, good governance, market stability and attention paid to the different stakeholders. And we included a new direction when communicating our brand, which is no longer focused on the product but focused on the consumer's experience. To give life to the environments in which we are present, the noun becomes a verb: the kitchen is to cook, the bathroom is to relax, the office is to work and the floor is

to walk. Our essence is to Live Environments and, therefore, we want to provide our consumer with the possibility of building memories with emotion, affection and personality.

The launch was in 2021, the year of the celebration of the Company's 70 years of existence, which helped celebrate and reverberate the change of cycle and the open look at the future.



More sustainability and proximity to the customer

Now, we are also dedicating ourselves to understand exactly the value proposition of each commercial brand to create a mother brand that made sense when associating the other brands. This new look is directly connected with the Company's Sustainability Strategy.

We strengthened even further our attributes with our Living Environments signature. It brings some responsibility to our ESG positioning because it has a broad view, in which the care is extended to the environments and also takes into consideration the social ecosystem, including housing and the community.

Establishing solutions that encompass better living means going beyond the delivery of a product that is consumption efficient. It is also encompassing the concept of efficiency in the entire value chain. Promoting this synergy and making the consumer realize a difference in this work, along each stage of the chain, will be our challenge from now on.

Looking at the consumer

GRI 102-2, 102-43, 103-1, 103-2, 103-3:
Environment solutions and Eco-efficient solutions

Our cycle as Duratex was marked by a trajectory of the industry's revolution, in processes and products, but from now on our look will be turned to the end user. For this reason, a fundamental element of the entire strategic change of Dexco was also the predisposition of increasingly having the consumer at the center of decisions. This is reflected in the new design in which the product and commercial brands converse in a close and direct way with the consumer, with a positioning with more defined contours. For each of the brands, we created a target study, defining the target audience – with a demographic and behavioral profile and a clearer area of operation.

In this first year, the effort was focused on the launch of the corporate brand, Dexco, and of its promise: Live Environments. Strategically, we diversified the target audiences to speak directly with the consumer, because it was a time of necessary transition. From now on, the objectives will change, and the corporate brand will focus on

the institutional aspect whereas the dialogue with the consumer will take place via the commercial brands.

In this context, we also have the responsibility of looking at the whole, in particularly by understanding the difficulties of people when they plan a renovation or construction. This goes through proximity and by acting in a collaborative manner so that the consumer can be a relevant part of our decisions. Our entry into the retail segment seeks to strengthen this pillar. At the same time, understanding each stage of this journey embarked on by the consumer makes us have more clarity of our role of influence on the value solutions that we can deliver to them. It is not simple. We know that we are facing an ambitious purpose, but it is a long-term vision. We already have some actions and we can also make headway to intensify the communication on what we already do about this.

From the development of products to the sales channels or in our daily actions, we seek to act responsibly, valuing transparency and consistency in what we deliver and communicate, particularly from the increasingly predominant digital environments.

DURATEX
Inspiration that transforms.

DURAFLOOR
The basis of all beauty.

DECA
Design to see and live.

HYDRA
Innovations that warmth life.

CEUSA
Creativity that surprises.

PORTINARI
Environments with emotion.



Our sustainability strategy

In our new cycle of growth, sustainability is an integral part of Dexco in all environments.

Our solid governance allows us to connect sustainability to the business strategy, thus providing the traction necessary for the daily actions. We have already had, for a long time, a commitment to sustainability in our practices. Combined with the seriousness with which our stockholders, executives and employees have been managing our business, this commitment qualifies us to enter into a new cycle of growth, with which sustainability is fully connected and is in integral part of Dexco in all environments: of the consumer, in the company (that is, in our direct sphere of internal influence) and in society.

In the decision-making bodies on this topic, the members of the Executive Committee assumed, in 2020, ESG targets that also impact variable compensation, ensuring and guiding compliance with the Sustainability Strategy targets. The results and the progress will be reported to the Board of Directors during the meetings held over the course of the year.

The topic also has a Sustainability Committee, which, in turn, debates the agendas in depth. It follows an [internal charter](#) and it is composed of our CEO and executive officers who are members of other committees, in addition to members of the Board of Directors, two being stockholders, one, an independent member and one an external specialist. Eight annual meetings are held, addressing on average three topics per meeting and covering at least 24 strategic issues.

We also established an ESG Commission, composed of representatives from six departments and responsible for defining a comprehensive agenda that reaches all operational levels of the company, with action plans and monitoring measures that leverage our strategy. It meets eight times a year for the purpose of assisting the Sustainability Committee.

In 2021, we included the management of the ESG topics in the People and ESG Office to strengthen the governance of this agenda, with an ESG Management dedicated to the

discussions of the topics related to environmental, social and corporate governance issues. This office will provide support to the implementation of the new Sustainability Strategy, with developments of the targets assumed and supporting the long-term vision, based on Dexco's new growth cycle.

RECOGNIZED SUSTAINABILITY

GRI 102-12

Our commitment and work with respect to sustainability are recognized by our inclusion in stock exchange indexes that require an ESG commitment and by a number of securities that emphasize the environmental aspect:

- ⊗ **FSC® Certification** of responsible forest management (since 1995);
- ⊗ **ISE-B3:** B3's Business Sustainability Index (since 2008);
- ⊗ **IC02-B3:** B3's Carbon Efficient Index (2020 and 2021);
- ⊗ **ICDPR-70:** CDP Brazil Climate Resilience Index (2020 and 2021);
- ⊗ **SPOTT:** 1st place in ESG transparency in the Americas and 3rd place globally among companies from the wood and pulp and paper industry (2021);
- ⊗ **S&P/B3 Brazil ESG Index** (2021).



ISE B3

IC02 B3



New brand, new strategy

GRI 103-1, 103-2, 103-3: Environment solutions and Eco-efficient solutions

The launch of the new Sustainability Strategy is connected with a greater change that we made in 2021, related to the new brand positioning and to the beginning of another expansion cycle. The strategy is also more in line with the global momentum and our purpose of bringing to people more than products but delivering Solutions for Better Living.

It was built by means of an internal and external listening process to understand our new challenges as a company and the challenges of operating in our industry.

Internally, we interviewed officers, leaders from different levels and strategic employees to understand the reflection of each one of them about the work of Dexco and how we could evolve as a company.

In the external environment, we were intrigued by the growing importance of the ESG issues that have been prioritized in the world's economic

agenda and by the urgency of the transition to a more sustainable economy, evidenced by the Covid-19 pandemic, which further accelerated this process, exposing the vulnerabilities of countries and organizations.

In this context, poignant discussions arose on the roles and responsibilities of public and private agents and the climate agenda became the center of the debates. Aware of this, we sought to build a resilient and sustainable positioning that guides our operation in view of the risks and opportunities associated with Dexco's business divisions but that also responds to the needs of the global sustainable development agenda.

At the same time, the social distancing required by the pandemic gave rise to an internal reflection on our role in the wellbeing of people in their relationship with their homes and the environments they use, as well as on the positive impact that we can promote with our operations and products.

WE SIGNED THREE MAJOR STRATEGIC COMMITMENTS



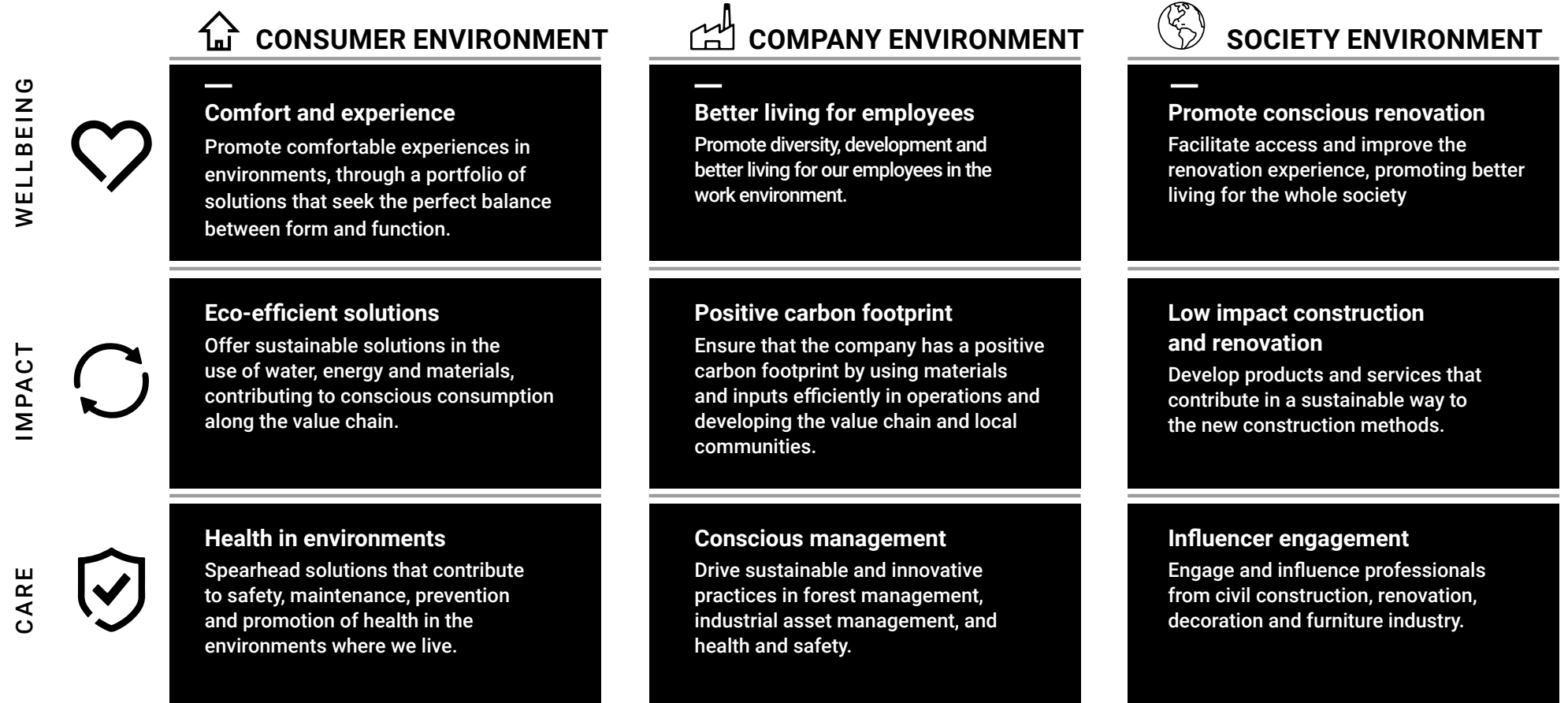
- ① Promote health and wellbeing in environments;
- ② Ensure sustainable growth by keeping a positive carbon balance;
- ③ Make the construction and renovation journey easier.



New strategic framework

We had a strategy of 45 targets that were very relevant in the previous context, and some of them, which were defined in 2016, have already been achieved (learn more in the 'Attachments' topic of the [Sustainability Strategy book](#)) and others have already been incorporated into the business. We felt the need to evolve to a more assertive model, with three strategic drivers (Well-being, Impact and Care), migrating to an operation that covers three dimensions (Consumer Environment, Company Environment and Society Environment), supported by 16 cross-cutting performance indicators that unfold into the Company's business.

In the new strategy matrix, nine focus areas materialize into the three strategic drivers and the three defined dimensions.



Strategic objectives

GRI 103-2

The strategic objectives, in turn, served as the basis for establishing the performance indicators presented below:

STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS
<p>Make the construction and renovation journey easier. (HUMAN CAPITAL, MANUFACTURED CAPITAL, SOCIAL AND RELATIONSHIP CAPITAL)</p>	<ul style="list-style-type: none"> Investments in initiatives that promote conscious reform; Investment in initiatives that promote a change in the constructive paradigm; Professionals involved in our engagement and training programs.
<p>Ensure sustainable growth by keeping a positive carbon balance. (NATURAL CAPITAL, SOCIAL AND RELATIONSHIP CAPITAL)</p>	<ul style="list-style-type: none"> Carbon balance; Efficient use of inputs and raw materials; Own and fostered areas with certified management; Procurement taking into consideration environmental and social criteria.
<p>Promote health and wellbeing in environments. (INTELLECTUAL CAPITAL, HUMAN CAPITAL, FINANCIAL CAPITAL, NATURAL CAPITAL, SOCIAL AND RELATIONSHIP CAPITAL)</p>	<ul style="list-style-type: none"> Demographic diversity with representativeness; Employee engagement rate and cultural alignment; Digital transformation index; Consumer satisfaction rate; Net operating income (NOI) with eco-efficient products; Water, energy and carbon footprints in the product use phase; Composition and packaging offset; NOI from products with technologies that promote health and wellbeing; Products of the Wood Division with E1 or lower formaldehyde emission.

With the launch of a new Sustainability Strategy, we prepared a complete book containing all new targets, their developments and applications, including:

- Investment of R\$140 million by 2025 in solutions and services that transform the renovation and construction process;
- Commitment to maintain a positive carbon balance in the 2020-2030 period;
- Increase of the revenue from products that promote health, wellbeing and eco-efficiency;
- Increase of 35% in the percentage of women in leading positions by 2025

[▶ LEARN MORE HERE](#)



Alignment with the SDGs

GRI 102-12

In the process of building the new Sustainability Strategy, we also sought to have an increased alignment with the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda.

We elected five priority SDGs that include employability (SDG 8), innovation (SDG 9), responsible production (SDG 12), climate action (SDG 13) and life on land (SDG 15) and indicate our main contributions that have already been made and aspirations to further intensify this compliance in the future. The details on this process and the applications on our targets may also be accessed in the Strategy book.



WE ELECTED
five
priority
SDGs:

Employability, innovation, responsible production, climate action and life on land.

SUSTAINABLE DEVELOPMENT GOALS

 [LEARN MORE IN THE SUSTAINABILITY STRATEGY BOOK](#)



Our business

In 2021, we posted record results at Dexco.

In 2021, we had another year of resilience for the Company. Despite the continuity of the Covid-19 pandemic, which generated many uncertainties, 2021 was a year of record results for Dexco.

But the fact that we refer to 2021 as a positive year, does not mean that we had a smooth operation. As expected, the macroeconomic context continued to present dilemmas. We are facing high volatility in the market, a double-digit inflation rate, increasing interest rates, scarcity of raw materials, crisis in charters and the international logistics and dis-

cussions with suppliers due to the increase of costs and, with clients, so as to increase and negotiate prices.

We were able to manage these challenges in the domestic and foreign markets and what our results reflect is what we always do. We maintain a pragmatic attitude to clearly understand the current scenario and we plan, carefully, for adverse situations.

We should remember that, since 2016, we have been in a process of transformations, and this contribut-

ed to place us in a privileged position: of being able to take advantage of the acceleration of the construction and renovation industry that has been taking place since 2020.

We should also connect this momentum with the steps that were necessary for us to get where we are:

- ⊙ Cultural transformation and consolidation;
- ⊙ A management aimed at maximizing the potential of each unit to eliminate idleness;

- ⊙ Diversification of the portfolio;
- ⊙ Acquisitions;
- ⊙ New partnerships;
- ⊙ Capital restructuring;
- ⊙ Strategic management of assets.

When the market reacted, we were in better conditions than our competitors. In general terms, when we look at the reviews of the strategic plan, we realize that the two past years brought forward many of the deliveries expected for 2025.

DIVERSIFICATION OF THE PORTFOLIO

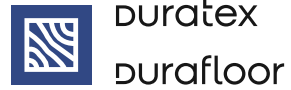
GRI 103-1, 103-2, 103-3: Diversification of the business portfolio



We want to be a benchmark in the renovation and civil construction industry, with a brand that is increasingly present, and our diversified portfolio is a path for us to reach this aspiration. The diversification also opens doors for innovation and digitalization, always looking at investment opportunities and the proximity with companies that are seeking sustainable and viable options for civil construction. Additionally, it may be a factor of attraction of investors since it allows for a better risk and opportunity cost management, thinking of diversification of revenue and exposure to different macroeconomic factors in each Business Division.

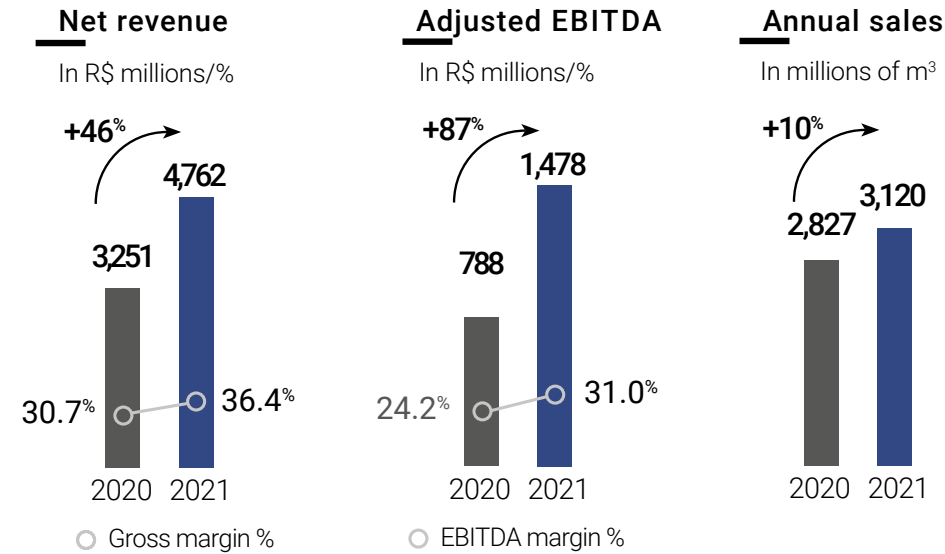
Wood Division

GRI 102-2, 102-7



In 2021, we reached record volumes and production in all of our units. We operated with the full capacity of the plants and this strategy proved to be a winning strategy because it allowed us to keep the lowest costs of the industry and the assertiveness in the deliveries to customers, serving them in a critical time of lack of products in the market.

THE MAIN RESULTS FOR 2021



In the strategic vision, we maintained the focus on product differentiation, with a more robust product development process that includes everything from the word of the customer to consultancy firms that seek trends and inspirations, even outside the segment in which we operate. We have a large panel coating manufacturing complex in which we have been increasingly investing, and the installation of a new panel coating line will be inaugurated in record time worldwide.

In the short-term, our target is to cross a macroeconomic scenario that is expected to maintain high volatility with inflation on the supply of our raw materials. For this reason, our focus will be on keeping the profitability levels that we achieved in 2021, ensuring the investments that were already expected for the new 2021-2025 growth cycle. However, we will have room to make headway in the customer and consumer journey, in particular with the digital transformation.

International supply

In 2021, around 14% of our production of wood panels was sent for export, including to our oper-

ation in Colombia – an important sales channel in both domestic and foreign markets – and we can still expand our supply, which is an alternative should the domestic market go through any kind of retraction. This gives us security to operate with the full capacity of the plants. Centralizing exports is a strategy of the Company, not only in Colombia, where our operations are strategic and ensure our leading position, but with capacity to serve domestic and foreign markets well.

Another way for Dexco to place its products in the external market is our partners from the furniture industry, in which we have customers with 40% of the production volume sent for export. There is a demand for ready furniture pieces in Europe, the United States, the United Arab Emirates and across Asia and Brazilian furniture is recognized internationally. Accordingly, it is worth noting the importance of our environmental and social certifications. Without attesting to the legal origin of the raw material and responsible processes, we would not have access to these markets.

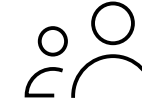


To ensure our pioneering spirit in the definition of our product portfolio, we work with an average term plan in which we defined, at the end of 2021, a five-year strategy, sustaining this leadership project on three pillars, which will be achieved as follows at the Division:



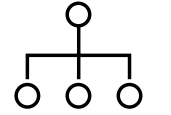
ENVIRONMENTAL

Adaptation to climate change



SOCIAL

Stakeholder relations



GOVERNANCE

BUILD RESILIENCE

To achieve self-sufficiency in wood, supply, equipment and plant capacity, responsibly managing the natural resources necessary for our operations.

WATER

Optimization of the use of water resources

BIODIVERSITY

Maintenance of natural capital

ENERGY

Responsible and optimized consumption

COMMUNITIES

Management of environmental and social impacts

EMPLOYEES

Care and training

SUPPLIERS

Raw materials from responsible sources

ANTICIPATE TRENDS

To launch new products, listening to the consumer. Provide new usage to the inputs that come from the forest, such as the engineered wood, which is already one of the investments of DX Ventures.

CARBON MARKET

Monitoring of mechanisms

ECO-EFFICIENT PROCESSES

Continuous improvement

CERTIFICATION OF FOSTERED PRODUCERS

Development of the value chain

DISSEMINATION OF THE BUSINESS' ROLE

Engagement with many audiences

BE THE LEADING PLAYER IN THE CUSTOMER AND CONSUMER JOURNEY

We are a B2B2C company and we want to deeply understand our consumer. Dexco's reliance on innovation and trends is part of this journey of becoming a benchmark not only for the market, as we are already, but for the consumer.

IMPROVEMENT IN PRODUCTS

Differentiated proposals

BRAND'S VALUATION

Visibility and transparency



NEW INVESTMENT CYCLE (2021-2026)

With investments of approximately R\$500 million, our strategy seeks a competitive position in costs. Of this amount, R\$90 million will be invested in projects for debottlenecking the production line with the potential to increase by 10% the manufacturing capacity of wood panels at the plants in Brazil by 2023.

Another R\$180 million has been invested in the acquisition of three panel coating lines to leverage the differentiation strategy, which will represent an increase of 45% of the wood panel coating capacity. One of these lines started to operate in 2021 in the unit of Agudos, State of São Paulo.

With a view to the long-term growth, we will allocate R\$240 million to the expansion of our forest base in the Northeastern region, given our expertise in the development of forests in this region.

Forest-plant system

GRI 102-15

The forest is at the base of our business and the brands of this Division have wood as their raw material. We have forest units in different regions of Brazil and Colombia, with operations that are in line with our panel plants in both countries. We distinguish ourselves in the market for our high productivity, diversity in our genetic base, responsibly managed forests and the management of our operations and costs, in addition to a high level of self-sufficiency in planted areas.

Meanwhile, our production of panels in Colombia has a supply of 41% of own wood, and the remainder comes from suppliers, in particular sawmills. The main forest producers are FSC® certified, which is equivalent to 60% of the total. For the remaining percentage, we are able to maintain the traceability of all raw materials consumed because Colombia's regulation establishes a process to ensure the legality of the wood in that country.

The development of certified suppliers in Colombia has been a recurring topic in our agenda; however, we are facing an obstacle in the local market, which does not see the certification as distinctive. As there are many small and middle-market businesses, the costs involved in the FSC® certification processes are heavy and producers often lack a long-term view of the benefits of the investment, such as the increase of productivity and innovation.

We understand that we are facing two challenges, market aspects and cultural issues, but we will keep on insisting. We have successfully carried out similar work with forest producers in the State of Rio Grande do Sul, in Southern Brazil, and we expect the Colombian producers to realize that the FSC® certification creates value for their business.

OUR FOREST BASE:

134 thousand hectares

of planted forests and conservation areas on our own and leased farms in Brazil.

97.1 %

of the forest areas in Brazil are FSC® certified, recognizing the products originated from good forest management.





Business unification

GRI 102-2

In November 2020, we announced to the market the unification of the businesses of the Deca Division and the Ceramic Tiles Division as from January 1, 2021. The purpose of the decision to unify them in a single vice president's office was to take a significant step towards the process of integration of activities and acceleration of synergies. With this action and the launch of the new corporate brand, we further increased our focus on the relationship with our customers and consumers, strengthened our competitiveness and sped up digital transformation.

We expect that the integration of the two divisions will generate R\$150 million in three years, taking into consideration the capture of synergy, with a reduction in costs and generation of revenue. However, for reasons of transparency and commitment with stockholders, investors and analysts, we continue to disclose the financial reports and strategic information separately so that they can all monitor the development of the two units separately, as well as their evolution accord-

ing to what we projected regarding the potentials of the integration.

Another highlight was the restructuring of the service channels to bring more comfort to customers, those that sell our products, eliminating the disturbances we had in the multichannel communication. Now, we have a single management to serve the home center, one management to serve the specialized stores and another management dedicated to the retail segment.

Thinking of a new growth cycle structured on the unification and on a more comprehensive business strategy for 2022, we started to analyze the products as individual businesses, looking at the role of each one of them: fixtures, fittings, electric showers and ceramic tiles, in accordance with this new agenda. In this vision, whereas the Dexco brand sees the microenvironment in relation to the consumer and society, the business brands play a role in the microenvironments, such as homes. They are at the dinner table, in the closet, in the bathroom and in many and different times of life. However, as mentioned before, for disclosure purposes, and aimed at increased transparency, we opted to continue to disclose them separately.



Deca Division

GRI 102-2, 102-7

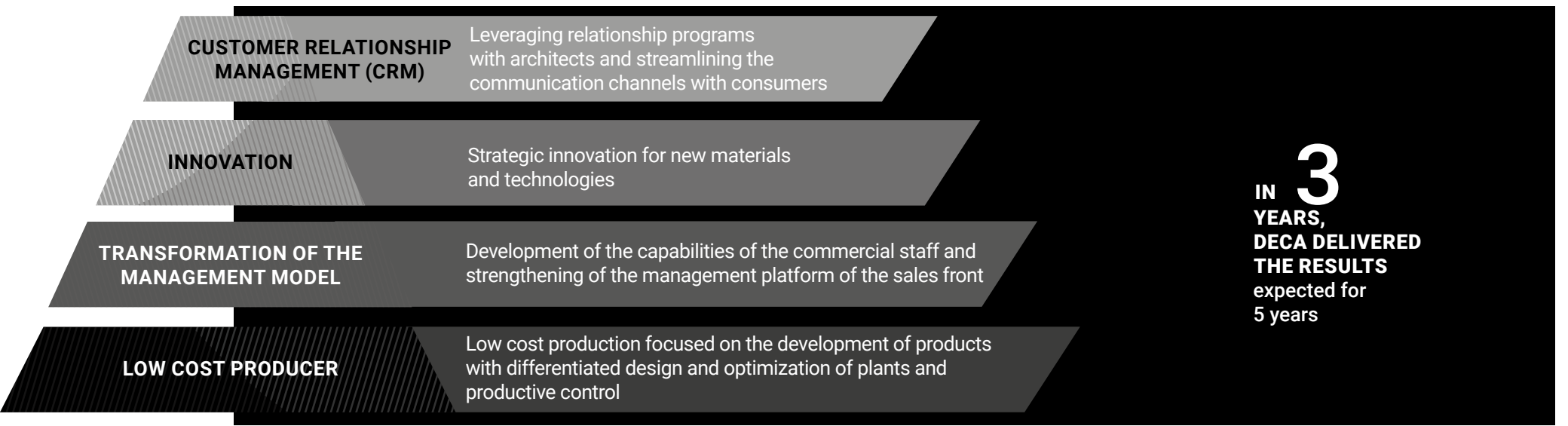
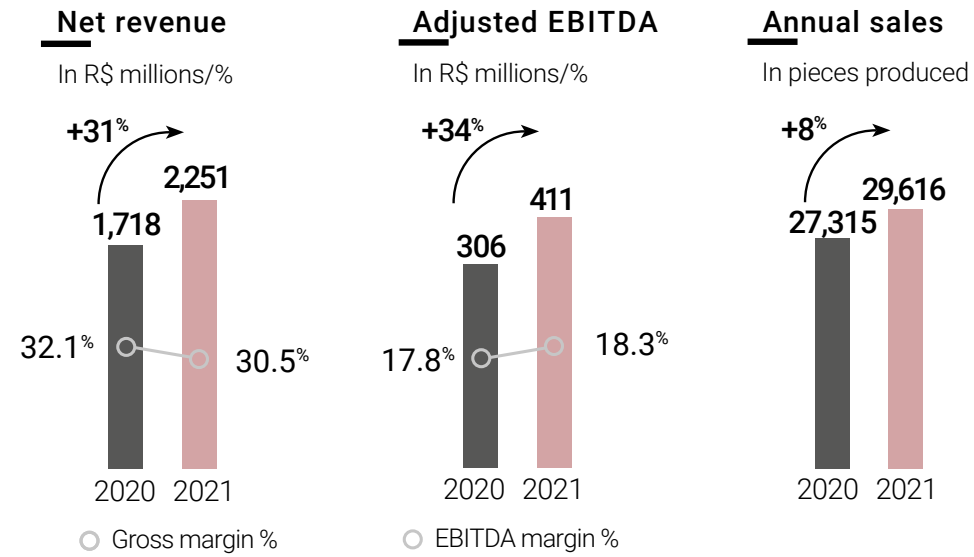


The year was also challenging, not only due to the increase in the prices of the main production inputs but also due to the uncertainties arising from Covid-19 amidst an operation that has a great deal of human capital. However, Deca was able to close in 2021 an important cycle that began in 2018 when we expected a considerable growth in revenue and EBITDA within five years. This result was delivered earlier than expected, within only three years, and with the best performance in its history.

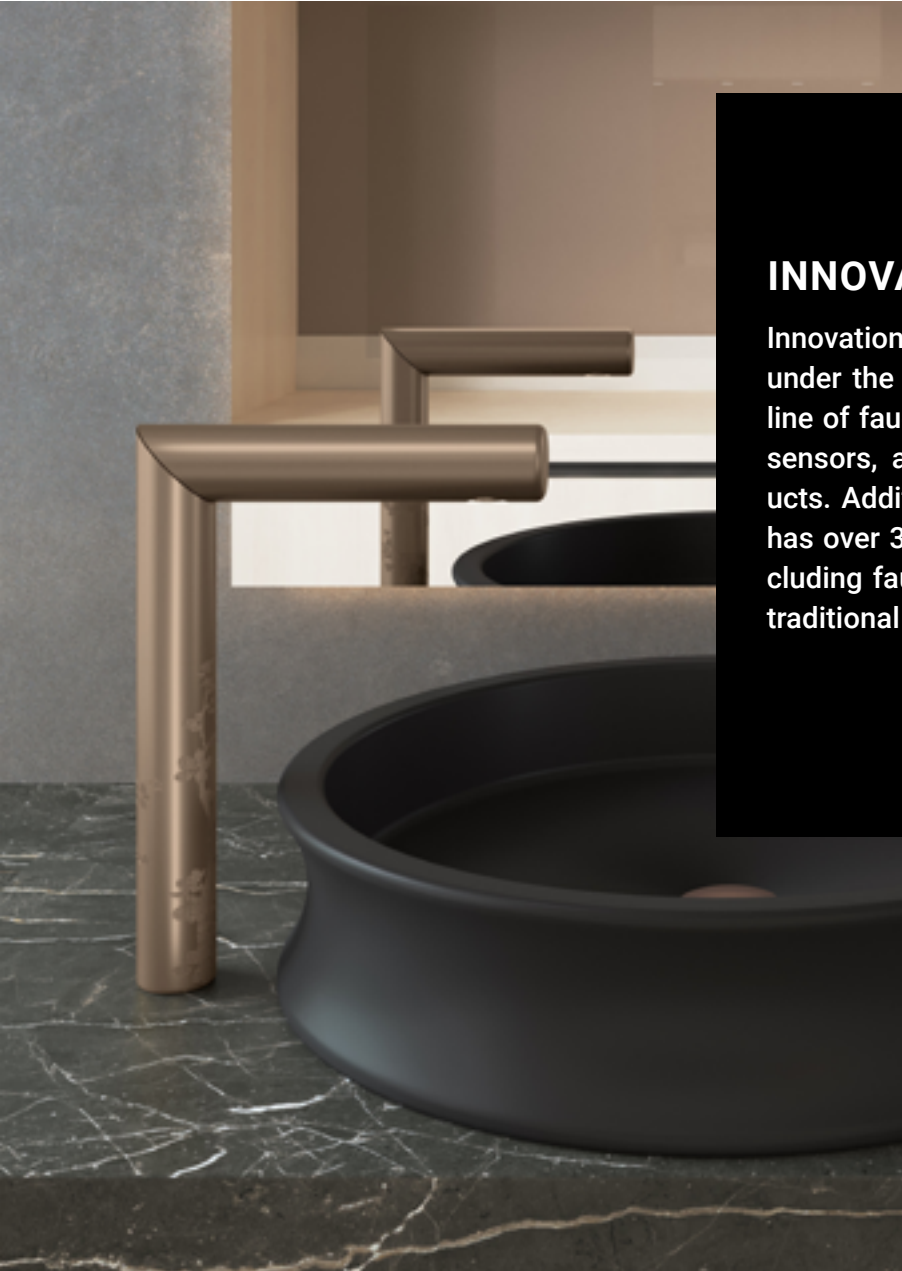
Ensuring an assertive implementation management and price transfer during the whole year, in addition to a significant improvement of the product mix, the highlight was a significant margin gain, which reached 18.3%, for the third consecutive year.

To achieve these results, the Division was based on some of its competitive advantages, which are:

THE MAIN RESULTS FOR 2021



3
IN YEARS,
DECA DELIVERED
THE RESULTS
expected for
5 years



INNOVATION AT DECA

Innovation is a great ally of our brands. In 2020, under the Deca brand, we launched the Touchless line of faucets that are activated by approximation sensors, avoiding manual contact with the products. Additionally, today, the Deca Division already has over 350 options of water-saving products, including faucets, showers and valves, in relation to traditional products.

MORE THAN
350
 OPTIONS OF
WATER-SAVING
 products, including
 faucets, showers
 and valves

NEW INVESTMENT CYCLE (2021-2025)

We will invest more than R\$1.1 billion in Deca, of which around R\$600 million will be used in the expansion of the metals units, allowing for an increase of 35% in production capacity. Another R\$550 million will be allocated to the expansion and automation of production of bathroom fixtures, representing an increase of 30% in capacity. Our investment plan is connected with the technology, design and exclusivity movement to prioritize products with more value added within the brand positioning.



Ceramic Tiles Division

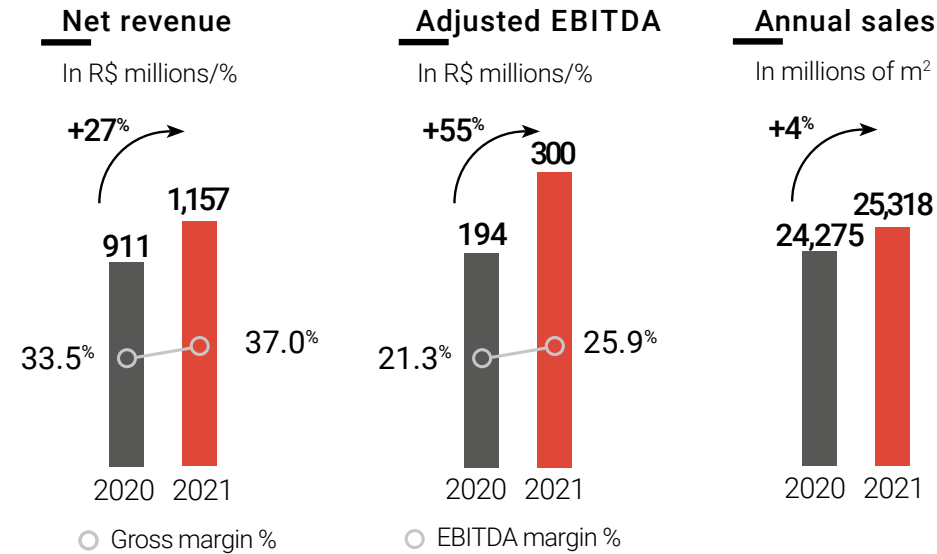
GRI 102-2, 102-7



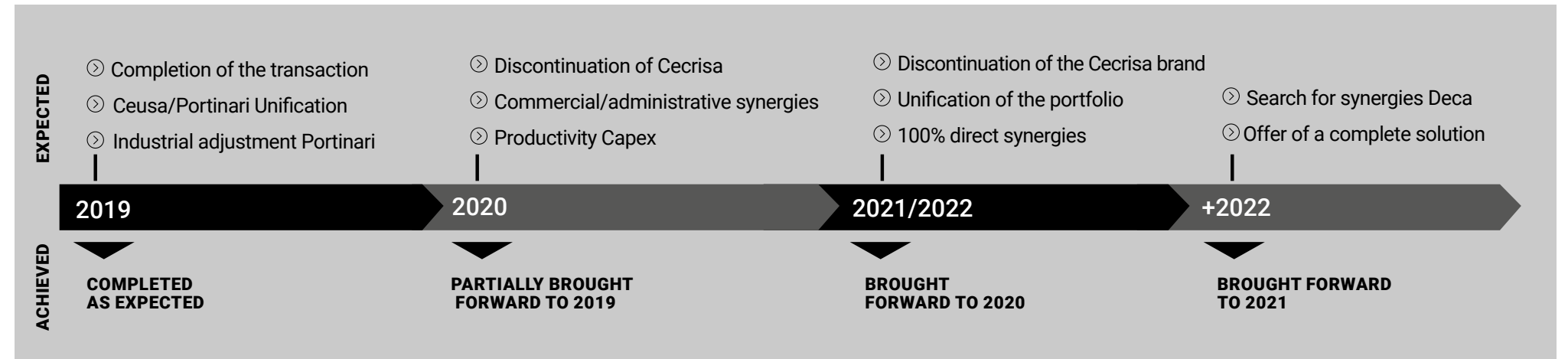
The closing of the cycle of the Ceramic Tiles Division took place with the organic growth and gain of synergies when we reached the barrier of R\$300 million in EBITDA, delivered in 2021, ensuring 9% more of the desired and planned captures of synergies between the Ceusa and Portinari brands.

Despite facing an expressive increase in the cost of its main input and source of energy, natural gas, the Division operated at full capacity during the whole year, above market levels. Therefore, it was able to improve its brand positioning and ensured an increase in sales of large format products, reaching new levels of margin gains, even amidst the challenging inflationary scenario.

THE MAIN RESULTS FOR 2021



EXPECTED OPERATIONAL STRATEGY VS. INTEGRATION ACHIEVED



NEW INVESTMENT CYCLE (2021-2025)

In the Ceramic Tiles Division, we will invest approximately R\$620 million, and the highest volume, R\$600 million, will be used in the construction of a new plant in the city of Botucatu, State of São Paulo, adding 35% to the production capacity of the business. It will be the most modern plant in Brazil in this segment, strengthening the positioning of the Portinari and Ceusa brands in the market of gigantic formats, in addition to increasing the exposure of brands in the high premium category. The remaining amount of R\$20 million will be invested in projects for the optimization of plants of the Division's units, located in the State of Santa Catarina.



CONSUMER HEALTH AND SAFETY

GRI 103-3: 416

The management systems of the Wood and Deca Divisions are certified in accordance with the ISO 9001 and ISO 14001 standards. Internal audits of our quality system are carried out every year.

In the Ceramic Tiles Division, we tested the products during production to check compliance with the friction coefficient and we collected samples for performing tests in a laboratory accredited by the National Institute of Metrology, Quality and Technology (INMETRO).

 [LEARN MORE ABOUT IT](#)
IN THE GRI ATTACHMENT



LD Celulose

GRI 102-2, 102-15

The LD Celulose, which is expected to start operations at the beginning of 2022, in the State of Minas Gerais, was already born large. Not only because it will be one of the world's largest dissolving wood pulp plants but also because, as a joint venture, it combined the 80 years of expertise of Austria's Lenzing in pulp production, with applications such as fibers for the production of technological fabrics, with the 70-year forest knowledge of Dexco.

The unit will have an annual production capacity of 500,000 metric tons of dissolving wood pulp, with the entire production sold to Lenzing's plants in Europe, Asia and North America.

With an estimated investment of US\$1.3 billion, the venture consists of the construction of a plant and the installation of a co-generation plant with a capacity of 144 megawatts. The plant will be among the world's most productive plants with the highest energy efficiency, directing 50% of the surplus of the bioelectricity

generated there to the supply of the public energy system with green energy.

To supply the demand of the plant, LD Celulose will have the responsible forest management of approximately 70,000 hectares of eucalyptus forests, in addition to conservation areas.

The dissolving wood pulp from wood chips is the main raw material used to produce the special textile fibers and it is more sustainable for the environment, since it can replace cotton, for example. Additionally, the co-generation plant will contribute to the increase of the share of sustainable biofuel and renewable energy in the local energy matrix, improving its diversification and contributing to the effort to mitigate climate change.

It is worth noting that, with this project, we will increase our exposure in the foreign market, bringing more flexibility and stability to Dexco's results.




NEW BUSINESS DIVISION THAT
connects
 DEXCO
with the future

<p>Location  Triângulo Mineiro (State of Minas Gerais)</p>	<p>Approximately 70 thousand  hectares of forest plantations</p>	<p>500 thousand  metric tons a year</p>	<p>1,040  direct jobs</p>
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Growth opportunities

We are market leaders in almost all segments in which we operate. To maintain this position, we have an active organic growth program. In general, the investments in this respect involved, throughout 2021, the expansion of the production capacity and forest base, the automation and optimization of assets and processes, and the differentiation of product lines.

Meanwhile, in inorganic growth, we may have the strategy and the resources, but we depend on market opportunities that adhere to our purpose of offering Solutions for Better Living and our ESG values.

Recent examples of inorganic growth, in 2021, were the acquisition of a 100% interest in Castelatto, the investment in a 10% interest in the retail network ABC da Construção and the creation of DX Ventures, an investment fund for start-ups and scale-ups. All of these initiatives are described below in this chapter. Meanwhile, our interest in LD Celulose represents the integration of a new Division in a segment that places Dexco in a leading position in Brazil and the world, since it is the largest single line of dissolving wood pulp. When combined with the other divisions – Wood, Deca and Ceramic Tiles – we established a company with a diversified and complete portfolio.

castelatto

NEW FAMILY MEMBER

GRI 102-10, 102-15

At the end of December 2021, we announced the acquisition of Castelatto, a leading company in the premium segment of the architectural concrete floors and coatings segment, seeking to supplement our portfolio.

- ③ Production capacity of 7.5 million pieces a year;
- ③ More than 200 employees;
- ③ Located in Atibaia, State of São Paulo

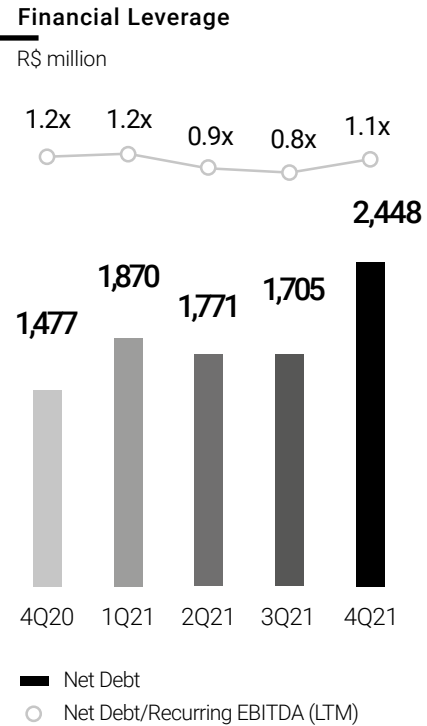


Financial aspects

GRI 102-7

Dexco's Performance in 2021

- ⦿ R\$8.2 billion in net revenue;
- ⦿ R\$1.1 billion in recurring net income;
- ⦿ R\$2.2 billion of adjusted and recurring EBITDA;
- ⦿ 1.1x financial leverage.



In the financial aspect, one of the changes was related to cash flow management. For the past three years, we have been involved with making a change in the mindset, working on each of the leverages of this topic in a disciplined manner. We were able to show that a company of the size and complexity of Dexco needs to balance the financial results with cash flow management. And we reached the fourth consecutive year of positive cash flow generation at a level that does justice to what we committed in terms of performance.

The “cash generation and funding” topic was internally considered relevant because it directly impacts the Company’s strategic planning and productive capacity, and it can bring the business closer to customers based on the restructuring of the credit process and digital technologies, increase the level of sales with risk control and rollover debts with differentiated costs and leverage opportunities. Also, with a robust cash generation, driven mainly by results, it is possible to



keep the pace of investments in the Company's organic and inorganic growth.

GRI 103-1: Cash generation and funding

Over the past few years, the reporting requirements increased with respect to the consistency of figures and long-term commitments related to the ESG topics. We are in line with this vision because we have a solid indebtedness position. In scenarios of market volatility and uncertainties, taking into consideration that we have come through two years of pandemic and we have a year of majority elections ahead of us in Brazil, keeping low leverage levels is essential for the organization.

Accordingly, we ensured the funds necessary to go through any period

of greater instability without major losses in our results.

Supporting our work, we received, in the second half of 2021, an AAA(bra) rating from Fitch, placing us in a comfortable position to seek some other funding models that are more advantageous in term of cost.

Our commitment now is to continue to evolve in the quality of indebtedness and funding with a focus on cost, adding the ESG component as another element in debt management, complying with other financing mechanisms in which performance is already linked to ESG commitments. Inside the Company, we have already discussed the issue of green bonds in the short-term.



TRANSPARENCY AWARD

For the fourth time, we won the Transparency Award, an initiative of the National Association of Finances, Management and Accounting (Anefac), which recognizes the best practices in the disclosure of accounting information published for the market by means of the financial statements of companies.

The award analyzed more than 2,000 financial statements, taking into consideration, among other aspects, the quality and transparency of this information and the consistency of the report to the market in the year prior to the award.



Financial management

GRI 103-1, 103-2, 103-3: Cash generation and funding

Dexco's strategic planning takes into consideration the next five years (the current cycle refers to the 2020 to 2025 period) and is approved by the Board of Directors. It is based on:

⌚ **DX Plan (Strategic Planning):** it is based on macroeconomic assumptions, such as GDP, Foreign Exchange Rate and the Broad Consumer Price Index – IPCA (inflation) and it is annually reviewed at the end of the second half. After its review, the Company assesses its main expectations of macroresults for the following years, always taking into consideration the long-term view.

⌚ **Annual Budgetary Plan:** the Company's annual budget, developed after the definitions in the DX Plan. It takes into consideration the expected result for the year. The amounts are reassessed on a quarterly basis – or even on a monthly basis, depending on the criticality of the scenario - with adjustments to action plans and expectations regarding the results for the year.

Additionally, the Company has assessments of estimates of its quarterly results, also taking into consideration macroeconomic and industry indicators so as to try to anticipate the possible impacts on results.

Connecting the strategy with the operation to ensure the alignment of the long-term targets and initiatives with those of the daily routine, we also have the Dexco Management System (SGD) whose starting point is the diagnosis of opportunities in processes, costs and revenue that can generate financial gains.

SGD seeks to integrate the strategic (leadership), tactical (management and methodological knowledge) and operational (technical and business knowledge) levels by means of management practices, generating results. Its main objectives are to connect the strategy with the operation, ensuring the alignment of the long-term targets and initiatives with those of the daily routine, ensure the execution of projects focused on the main needs of the Company and mobilize the



departments to achieve the best results. To ensure its efficiency, the objectives are defined on an annual basis based on the Strategic Planning and the identification of improvement opportunities, thus giving rise to the financial targets and to the developments into individual targets, for which the action plans are defined.

With the cultural transformation of Dexco, the financial metrics were reviewed with a focus on cash generation and the maximization of value for its stockholders by means of the compensation of the executives based on cash generation and EVA, always pri-

oritizing the sustainable growth of the organization, whether organic or inorganic, in accordance with our purpose.

The Company's results are monitored by the Controller's and Treasury Department, with the support of the Strategic Planning and Business Development, and Investors Relations departments, on a consolidated basis and with a focus on the business divisions on an individual basis, so that the action plans are established in an assertive manner.

Additionally, we have internal policies and rules that guide decision making, such as the Financial Pol-

icy and the [Transactions with Related Parties Policy](#) and mandatory documents for companies listed in the New Market segment of B3, such as the [Trading of Securities and Disclosure of Material Act or Fact Policy](#) and [Remuneration Policy of the Managers and the Members of the Fiscal Council](#). We also have internal rules for the management and control of investments and hedge accounting, for example, aimed at the standardization of the internal processes.

All of our employees have targets related to the global financial performance of the organization.

Operations in Colombia

We are closing the year with solid results in Dexco Colombia, something that seemed very unlikely in the first half, with low availability of products and international logistics problems, but we overcame all of these obstacles. One of the facts that merit attention is the level of import of panels from Brazil to be coated in Colombia and sold to the domestic market and/or exported to countries nearby. This shows all our agility and synergy in the binational operation. The plants in Colombia operated at full capacity and we were able to supplement the de-

mand with the sales of products imported from Brazil.

International logistics marked the year 2021. There were many factors, from the constant increases in prices that exceeded by eight times the price previously adopted, to the lack of shipping containers, one of the main means of chartering materials. All of this affected the costs of raw materials coming from abroad and, consequently, the transfer of the costs to the final price, which, due to the market dynamics, allowed us to have a better year in terms of profitability. It was a year that tested our best management skills and we were able to reach a great result for the Company.



Direct economic value generated and distributed at Dexco

GRI 201-1

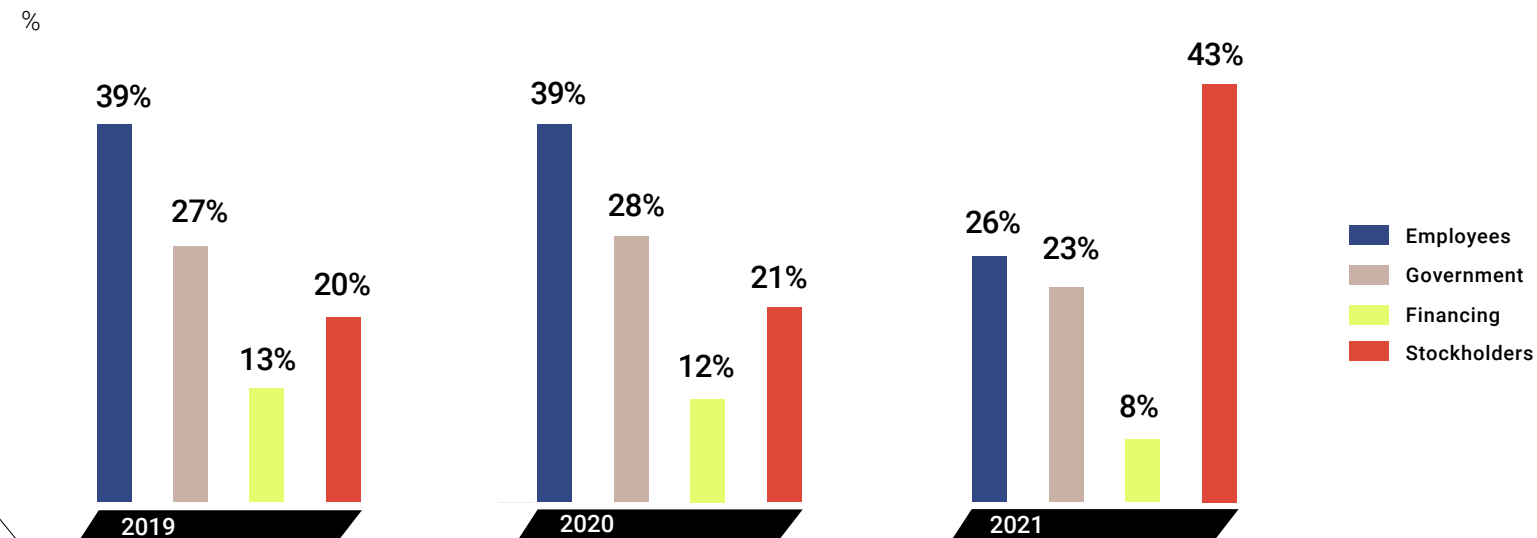
In 2021, added value totaled R\$3,993,718 thousand. Of this total, R\$919,126 thousand (23%) was paid to the federal, state and municipal governments as taxes and contributions, whereas R\$1,043,341 thousand was used in the payment of compensations, benefits and work-related charges.

Statement of Value Added ¹ R\$ thousands	2019	2020	2021
Economic value generated			
Revenue	6,575,024	7,304,954	10,479,374
Economic value distributed			
Employees (compensation, benefits and charges)	790,557	858,610	1,043,341
Government (taxes, fees and contributions)	542,558	620,256	919,126
Financing (interest and rent)	262,905	268,300	305,569
Stockholders (interest on capital) ²	405,727	453,983	1,725,682
Total	2,001,747	2,201,149	3,993,718

1. The Statement of Value Added is not broken down by investment in the community. For this reason, the category is not considered in the table with the information supplied. The information is presented using the accrual basis of accounting and only the parent company and consolidated information is provided in the Company's financial statements.

2. This includes remuneration on third-party capital (interest recognized in a provision and non-controlling interests) and retained profit (loss) in the year.

Statement of Value Added



Innovation and digital ambition

GRI 103-1, 103-2, 103-3: Innovation and digitalization

Our business strategy is based on innovation



To look at our 70 years of history is to verify the importance we give to innovation. In 2021, we were in 14th place in the general ranking and in 1st place in the Construction and Finishing Materials industry in the *Prêmio Valor Inovação* (Valor Innovation Award), which names us as one of Brazil's most innovative companies. The civil construction, renovation and decoration segment is not recognized for being the most innovative and, contrary to this industry's trend, Dexco has been pursuing this topic over the past few years.

All of our business strategy is based on innovation and, for some time already, we have been evolving in this topic also in accordance with the sustainable development standards, in line with the ESG requirements. In 2021, we took significant steps that strengthen this positioning, such as the investment, by means of DX Ventures, in the materialization of the innovation culture of start-ups and scale-ups.

But innovation is much more than that. We carried out some work on the core business, with products, brands, processes, profit models, consumer's experience and channels. See below some of our initiatives.

DX Ventures

GRI 102-15, 103-1, 103-2, 103-3: Environment solutions and Eco-efficient solutions

In 2021, we must highlight the results of our Corporate Venture Capital (CVC) fund, DX Ventures, which has an initial capital of R\$100 million for investments in start-ups and scale-ups.

The experience with *Garagem Duratex* (Duratex Garage), our program in partnership with Endeavor for high-growth entrepreneurs, extended our look to the strength of entrepreneurship, due to the innovative solutions and the fast pace of growth.

Then, we saw in DX Ventures a vehicle to leverage the core business, map potential disruptions and develop new businesses. DX Ventures is also a source of innovation due to the creative capability of entrepreneurs, in addition to being the proper vehicle to approach potential business opportunities mapped by the core business.

In 2021, the following investments via DX Ventures in the amount of R\$45 million were confirmed:

① Urbem: specialized in the production of engineered wood from raw materials from reforestation. The products are structural elements of buildings, such as slabs, beams and pillars and the business is expected to start operations in 2022.

② Noah Wood Building Design: its value proposition is to develop buildings using the engineered wood as raw material, such as those produced by Urbem.

Both initiatives complement each other in the construction value chain and are connected with our Sustainability Strategy and our value proposition in Live Environments. We want to be the leading players in the transformation of the civil construction industry and it makes sense to us to actively participate in the value chain of engineered wood, a renewable raw material that removes carbon from the atmosphere, storing it during the entire useful life.

Continuing the project, in 2022, Dexco signed with the stockholders and investors of Brasil ao Cubo S.A. ("Brasil ao Cubo") an investment contract in the amount of up to R\$74.0 million. Brasil ao Cubo is a construtech founded in 2016, specialized in agile constructive solutions using the off-site industrialized modular construction technique and the BR3 plug-and-play method. The constructive model in modules produces metallic structures and uses them ready for assembly on the construction site with all the electrical and hydraulic parts and other finishing already installed. Currently, it operates in the commercial, industrial, residential, corporate and health segments with more than 200 projects delivered in 14 states.

WE ARE AMONG BRAZIL'S **14** MOST INNOVATIVE COMPANIES

ABC da Construção S.A.



We already received the approval of the Brazilian antitrust agency (CADE) for the investment of R\$102 million in ABC da Construção S.A., a retail network of the construction industry that has been relying on digitalization. Initially, we have a minority interest of 10%. We understand that this business is relevant to Dexco's strategy of getting closer to the consumer because it allows us to experiment an operation that directly serves this audience. Additionally, we made progress towards the *phygital* (combination of physical with digital) model, which already exists in other industries, but is a pioneering model in civil construction. Its differential is that the logistics is operated in an absolutely integrated way with suppliers, in addition to the provision of Retail as a Service (RaaS) and Logistics as a Service (LaaS) services.

In the past few years, there was a great change in purchasing behavior, in particular of durable goods. We have to be prepared to complete the consumer's entire journey. This means to be present in all channels, physical and digital, for when and where the customer decides to complete the purchase. Therefore, we announced the creation of our first flagship store (concept store) in São Paulo, which is an iconic space that allows the consumer to have an absolutely different consumption experience from the others experimented before.

PROGRAMA **Imagine**

Imagine Platform

Imagine is our intra-entrepreneurship platform created in 2011 and which, in 2021, went through a reformulation with the 3.0 version. In this platform, the employee registers an innovation idea for the company in accordance with a topic proposal, such as cost reduction or increase of productivity. After implementing the idea and a subsequent efficacy analysis, the professional is rewarded for this with points that can be exchanged for many categories of products in a partner platform.

In addition to the rewarding process, the desire of employees who worked in units in the interior of the State of São Paulo and other states to get to know the Company's head office and feel part of Dexco's important moments was evident. For this reason, not only did we hold the award ceremony, and brought to São Paulo the winners of the best ideas of Imagine, at the closing of the Innovation Week, but they also received their awards from the hands of our CEO. The sixth edition of Dexco's Innovation Week was held in November 2021, and its closing was held at the Dengo concept store, which is made of engineered wood. The event followed the rules and guidance of the World Health Organization (WHO) and all guests were fully vaccinated and were tested on the day

of the event, presenting a negative result for Covid-19.

⌚ In 2020, we launched the Cost Reduction Challenge and received 1,200 ideas.

⌚ In 2021, with the Imagine 3.0 version, we launched the Productivity Challenge – How to do More with Less, and the participation increased to 4,000 ideas.

In 2021, we took the Imagine platform to the market by means of a joint venture with FCamara, of which we are stockholders. We made this move because we believe in the potential of this initiative as an innovation and intra-entrepreneurship solution for any company.



Digital ambition

The digital transformation at Dexco translates into consumer centricity, efficiency and culture. We are not a technology company but we want to use it to support our strategy. We are using the open innovation concept, working with intra-entrepreneurs in the company, people who will connect themselves with start-ups to bring the solution to inside Dexco. Therefore, the digital transformation of Dexco is based on three journeys.

To support the three journeys and materialize this digital ambition, in addition to the connection with the ESG topics and the engagement of leaders, cyber security is essential. Accordingly, we need people to worry increasingly more about a safe behavior in the use of digital resources.

Enterprise Architecture (EA) is the practice according to which we develop these technologies and culture in the search for a mindset of processes and focus on the customer. Data analytics is how much we prepare

our employees for the decision-making processes to be based on reliable algorithm data. Open innovation is what we are already implementing with the Imagine platform, DX Ventures and other initiatives.

Therefore, we have already been able to reap the fruits of our insertion in more digital processes. The Dexco Digital Transactions rate shows an evolution. Whereas in 2020, it was 18.7%, in 2021, it was 25.2%, and the projection for 2022 is for it to double from 2020. The target is to reach 100% in 2024.



DIGITAL AMBITION AT DEXCO

PILLARS

CONSUMER'S JOURNEY

CONSUMER at the center of decision making, using TECHNOLOGY as a means to bring DEXCO closer to all stages of the JOURNEY of consumption of products and services for RENOVATION, DECORATION and CONSTRUCTION.

EFFICIENCY JOURNEY

Make DEXCO a more COMPETITIVE, AGILE, PRODUCTIVE and SECURE company, having the TECHNOLOGY and the DIGITAL MINDSET as the main agents of this transformation.

PEOPLE'S JOURNEY

Create an inclusive environment that promotes the DIGITAL and ESG MINDSET, creating multi-business teams for the generation of EXCEPTIONAL RESULTS.

CAPABILITIES

CYBER SECURITY | ENTERPRISE ARCHITECTURE | DATA & ANALYTICS | OPEN INNOVATION | ESG | LEADERSHIP & CORPORATE MANAGEMENT

DIGITAL MATURITY

We established the CESAR Index of Digital Transformation (ICTd), a methodology that is a benchmark in the market to assess our performance in terms of digitalization and technological adaptation.

Developed by the Center of Advanced Studies and Systems of Recife, State of Pernambuco, it is based on a questionnaire that addresses eight pillars: people and culture, consumers, competition, innovation, processes, business models, data and enabling technologies. This questionnaire was applied at Dexco to executive senior management members.

We started the process in 2021 and our score was 57.2%. The objective is to continue with annual targets to a gradual evolution until we reach 80% by 2025.



ONE OF THE MOST INNOVATIVE IN IT USE

We were recognized as the most innovative company in the Engineering and Construction Industry category in the ranking of IT Mídia of the 100+ Innovative in the use of IT with the presentation of the Digital Forest project.

Awards and initiatives like this reflect our commitment to foster an organizational culture that is dedicated to innovation. We innovate, simplify and learn from mistakes so we can innovate once again. And we believe that all of our progress pales in comparison to what we have to evolve in the search for innovative solutions that are in line with our business.

Data protection

As we are essentially a B2B Company, we have a lower volume of data moving around than the businesses that relate directly to consumers. However, we defined, in our digital ambition, that the customer is at the center of our strategy. Accordingly, our role is to ensure that this promise is also extended to technology. With the support of a

consultancy firm, we implemented a plan to place us at the level of the companies that better address the consumer data protection issue.

We are developing a solid base to ensure that all this data is safe and that the consumer may request the exclusion of their information from this base at any time. At the same time, we strengthened our policies with security measures against the leakage of sensitive data.

A challenge is the update of registration clauses related to the General Data Protection Law (LGPD). The solution will come in 2022, with technology and more investments to implement systems that will automate this process. Taking into consideration data security and the LGPD, the Company is expected to disburse around R\$9 million.



Corporate Governance

Our solid governance structure provides us with a competitive edge in the market.

We are a publicly-traded company and, over seven decades of history, we have consolidated a solid governance structure. Our aim is to enable the creation of long-term value for our business and all our stakeholders. It is through this governance based on principles and best practices that we ensure support to carry out our Strategic Planning, creating mechanisms to mitigate risks and seek market opportunities and more efficiently integrating environmental and social (E&S) issues into our business.

The model followed by our governance structure provides us with a competitive edge in the market by underlying our place in B3's *Novo Mercado* portfolio, which brings together companies with the most modern and strict corporate governance practices in Brazil.

 TO LEARN MORE, VISIT THE INVESTOR RELATIONS WEBSITE

Governance Structure

GRI 102-18, 102-20, 102-22

⌚ **General Shareholders' Meeting:** elects the members of the Board of Directors, decides on financial statements and allocation of profit, and resolves on issues involving corporate restructuring, among other duties; The Brazilian Corporate Law (Law No. 6,404/1976) defines the rules for calling a stockholders' meeting as the Company's highest decision-making body.

⌚ **Board of Directors:** composed of nine members, three of whom are independent, plus three alternate members. We also have two women in the board, showcasing our search for diversity in the group. Board members are evaluated at the end of each one-year term of office, with reelection permitted. Members meet ordinarily six times a year or extraordinarily whenever required. Among its main duties we high-

light the definition of business strategies by considering the impacts of activities on society and the environment. We ensure that Board members have diverse expertise, thus providing broad discussions and different perspectives on the topics addressed. We have professionals specialized in the financial and construction materials sectors, in addition to independent members who add knowledge in retail, civil construction, information technology and human resources. **GRI 102-27**

Seven advisory committees anticipate discussions and topics that must be addressed by the Company's highest governance body. Each committee reports to the Board of Directors at least annually and/or biannually, and this committee is responsible for decisions and preparation of action plans. **GRI 102-19, 102-21, 102-29, 102-31**

In 2021, discussions on related-party transactions and mon-

itoring of transactions with controlling stockholders were submitted to the Board of Directors by its advisory bodies, as well as the approval of policies and internal charters and analysis of risks and processes, in addition to topics involving the evolution of culture and strategic growth vision. **GRI 102-21**

With the support of senior management, the Board has defined the company's purpose, which replaced the vision and mission in 2017. Every time the corporate strategy is reviewed, so must the Company's culture. Therefore, in 2021 the Company decided to update the desired behaviors that mark the progress of the organizational culture shared since 2017, replacing its statement of values ([learn more about it on page 57](#)). **GRI 102-26**

The Board of Directors and its advisory committees are evaluated under supervision of the



Personnel, Governance and Nomination Committee, which includes self-evaluations and peer reviews. This evaluation is independent and carried out every two years, using the methodology adopted by a partner consultancy. All participants receive an individual feedback to prepare their own action plan, and this Committee has a collective feedback, with highlights and opportunities for general improvements.

GRI 102-28

In line with the best corporate governance practices, this year the Board of Directors approved the [Charter of the Executive Board](#) and of all advisory committees, ensuring transparency of their processes. Also in 2021, it was decided that the Chair of the Board of Directors, which had previously been shared by representatives of the two groups of stockholders making up the controlling block, thus being a co-chair, is now chaired by Mr. Alfredo Egydio Setubal, as Mr. Salo Seibel has reached the age limit set forth in the Company's Bylaws.

⌚ **Executive Board:** composed of 11 members, nine of whom are statutory, with a term of office of one year and the possibility of reelection, the Board of Officers is responsible for directing, presiding over and coordinating the Company's activities, complying with and enforcing the law, the Bylaws and the decisions of the Board of Directors and the General Stockholders' Meeting. All topics discussed at the meetings are brought to the attention and/or resolution of the Board advisory committees, or even to the highest governance body, as required. The members' performance goals are linked to the Company's ESG goals, conditioned on at least 10% of their variable compensation and related to the departments of their management, ensuring that 100% of employees eligible for the performance contract have some ESG goals.

Regarding the promotion of discussions, the Company has six internal commissions engaged in discussing strategic

topics and reporting them to the Executive Board, as well as Board advisory committees. This information will be the basis for the preparation of action plans defined to achieve the Company's targets. We underline that the topics handled at the Committees are similar to those addressed to the committees so that discussions are consistent throughout the Company's senior management.

Furthermore, Dexco has an ESG Management, set up in 2021 from the sustainability and social responsibility teams that already existed, with corporate governance at its most diverse levels as one of its fronts of action. As decided by its minority stockholders, the Company also set up its Fiscal Council during the Annual General Shareholders' Meeting held in April 2021. This body is provided for in the Bylaws on a non-permanent basis.

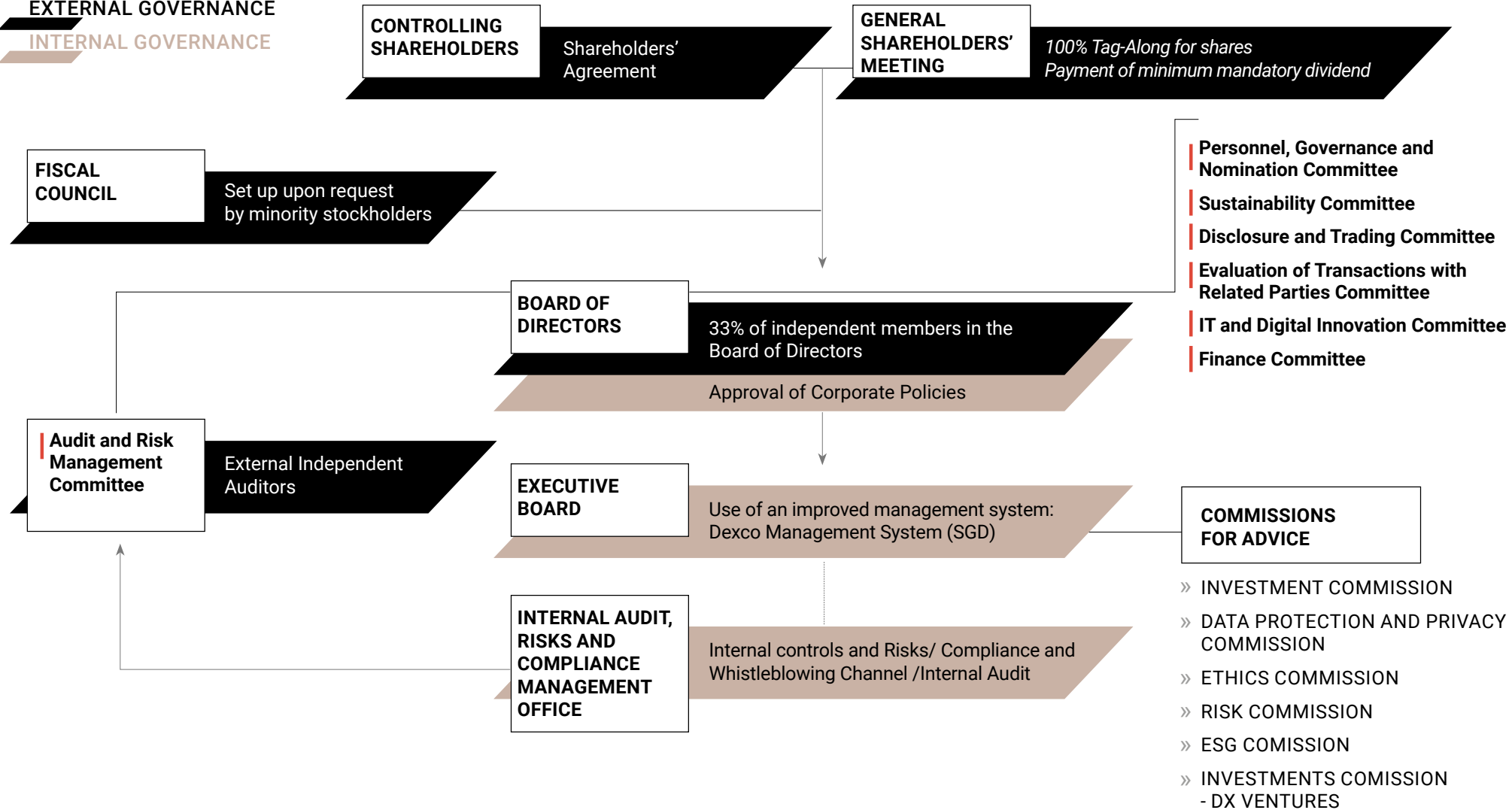


GOVERNANCE STRUCTURE MAP

ENSURING TRANSPARENCY

EXTERNAL GOVERNANCE

INTERNAL GOVERNANCE



TO LEARN MORE ABOUT OUR CORPORATE GOVERNANCE, CLICK HERE

Ethics and compliance

GRI 102-16, 103-1, 103-2, 103-3: Ethics and compliance

Through our Code of Conduct and internal policies and standards, we aim to underline the best practices of governance, transparency and ethics in business, inside and outside the organization. Ethical performance is a priority in our company. We require all our main stakeholders to have the same level of commitment to compliance issues and we fully comply with legislation relevant to our business, especially those addressing economic, environmental and social compliance issues.

The Internal Audit, Risk Management and Compliance department is responsible for issues involving legal compliance, risk management and ethics, and reports directly to the Audit and Risk Management Committee. Independence ensures the required autonomy in an activity that requires strictness, discipline and permanent updating given the complexity of this issue.

Our work is based on our values and codes, in addition to recognized methodologies to mirror the best market practices. Among the references, we highlight


the frameworks of the Institute of Internal Auditors (IIA); the Novo Mercado (B3), the Brazilian Institute of Corporate Governance (IBGC) and the Office of the General Controller General (CGU). We also use the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to map and classify residual risks. Our Integrity Program has been designed based on the Anti-Corruption Law and Decree.

Integrity Program

GRI 103-1, 103-2, 103-3: Ethics and compliance

Dexco rejects acts of corruption and adopts, through its Integrity Program, all the measures required measures to prevent and fight corruption, in compliance with current legislation. This Program includes anti-corruption practices and other related actions adopted and is managed by the Compliance department, the guidelines of which are formalized in our [Anti-Corruption Policy](#).

In 2021 we designed an Integrity Program guide in digital format, available on our intranet so that its basics are known to and continuously reinforced by everyone. Highlights of the Dexco Integrity Program in 2021 are presented on the following pages.

 **LEARN MORE ABOUT THE INTEGRITY PROGRAM MANAGEMENT IN THE GRI ATTACHMENT**

INTEGRITY PROGRAM PILLARS

⌚ **Senior Management's Commitment (Tone at the top):** Senior Management supports and participates in all actions adopted in the Integrity Program and receives reports on its application and headway in the Company.

⌚ **Monitoring and reporting:** The Integrity Program is monitored by the Compliance department and its actions are reported to the Senior Management through the Audit and Risk Management Committee and meetings of the Ethics Council.

⌚ **Legal compliance:** we work in compliance with legislation in force and good corporate governance practices by adopting measures to prevent fraud, money laundering and other wrongdoings. In 2021, we mapped the legislation applicable to our business, including the Federal Anti-Cor-

ruption Law and Decree. We are planning to survey controls and define action plans, if required, for the coming year.

⌚ **Policies and procedures:** our key procedures and guidelines are formalized in internal policies and standards. Business departments are responsible for preparing and updating their respective rules, with this process managed by the Compliance Department. We adopt measures to ensure the accurate and faithful accounting records and submits our financial statements to periodic audits.

⌚ **Training and communication:** we provide training for managers and new employees on the Anti-Corruption Law and other Code of Conduct guidelines. Over the year, we also disclosed notic-

es with guidance and recommendations on compliance and integrity.

⌚ **Risks and controls:** we monitor risks and test controls in key processes to comply with applicable laws and good corporate governance practices.

⌚ **Due diligence:** we adopt fair and transparent criteria for the selection and hiring of suppliers, in addition to carrying out public surveys to assess related financial, registration and reputational conditions.

⌚ **Whistleblowing Channel:** We have a channel to receive complaints, including those made anonymously and secretly, via phone number 0800 55 75 77, intranet or website www.dexco.com. All complaints are investigated and addressed under highest secrecy.



Whistleblowing Channel

GRI 102-17, 102-48

We completed the restructuring process of the Channel, which became known as the Whistleblowing Channel, in July 2021. The purpose of this restructuring was to strengthen this tool, with an exclusive focus on the handling of situations reported as in disagreement with our Code of Conduct, other Dexco policies and internal rules and/or noncompliance with legislations in force. Furthermore, the Whistleblowing Channel can also be used for reporting illicit acts, including wrongdoing provided for in the Anti-Corruption Law (Law N° 12,846/2013).

Information can be reported anonymously or identified and will be received by an independent and specialized company, ensuring confidentiality and a proper handling for each case. Complaints are investigated by the Compliance and Internal Audit departments, and wrongdoers will be subject to disciplinary and judicial measures according to the internal rule regarding the Application of Disciplinary Actions (N°44).

Any clarifications, suggestions, complaints and other assistance with Dexco's products and services are reported to the Company's Customer Service Channels.

IN 2021

- ⊙ 63 complaints were received by the Channel;
- ⊙ 25 were identified as legitimate;
- ⊙ 29 complaints were investigated by the Compliance department;
- ⊙ 34 complaints were investigated by the Internal Audit function;
- ⊙ 57 were concluded;
- ⊙ 6 were inconclusive in 2021 but were continued in the beginning of the following year.

The Channel also received 161 calls about misbehaviors 58 calls regarding infrastructure and operations.

Sharing the Code of Conduct

GRI 102-16, 205-2

Dexco's Code of Conduct is available on Dexco's intranet and website to guide our professionals in their dealings with stockholders, customers, consumers, competitors, suppliers, public authorities and communities. New employees receive a printed-out copy of the Code and are invited to attend Integrity training addressing the key guidelines of this document, as well as on anti-corruption, harassment and conflict of interests, to ensure ethics and good practices in the professional relationships with all our stakeholders.



Since 2020 the Compliance department has been conducting training on the Code of Conduct, anti-corruption, harassment and other topics, to ensure ethics and good practices between employees, third parties, suppliers, customers and investors.

In 2021, 18 training classes were held on the guidelines of the Code of Conduct and anti-corruption actions. We selected a target group of 1,961 employees for these training sessions, who account for 11% of the Company's professionals, including new employees from all our business units and managers from all plants (experts, supervisors, coordinators and managers). The result was a percentage of adhesion and total participation corresponding to 80% of the target group, that is, we were able to train 1,567 employees, of whom 37% (584) were supervisors (including existing acting managers and new managers hired).

ATTENDANCE IN TRAINING BY BUSINESS DIVISION

- ⊙ Ceramic Tiles = 525 professionals trained
- ⊙ Deca and Hydra = 332 professionals trained
- ⊙ Wood = 212 professionals trained
- ⊙ Integration (corporate and plants) = 498 professionals trained

It is important to emphasize that these training sessions are directed to supervisors and new employees. Therefore, all trained supervisors are committed to sharing their learning with their teams so that all employees become aware of the Code of Conduct and anti-corruption guidelines. Since October 2021, 54% of trained supervisors have already proved they have shared this learning with their teams. This action is still in progress and deadline for completion is June 2022.

Anti-corruption

GRI 205-2

In 2021, we updated our [Anti-Corruption Policy](#), which, alongside the Code of Conduct and the anti-corruption guidelines, can be accessed on the Dexco Standards Portal. These guidelines are disclosed in our compliance training held to new employees and supervisors, who then must share this content with their teams.

All our suppliers also have access to the [Supplier Code of Conduct](#), which contains anti-corruption guidelines and can be accessed on Dexco's institutional website.

We are also signatories to the [UN Global Compact](#), underlying our commitment to the Sustainable Development Goals (SDGs), the Ethos Institute's Business Pact for Integrity and Against Corruption and the Working Group for Integrity and Against Corruption. Find out other initiatives we support in the [GRI Attachment](#). **GRI 102-12**

Relationship Statement platform

GRI 102-16

In 2021, we implemented the online relationship statement platform on our intranet to ease the completion and more efficient management of declared data.

Employees are now able to access the platform annually and update their relationships or merely state there has been no change to their status. Therefore, with the completion of this step, for 2022 the Compliance department is expected to identify any cases involving conflicts of interest and address this issue whenever required.



FOR HUMAN RIGHTS AND THE DEVELOPMENT OF YOUNG PEOPLE

GRI 102-12, 102-13, 413-2

We are signatories to the Corporate Pact Against the Sexual Exploitation of Children and Adolescents, through Childhood Brazil's *Na Mão Certa* (In the right hands) Program, aimed at raising awareness among truck drivers and carriers of how to fight violence against children and adolescents on highways. In 2020, we continued to sponsor the *Bem Cuidar* (Taking good care) project, in the municipality João Pessoa (State of Paraíba), with performance in 2021 and the delivery of the first municipal plan against violence, in addition to strengthening the Protection Network for children and adolescents in the municipality.

Since 2003, we have also been members of Formare, a program of the IOCHPE Foundation that provides training for young apprentices, with our employees working as volunteer instructors. Find out about other associations we are members of in the [GRI Attachment](#).



Judô Gulô Project (Agudos/SP) – Judo graduation event with belts delivered to participating children.

Dexco Environmental and Social Program

To support our process of integrating new businesses in the post-acquisition phase, we have the Environmental and Social Program, which assesses criteria to integrate these businesses into Dexco's sustainability standard - ensuring compliance with all legal requirements and management processes.

The program lasts for two years, from diagnosis, mapping of projects and ongoing actions, and includes environmental and social management indicators and the set-up of action plans for each of the following fronts: Management, Suppliers and Communities. [Find out more details here](#) on how we integrate newly-acquired businesses.

We consider this is a key program in our expansion process, as it helps us mitigate environmental and social, reputation and legal risks.

ENVIRONMENTAL AND SOCIAL PROGRAM:
A TOOL TO PERFORM OUR

way of being and doing

AND SUSTAINABILITY STRATEGY

The Environmental and Social Program also works as a tool to share our policies and good practices, as well as to practice our Way of Being and Doing Things (Dexco culture). Each action implemented has enabled Dexco to operate in a more resilient and sustainable way.

Key objectives are:

- ④ Promote the sustainable growth of operations;
- ④ Meet minimum environmental and social requirements, such as legislation;
- ④ Avoid and mitigate business risks;
- ④ Continue to achieve market indices.



Risk management

GRI 102-15, 102-30, 102-33

To handle these uncertainties, we must know the risks associated with our business.

Expanding and keeping business as a competitive edge is an increasingly complex challenge, amid a scenario of uncertainties that requires ongoing adaptation and of massive political and economic challenges.

To handle these uncertainties, both management and senior management understand that identifying and knowing the risks associated with our business is key. To this end, it has the support of our Risk Management and Internal Controls team, aimed to anticipate and better deal with potential issues.

Dexco manages its risks through approaches at strategic levels (Risk Commission, comprising the Executive Committee, Audit and Risk Management Committee, and the Board of Directors) and the Three-Line Model, aimed at attributing risk management roles and responsibilities to the Company's several departments.

The Internal Control and Risk Management System Policy sets forth Dexco's risk-related guidelines and basics, with the identification, assessment, monitoring, control and mitigation of risks inherent in the company's processes. This occurs in such a way as to keep residual risks at proper appetite levels and control environment, enabling the achievement of our strategic plan. Compliance with this policy is monitored quarterly by the Audit and Risk Management Committee, as well as periodic meetings of the Risk Commission, comprised of our Executive Committee. The Board of Directors also monitors the identification and mitigation of critical risks and the integrity of internal controls, with reports from the Audit and Risk Management Committee and senior management.

Dexco has a Risk Dictionary and Map designed in 2018 (with the support of a specialized consultancy), both assessed and classified with respect to the inherent risk.

 [LEARN MORE ABOUT THE 3-LINE MODEL IN THE GRI ATTACHMENT](#)



The Risk Management and Internal Controls department is responsible for updating the residual risks of the processes by mapping and addressing information provided by the departments in charge of these processes.

This Risk Dictionary contains the individual formalization of the types of risks to which the Company is exposed according to the COSO methodology and is categorized into strategic, financial, operational and regulatory levels, as described as follows:

- ⌚ Strategic risks: include governance, business model, political and economic risks;
- ⌚ Financial risks: cover market, credit and liquidity risks;
- ⌚ Regulatory risks;
- ⌚ Operational risks: environmental and social, process, personnel and information and technology risks.

We use the Process Classification Model (MCP) to categorize the Company's key processes and

support the standardization and prioritization of the risks to be assessed in greater depth. This model helps set a plan to review and identify the root causes of these risks, how mature the internal control environment is and define the Company's risk appetite by the Executive Committee and the Board of Directors.

Under the MCP, processes with inherent risk classified as "Critical" and "High" are prioritized for mapping the flow of activities and identification of risks and controls, with the result presented in detail in the Risk Map, with four levels of residual risk classification: Critical, High, Medium and Low.

Dexco's Risk Map features the formalization of the set of risks to which the Company is exposed (including their respective levels of criticality and responsible business units), according to the processes and methodologies used to identify and assess risks and controls.

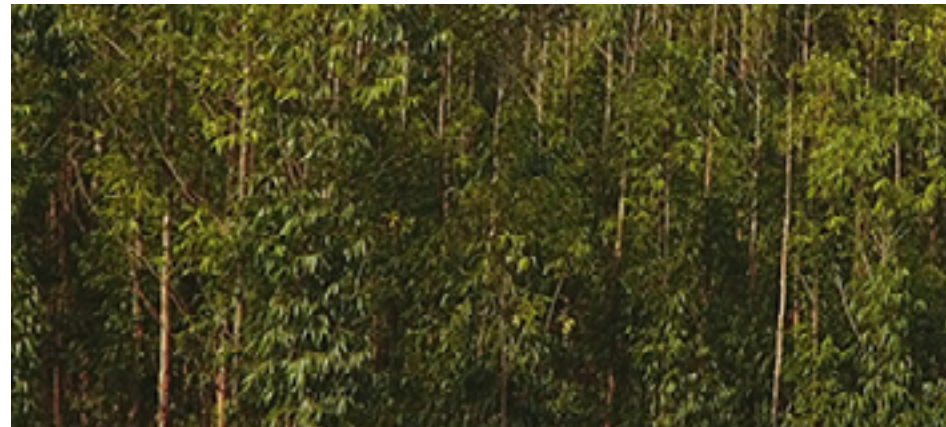
A General Risk Assessment is planned for 2022, with the senior management's involvement, to update the Risk Dictionary and Map.

OUR PERFORMANCE

In 2021, thirteen (13) sub processes associated with the Company's Production, Inventories, Information Technology and Environment, Health and Safety processes were mapped. Environmental and Climate Risk Management work was kicked off, alongside the Internal, Environmental, Sustainability and Legal Audit departments, aimed at identifying the residual risks of these processes to define and monitor the action plans over 2022.

We also highlight our ongoing actions to adapt to the General Personal Data Protection Law (LGPD). In 2021, our Data Privacy and Protection team engaged in the assessment of risks associated with hiring third parties, according to the level of compliance of these partners with the LGPD.

The Risk Management and Internal Controls team, which has an advisory role to the supervisors of the business departments, was involved over the year in special projects for risk assessment and mapping of processes impacted by the Sapiens Project, responsible for the migration of the SAP ECC System to S4 Hana.

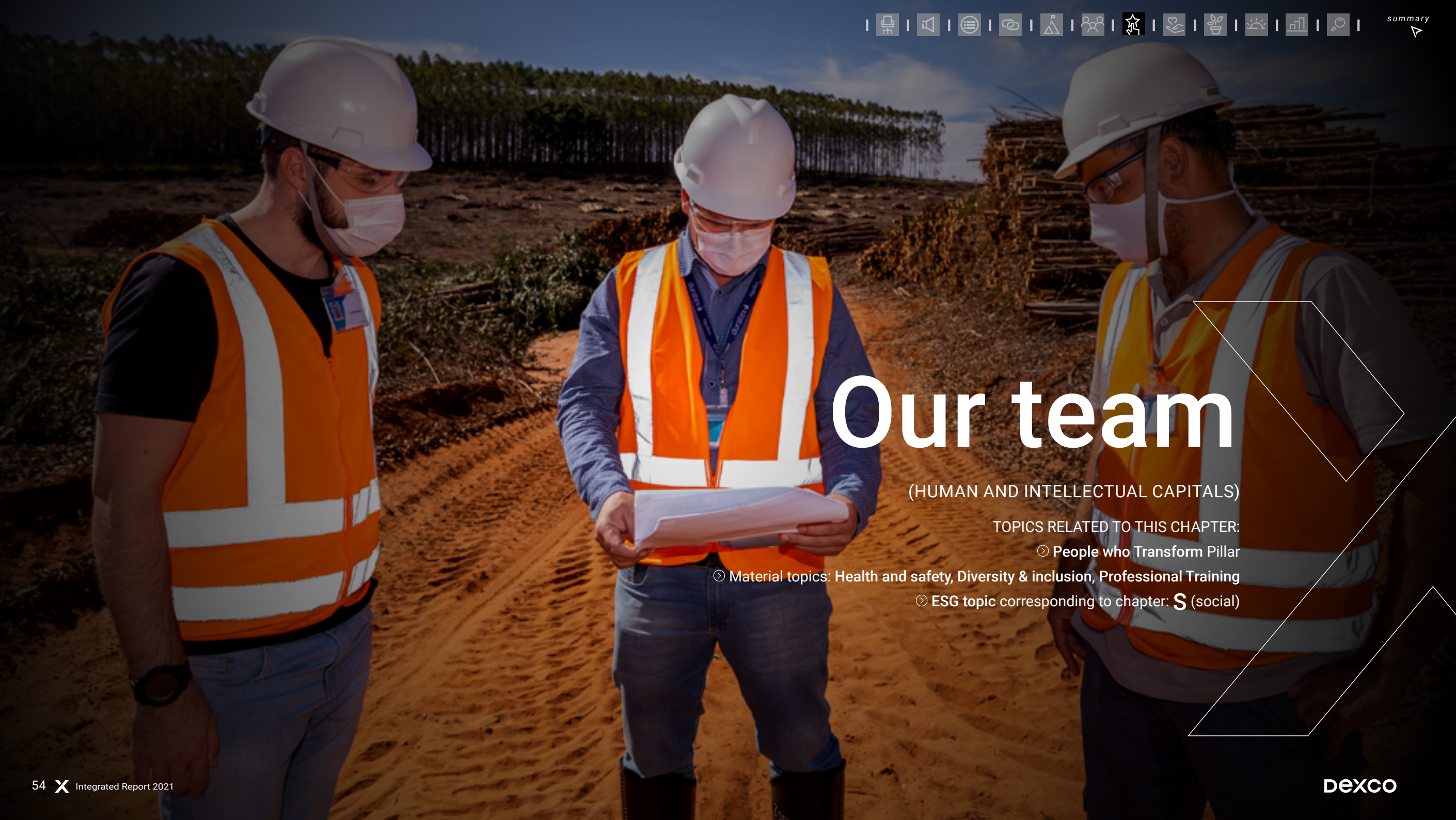


Management of economic, environmental and social impacts

GRI 102-29

The identification and management of significant topics, risks and opportunities to the Company are determined and reviewed by the advisory committees of the Board of Directors and by the Executive Committee. The highest governance body evaluates the issues raised and approves the projects and action plans submitted. The operational level, in specific areas, coordinates the management of these topics.

Regardless of these processes, the Board of Directors keeps in its agenda the discussions raised by the advisory committees, with the participation of experts and consultants to address sensitive and/or highly complex topics and define our related stance. In 2021, the highest degree of corporate governance has ensured at least three unique extraordinary agendas for ESG debates, including culture and customer training.



Our team

(HUMAN AND INTELLECTUAL CAPITALS)

TOPICS RELATED TO THIS CHAPTER:

- 🕒 People who Transform Pillar
- 🕒 Material topics: Health and safety, Diversity & inclusion, Professional Training
- 🕒 ESG topic corresponding to chapter: **S** (social)



Our team

Our employees innovate, perform and deliver our services and products to customers and partners

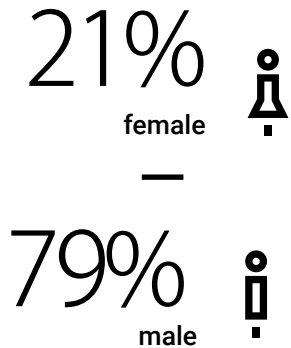
Behind all cultural transformation and development of a strategic growth plan, we have over 14,000 employees, who work in our offices and plants to put into practice our purpose of offering Solutions for Better Living.

To keep on the engagement and strengthen relationships between the teams, we carried out a series of initiatives in 2021. Our key initiatives are as follows.

THE DEXCO PROFESSIONAL GRI 102-8



14,162 employees in 2021





Organizational culture

Our Way of Being and Doing Things

People: people are our strength;

Processes: we do it well, in a simple and safe way;

Customers: we are the best choice;

Results: sustainable high performance.

Our Way of Being and Doing represents the journey of cultural transformation started in 2015. Since then, we have experienced changes in our external and internal environments and have had many achievements. Our company has moved on through several fronts in recent years: while strategically revisiting ESG topics, we have made headway in digital transformation and focused on the customer and consumer journeys. In view of this challenging context and new organizational guidelines, we

perceived the need to update our culture, in a process that started in 2021.

The role of culture is central to align values and behaviors that are decisive and pervade the whole organization. It is reflected in the way we deal with crises, such as the one we are experiencing with the Covid-19 pandemic, it is present in the tone of the top, in the relationship with our stakeholders, in the daily practice of behaviors that reflect our purpose and even in everyone's

understanding of the Company's sustainable growth strategies.

In 2021 this cultural evolution has moved on with the co-creation process, which had the simultaneous engagement of the Board of Directors and executives. Moreover, we have heard from experts on culture from consumer, digital and ESG perspectives. The next step was to listen to our employees in Brazil and Colombia through a survey platform. To this end, we streamlined and modernized behaviors,

made headways in Our Way of Being and Doing, incorporating important attitudes and concepts that will lead us to build the Dexco we want to be. The ESG topic, for example, has a prominent role in our new culture: we want it to cut across even more our organization, rather than being restricted to a single department. Our goal is for sustainability issues to be present in all Company's projects and initiatives and to be taken into consideration in the business decision-making process.

CULTURE AND LEADERSHIP: TARGETS BY 2026

DRIVE ESG ISSUES TO GAIN STRENGTH IN BUSINESS

Inclusive leadership



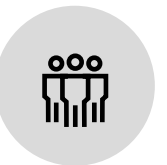
Multi-business mentality



Digital transformation Mindset



Technological apparatus for leaders to act more preventively and less reactive in terms of people management





The communication of this new culture began to be worked on at the end of 2021, when we introduced the new behaviors to senior management, who will lead the sharing of this culture with their teams. This process will take a few months and be conducted in a structured manner by the People department, so that 100% of our employees will definitely know and follow these new Way of Being and Doing behaviors from 2022 on.

Our new organizational culture aims to transform work relations, such as:

- ⌚ Diversity and inclusion agendas to be included in ESG strategies;
- ⌚ Employer brand development;
- ⌚ Health and safety management to reach stakeholders in different situations;
- ⌚ High performance maintenance and management;
- ⌚ More efficient employee performance evaluations to map both low (gaps) and high performance.

OUTSTANDING RESULTS

With this work on culture, we have implemented other initiatives that, even though being one-off, such as the alignment of management and policies, have delivered outstanding results, such as the equalization of operations in Colombia and Brazil, in terms of people. We are also revisiting people management processes and practices, such as selection, onboarding and training, to properly welcome and develop our employees.



Diversity

GRI 103-1, 103-2, 103-3: Diversity & inclusion

Everyone has access to the same opportunities at Dexco

We believe that diverse teams enrich the workplace and allow ideas and experiences to add value in business solutions that crisscross a number of social scenarios and result in a more equitable society. Diversity and inclusion create transformation in the organizational culture and spaces where each employee has access to the same opportunities, and express their voice and respect. Furthermore, these are increasingly major talent attraction and retention requirement.

Developing a diversity and inclusion program is also a journey. To do it in a

sustainable way, in 2021 we focused our work on two priority topics: Gender and People with Disabilities (PWD), in addition to appreciating at all times differences and intersectionalities. Our goal is for diversity actions, leveraged in 2021, to have increasingly more room in the coming years. Some of our initiatives are as follows:

- ⌚ Training Program for Women operating in the Wood and Ceramic Tiles divisions;
- ⌚ Set-up of a discussion group on diversity and inclusion by Wood Division's employees;

- ⌚ Hiring apprentices with a vision towards diversity and inclusion;
- ⌚ Training and awareness of the Executive Committee and leadership;
- ⌚ Training of the Executive Committee, leadership and other collaborators on issues of diversity and inclusion;
- ⌚ Training and raising movements, such as the Business Network for Social Inclusion (REIS) and Movimento Mulheres 360° (Women 360° Movement);
- ⌚ Monitoring of the Maternity Leave Return indicator;

⌚ Considering leadership positions (CEO, vice presidents, officers, managers, coordinators/specialists and supervisors) in Brazil and Colombia, we ended 2021 with 25% of workforce staffed with women.

In Colombia, the rate of women hired rose 23%, and today we have the first forklift female operator trained by Dexco. In 2021 we started hiring people with disabilities.



Rede Empresarial de Inclusão Social

+Mulher 360

MOVIMENTO EMPRESARIAL PELO DESENVOLVIMENTO ECONÔMICO DA MULHER





Women at Dexco

We made significant headway on gender in this last period. With the support of senior management, we were able to organically impact the decision-making process in several Company's departments. The Wood Training Academy, which provides extra knowledge to employees aiming to play a central role in their careers, had a Female Training Program in partnership with the National Service for Industrial Learning (Senai). Launched in the second half of 2021, this Program prepares women for Operation positions usually staffed with men. In 2021, the Program provided six groups, with 1,277 applications and 123 women picked up to be trained at Senai units in the regions where we operate. The training of this group of women is significant for our being able to increase female representation in functions such as drivers, tractor drivers and operators. This is a recurring program. By now we have hired 21 female professionals. The impacts of this initiative will be further evaluated in the coming years, with the

future job placement of female students. In 2022, we will expand training to cover female leaders at intermediate hierarchical levels.



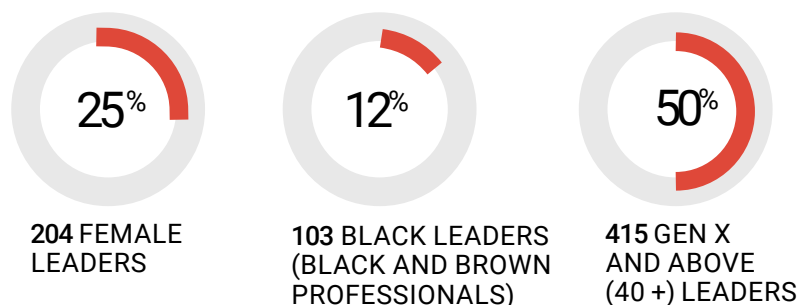
Female leadership meeting held at Casacor 2021 event

WOMEN IN LEADERSHIP

In 2021, we achieved our female leadership target for the year: by reaching 25% of women in leadership positions. Our target is to reach 30% of women in leadership positions by the end of 2022.

In 2021, a study was carried out to assess gender pay gap. This study compared positions with the same time in JG* (Breakdowns: up to 2 years at JG/ from 2 to 4 years at JG/ longer than 4 years at JG) and same location. Looking for realistic comparison bases for a good sample, we found a mean ratio between salaries earned for different genders. The outcomes, highlighted below, show that women's salary is higher for the three breakdowns considered.

Diversity in leadership GRI 405-1



Considering leadership positions (CEO, vice presidents, officers, managers, coordinators/specialists and supervisors) in Brazil and Colombia, we ended up 2021 with 25.1% of workforce staffed with women.

Salary Positioning for Men and Women GRI 405-2

POSITION	<2 years w/ move		<2 to 4 years w/ move		> 4 years w/ move	
	F	M	F	M	F	M
Average IP**	83%	81%	85%	86%	96%	91%

* JG (Job Grade): Functional level at the Company for salary purposes.

**IP: Salary positioning ratio for the salary range defined by JG.

Making headway in our transparency, we also calculated the active female participation in revenue-generating positions, as follows:

Female representation in positions linked to revenue generation GRI 405-1

	Female	%	Male	%
Indirect impact on result ¹	1,367	39%	2,179	61%
Direct impact on result ²	1,538	15%	8,499	85%

¹ Indirect impact on result: positions with direct impact on the production process and in sales.

² Direct impact on result: production and sales support positions (HR, Finance, IT, etc.).



Maternity leave

In our last climate survey, we received feedback indicating the need to act on this issue. We are aware that, should we increase the female representation at Dexco, maternity leave is quite a significant issue, as we need to set up a support network including daycare centers and other facilities or flexible actions. We are currently analyzing whether to extend maternity leave.



Diversity in gateway internship programs

We also expanded our diversity approach for apprentices joining the Company. We use social markers such as race/ethnicity and gender to select applicants. From now on, we will implement actions intersectionally by cross-referencing markers.

People with disabilities (PWD)

According to applicable law, companies must have 5% of people with disabilities represented in the total number of employees. In 2021, we achieved 93% of this target. We are determined to reach the minimum required for 2022. To this end, we intend to invest in positions for people with disabilities that are not just entry-level but rather ones that offer career development for this target group.

*To calculate PWD figures, we include only active employees (fixed and variable workforce), disregarding apprentices, interns and pensioners.

DIVERSITY IN GOVERNANCE BODIES

GRI 405-1

In 2021, Dexco's Board of Directors and Executive Board comprised 78% of men and 22% of women, with female representation rising by 10% from 2020 in the Board of Directors and by 5% in the Executive Board. Our staff in Brazil showcases 79% of men and 21% of women. In Colombia, staff featured 76% of men and 24% of women.

COMMUNICATION AND DIVERSITY

We promoted our biggest campaign for an LGBTQI+ Pride Day in 2021, with a video specially produced for that date. Through structured communication actions, we engage in reflecting on diversity at different times over the year, starting with the Women's Day.



Career development and talent management

GRI 103-1, 103-2, 103-3: Professional training, 404-2

Providing an inclusive environment that brings out the best in our employees is something we strive for day in, day out.

Providing effective training and career practices, as well as real opportunities for professional growth, in line with development and succession programs, translated into the use of 58% of internal staff in operational functions to fulfil open vacancies in 2021. In leadership positions, 67% of the positions were filled with internal transfers and promotions.

We revisited talent management processes and carried out meritocracy-related projects to have even clearer performance evaluation criteria for our professionals. These new processes have enabled us to more accurately identify potential future leaders, considering the challenges and skills required for Dexco's new growth cycle.

Based on the outcomes of these reviews, the selected professionals are allocated to the *Banco de Talentos* (Talent Pool) Program or to specific talent retention initiatives according to their profile and business strategy, including the payment of bonus in Compa-

ny shares. Talent selection criteria are as follows:

- ⌚ Performance evaluation: high performance - the professional must have had two to three years of results within or exceeding expectations;
- ⌚ Alignment with Dexco's leadership profile and positive evaluation of potential;
- ⌚ Be willing to relocate, since it is a multi-business company.

The individual coaching program is one of the benefits for those who make up the Talent Pool group. The Talent Pool groups have mixed composition, from coordinator or expert, and take into consideration at all times the potential of professionals for positions of greater complexity in the organizational structure. In 2021, proceeding with the previous year's classes, most of the members of this group were moved forward to more complex positions or differentiated pro-

jects, being recognized and promoted.

To support the development of employees in Brazil, we have specific and training programs to meet the needs of different departments and expertise. We offer development trails by position or competence required for that position, and technical and behavior skills. Actions are built according to business needs, with the support of People Busi-



ADJUSTING TO THE PANDEMIC SCENARIO

The pandemic has imposed a major challenge for training in our operations, as it was not possible to gather people physically in the classrooms. Out of our operational employees, who account for 92% of the Company's staff, only 3% are allocated to administrative functions that ensure access to email and computers in the company.

The solution found was to carry out on-site training at the workplace. In the second half of 2021, we started to return to in-person training, with great caution and even some interruptions whenever required due to the worsening of the health crisis.



ness Partners (BP) and experts from the HOD department. Training is measured in terms of efficiency and achievement of goals. Furthermore, we listened to the requesting department and the people able to identify strengths and areas for improvement in the programs.

In Colombia, the departments themselves identify any required training needs and the Human Development team defines the work plan for the year. We also have the support of ANDI, ASCORT and other entities that provide specif-

ic courses. We also have a training center at the Barbosa plant to address technical issues. Training sessions involve technical, legal, behavioral, regulatory or procedural issues, according to the requirements in question. We also have a Training Policy and an induction and training procedure. All training events are evaluated for the impact they have.

[▶ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT](#)

Training programs

BRAZIL:

⌚ **Banco de Talentos (Talent Pool) Program:** based on actual and potential performance evaluation outcomes, we identify in-company talents that may take over more complex leading positions within a timeframe of two-four years. The Talent Pool program has a two-year development trail, with workshops, exposure to the company's executives, coaching sessions and strategic projects.

In 2021, the first two classes were concluded and the third class continued. Of these, 56% of professionals moved forward along their career development (merits, transfer and/or promotion).

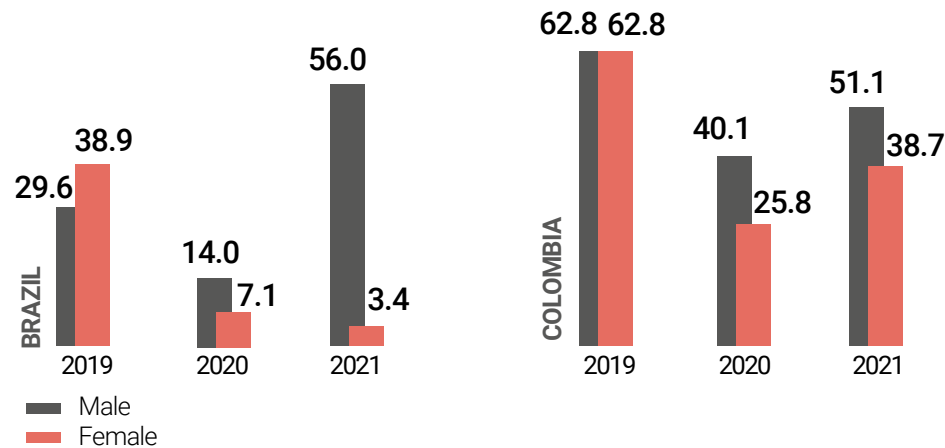
⌚ **Development of new capabilities - Leadership:** In 2021, we launched new competence development programs for our leaders, aimed at meeting the needs of the present and getting ready for the future, and connected to Dexco's strategy for the new growth cycle. For high-performance managers in

Brazil and Colombia and coordinators and experts (Brazil), we carried out the self-knowledge check-in, evaluating the participants' achievement of the competencies of the future and delivering a map of the participants' strengths and improvements. This diagnosis helps define the training journey. These employees have completed the first module with a 100% online education trail, weekly mentoring with subject-matter experts, collaboration and an application project based on challenges, which have continued in 2022.

Average training hours by country and gender

GRI 404-1

In training hours





⌚ **Escola de Liderança (School of Leadership):** we have set up a School of Leadership – Supervisory Trail for supervisors, consisting of an online content platform on the pillars of people, business, processes and innovation/looking at the future, and we held self-enrollment workshops. This program will also continue in 2022.

⌚ **Performance em Ação (Performance in Action):** promotes the development of technical and behavioral skills for coordinators, supervisors, forestry technicians, heads and industrial technical operators consistent with our culture, strengthens people management tools and provides space for shared experiences and best practices among the Wood Units vice chairs aimed to create more independent high-performance teams. In 2021, three development trails were carried out for the Technical Operational level, of which two dedicated to Forestry and one for Industrial. The Forestry Technical Trail involved 33 professionals, and the Industrial Technical Operational Trail was carried out by 65 operators.

⌚ **Semeando Talentos (Sowing Talents):** aa Wood Division’s initiative to develop professionals in training/newly-graduates to accelerate their careers. This Program has three modalities: Internship Program, New Technical Graduates, and New College Graduates.

⌚ **Geração D 2021 (Generation D 2021) Internship Program:** a pioneering initiative for multi-business development actions for the Company’s interns, focused on widening the repertoire on the company and our culture. We promote virtual meetings

at the different units in Brazil where we discuss project methodologies, agile frameworks, data driven, ESG, innovation and transformation. All interns received certificates that could be used as supplemental hours in education institutions.

⌚ **WebApp on content curation for executive leaders:** thinking about our 21-25 strategy goals and challenges, which will require the acceleration of digital transformation and increasingly positioning customers and consumers at the center of decisions, among other initiatives, we have



created a virtual space (WebApp) to present content in three topics: People, Business and Technology, with access for officers and managers.

⌚ **Training and development of leadership for cultural practice - Ceramic Tiles Business:** we continued the training and development of leaders in the Ceramic Tiles Division in connection with the Way of Being and Doing, supporting the integration with the Deca business. Virtual and in-person, individual and collective meetings were held. Considering leaders and the People team, overall 165 people were involved, totaling 10 thematic meetings and 81 classes.

⌚ **Cultural refresher - Deca Business Leadership Toolbox – Fixtures:** in 2021, we carried out a refresher course on Dexco Culture and Toolbox Practices for all senior management in this business. Topics such as Introduction to Dexco Culture, Situational and Transformative Leadership, Assertive Communication, feedback and feedforward were addressed in those virtual meetings. Considering senior management and the People team, overall 81 people attended four thematic meetings.





Occupational Health and Safety

GRI 103-1, 103-2, 103-3:Health and safety, 403-1

Employee health and safety is a priority for Dexco.

PROGRAMA
PROTEG

Our Occupational Health and Safety Management program has changed its name and is now called Proteg. Another change in 2021 was strengthening the multi-business structure of the Occupational Medicine and Health team, which used to be managed at the units and has now become corporate-wide. The 2021-2023 planning is based on five Driving Focuses (Communication, Training and Awareness-Raising, Structural Adjustments, Ergonomics and Monitoring) in line with the three new Proteg pillars.

PROTEG PILLARS

- ① **People:** ensure the engagement of all employees in safety and health-related topics through senior management’s commitment, assigning responsibilities to everyone, effective communication and collective care;
- ① **Safe and healthy workplace:** facilities, machinery and equipment ensuring compliance with legislation and best practices on safety and health and wellbeing;
- ① **Strategy:** a set of actions, adjustments, coordination, good practices and strategies to define responsibilities, programs and guidelines to help design safety and health decision-making processes.

Driving focuses of the 2021-2023 Strategic Occupational Health and Safety Planning

PILAR	DRIVING FOCUS
People	Communication, training and awareness-raising
Safe and healthy workplace	Structural Adjustments, Ergonomics
Strategy	Monitoring



Based on ISO 45001:2018 standard and a policy to set out guidelines, scopes and assumptions, the Proteg program involves senior management (Executive Board) and all stakeholder groups that may be affected by the Company. We also ensure training and development on occupational health and safety to all our employees.



A new indicator

In line with the strategic goal of employees' better living, we have developed a new tool to monitor safety performance. Set up in 2021, the Proteg Proactive Indicator will come into effect in the second quarter of 2022. It will include the risk factors present in critical activities developed and in the presence of critical incident indicators at facilities.

Adopted since 2015, the Proteg Performance Index is composed of accident frequency (injuries) and severity rates, and has become an accident monitoring indicator.

Health and Safety Management System

GRI 103-1, 103-2, 103-3: Health and safety, 403-1

We aim to provide our employees with fair and challenging workplaces, as well as with training to minimize the occurrence of accidents and also guidance for a healthier life. Dexco's Occupational Health and Safety Management System (Proteg) contributes to people's wellbeing in the workplace. It also enables the company to be in compliance with legal working conditions, thus avoiding non-conformities. We identify hazards and risks and apply proper control measures to all processes and activities. We consider potential impacts not only within our operations, but also in our product installation and usage phases. Our Health and Safety Management System (Proteg) is ISO 45001:2018-certified in 61% of our units (including plants and forest units).

In 2021, the Company registered no deaths or occupational acci-

dent reports (CATs) in connection with occupational diseases of its own employees. GRI 403-10

➤ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT

WE HAD OVER 68 thousand outpatient appointments at our units, in addition to other initiatives such as testing for diagnosis of covid-19.

Health and Safety also involves customers, since it is essential that Dexco provide products free of risks during their use. To this end, each business has its own testing procedure and product safety warranty, in accordance with legislations in force and the highest quality standards.

MEDICAL CARE AT WORKPLACE GRI 403-3

Our units in Brazil have outpatient clinics where occupational health and assistance services are provided by a team of professionals such as occupational physicians, occupational nurses, technicians and occupational nursing assistants. At the Hydra unit in Aracaju (State of Sergipe), we also have a physiotherapist. In these workplaces, occupational care, such as hiring and regular medical

examinations, examinations upon moving jobs, returning to work and termination, in addition to care appointments for any type of medical other than work-related complaints. In 2021, we had over 68,000 outpatient appointments at our units, in addition to activities such as testing for diagnosis of Covid-19 and mass testing upon the return to in-person activities in all our units, notably in the Northeast, where such service had not been previously provided

in the local public health network.

In Colombia, occupational health services are provided by a contracted third-party and include medical examinations for hiring, periodic and retirement purposes; psychosensometric tests for driving vehicles, and occupational medical exams for working at heights and in confined spaces

➤ LEARN MORE ABOUT OUR OCCUPATIONAL HEALTH WORK IN THE GRI ATTACHMENT



Pandemic relief efforts

GRI 403-6

With ongoing high coronavirus contamination and replication rates in 2021, our People and ESG Office, with the unrestricted support of all Dexco's senior management, focused most of its efforts on managing the health cri-

sis. We kept on with all protocols developed in 2020 at the onset of the pandemic, slightly changing some aspects to make them even stricter and with specific care to hold back contagion at the Company. We were therefore able to keep the units operating at full capacity.

HEALTH PROTOCOLS

We have nine protocols in place for testing, removing and monitoring employees in connection with flu syndromes, which include:

- ⊗ Flu syndrome
- ⊗ Positive contact
- ⊗ Risk group
- ⊗ Visitors
- ⊗ Testing
- ⊗ Return to office after being vaccinated
- ⊗ Post-Covid-19
- ⊗ Vaccination
- ⊗ Death



We set up a Covid committee in Colombia to manage biosafety protocols, vaccine purchase and application, as well as monitoring of suspected and confirmed cases.

Vaccination Task Force

GRI 403-6

We prioritize our employees' health and in 2021 we incorporated, as one of our safety protocols, a complete Covid-19 vaccination schedule as a requirement for all employees. Like every year, we subsidized 100% of costs and also offered vaccine against influenza A viruses (H1N1 and H3N2) and two other types of Influenza B virus in a single dose, as recommended by the National Health Surveillance Agency (Anvisa).

In Colombia, there were no peaks of new variants or reinfections of Covid-9. In Colombia, private companies were authorized to purchase Covid-19 vaccines right at the onset of the pandemic for their employees, which helped have a very different scenario from that in Brazil. In 2021, we purchased 558 Sinovac vaccine doses for our employees, family members and third parties, and we had a massive adherence of our professionals, with no deaths in the Company.

Health and wellbeing

GRI 403-6

Our health and wellbeing program in Brazil is Cuidar Juntos (Caring Together), structured based on four fronts:

- ⊗ **Health promotion and prevention:** encompasses health education and communication and preventive intervention actions;
- ⊗ **Occupational health management:** works on strategic occu-

pational appointment, certificate management and management of employees on leave;

- ⊗ **Healthcare management:** activities aimed at the employee's health care, covering the monitoring of chronic diseases, mental and emotional health, vaccine campaigns and monitoring of pregnant women;
- ⊗ **Comprehensive wellbeing:** involves health services and activities with a view to the employee's comprehensive health.





In each of them, actions are developed with a focus on the worker's comprehensive health, such as:

⌚ **Pronto Atendimento Pessoal (Personal On-Call Service):** a psychological, financial and legal support service for employees and their first-degree relatives. The Personal On-Call Service (PAP, in Portuguese) was especially important during the pandemic, notably in terms of providing psychological support care. The channel is available 24 hours a day, every day of the week. All calls are confidential and free of charge. After contact by phone, specialists will evaluate the case and schedule new contacts to provide proper guidance and referrals;



⌚ **Gestar Juntos (Expecting Together):** monitors the gestational and prenatal period of employees and pregnant dependents, offering support and guidance for each stage, aiming at the wellbeing of pregnant woman and baby and, thus, minimizing the risks of premature birth. A highlight of this initiative is the breastfeeding support room, located at the company facilities and intended for women returning from maternity leave. In these spaces and during working hours, female employees may pump breast milk with privacy and safety, store them at a proper place and then take it home, thus increasing the baby breastfeeding time. All spaces were built in accordance with Anvisa regulations regarding furniture, equipment and guidance for the proper collection and conservation of breast milk. We have ten rooms, six in the Deca and Hydra units, three in the Wood Division units and one in the Central Office;

⌚ **De Bem com a Mente (With the right mind):** aims to promote Mental Health through prevention, iden-

tification, support and rehabilitation measures. These actions represent improvement in valuing the Quality of Life of employees and in consolidating actions and promotion of Comprehensive health.

According to local regulations in Colombia, all workers must be affiliated with a healthcare company, through which they can access health services in different specialties. We have, in the country, the Healthy Lifestyles program, through which information and prevention activities are carried out on non-work related health issues, such as:

- ⌚ Agreements with fitness centers;
- ⌚ Nutritional advisory spaces;
- ⌚ Breaks in the workday to perform healthy physical activities;
- ⌚ Lectures on breast cancer prevention, alcohol consumption, prostate cancer, nutrition.

We also hold a healthcare event at the company's headquarters once a year, with healthcare promotion and prevention activities during a whole week.

Operation and home office

Our operation was not suspended at any time in 2021 due to distancing measures set by political bodies, unlike in 2020. Thus, we have followed risk groups returning to operations, after their removal at the onset of the pandemic, as people were vaccinated, according to the National Covid-19 Immunization Plan. Where possible, some functions were adjusted for the remote working scheme. In other cases, employees remained at home and received their salaries in full.

In 2021, 8% of administrative employees remained in the remote

working scheme. The return to in-person work was phased in: in June on a voluntary basis; in September with rotation of employees. In 2022, the Administrative department should continue operating on a rotating basis. In case of having symptoms and/or positive testing, the employee will remain at home and under proper protocols. We have monitored market movements discussing the standardization of hybrid working (partially in person and partially online) and we have studies and discussions to adjust our operations to the new reality, so that it is also consistent with what we believe to be the best form of management. We hope to have this topic mature enough to introduce definite internal remote working rules by 2022.

SUPPORTING FAMILIES THROUGH SOCIAL ASSISTANCE

A key element in monitoring the pandemic, our Social Assistance department was able to position itself as a key information bridge between the local healthcare system and our employees in many locations where we operate. In a number of cases, our teams have taken on the responsibility of passing on updated information to families, including in cases of death of our employees' family members, in which we offered both psychological and practical support to handle red tape.

➤ LEARN MORE ABOUT OUR ACTIONS FOR THE HEALTH OF EMPLOYEES IN THE GRI ATTACHMENT



Value relationships

(SOCIAL AND RELATIONSHIP CAPITAL)

TOPICS RELATED TO THIS CHAPTER:

- ④ People who Transform, and Responsible Processes Pillars
- ④ Material topics: Health and safety, Local development, Supply chain
- ④ ESG topic corresponding to chapter: **S** (social)



Customers relations

GRI 102-43, 102-44

Customers are at the heart of what we do. And something more: people's wellbeing is the reason why we work and exist.

Our Sustainability Strategy is based on three dimensions - Wellbeing, Impact and Care. This means that when it comes to home and construction, we want to bring warmth and comfort to environments. In our operations, we strive for production practices that value the safety of our employees, with the least possible environmental and social impact

and ones that result in innovative and high quality products.

That is why we seek to diversify our business portfolio based on the Consumer's Journey when carrying out renovation or construction works. Our ambition is to make it more practical and lighter.



SATISFACTION SURVEY

We closely monitor consumer satisfaction through the Net Promoter Score (NPS) every year, and we want to improve our performance. Our target is to reach 75 NPS both in terms of unified customer service, whose score is currently at 63, and of the satisfaction survey conducted with consumers served by Deca's authorized service network. Our NPS on that front is currently at 80.

Measures to achieve these goals include:

- ⌚ Capture synergies and review processes at Customer Service, which was unified among the different Business Divisions in 2020;
- ⌚ Expend the digitization of processes, transactions and sales;
- ⌚ Approach end consumers via e-commerce and omnichannel experiences, such as the set-up of the Deca marketplace and the Ceramic Tiles smart store;
- ⌚ Optimize logistics operations to improve the product delivery time.

Since 2020 we have implemented a series of actions to standardize our service and gain synergies. For example, we have unified the customer service in all business divisions; we aim to constantly improve the performance of our products and solutions by teaming up with other professionals from our segments via regular events and meetings.



Communication and engagement

GRI 102-43

WOOD DIVISION

We communicate with the market through a hybrid model. Launches of Duratex and Durafloor products, for example, were held in live streaming events with different formats according to the specific audience profile. In the second half of 2021,

we resumed in-person activities. We reached out to over 8,000 people with these actions, including customers, carpenters and architects.

We also held two digital fairs - *Revestir* and *Formobile* - with 5,000 people impacted, and we held the second edition of Duratex's Arqué Award,

with 2,999 people registered and 45,000 visits on the website. The 2021 edition featured the *Trabalho e seus Novos Espaços* (Work and Its New Spaces) topic and challenged architects and interior designers to rethink what new work spaces would look like in a world transformed by social distancing.

On social networks, we brought the *Inspiração que Transforma* (Inspiration that transforms) program, with creators to work on new collections. We had 19 million content views and 15 million people were reached with the *Histórias que Pedem Durafloor* (histories that call for Durafloor) campaign.



DECA DIVISION

With the synergy between the Deca and Ceramic Tiles commercial teams, we improved the level of customer service, with sales in multiple categories: fittings, fixtures, electrical showers and ceramic tiles. Accordingly, we were able to provide

a more complete solution for renovation and construction of spaces. We provide training for our teams to improve their customer service with this complete portfolio. We also made headway in Deca marketplace, launched in 2020 and which achieved significant growth in revenue, reaching R\$1.4 million in 2021,

and in the digitization of the sales team.

In 2021, we also celebrated the 25th anniversary of Deca Award, with over 800 projects competing in different categories, and we took part in the Casacor exhibition in São Paulo, with the "Ateliê Deca" space, which

brought the concept of housing as a place of encouragement, protection and connection. We had 80,000 visitors. In addition to São Paulo, Deca, which is a master sponsor of Casacor, was present in 445 spaces decorated by renowned professionals in 14 exhibits held across Brazil, which attracted over 230,000 visitors.





CERAMIC TILES DIVISION

Among the key engagement actions we carry out for architects, interior designers, engineers, landscape designers and students in these areas, we highlight the creation of websites for the *Expressão Portinari* and *Ceusa Essence* programs, with over 39,000 people registered with Ex-

pressão and over 5,000 with *Essence*. We also took part in Casacor as an official supplier and in the editions of five states (São Paulo, Rio de Janeiro, Minas Gerais, Rio Grande do Sul and Distrito Federal), and in the *Revestir* Fair, which was virtual in 2021 due to the Covid-19 pandemic. At that fair,

we had 7,000 visitors at Portinari and 8,000 at Ceusa.

For customers, among other actions, we visited the plant in Criciúma (State of Santa Catarina) to introduce the launches. Over 200 people visited our facilities and all were

tested for Covid-19, underwent disinfection at the plant entry point and had their temperatures screened. Groups were reduced to comply with distancing protocols. At the same time, approximately 300 customers took part in our online presentation of launches and trends.



COLOMBIA

We held a meeting of our Strategic Committee with customers in November 2021, with the participation of 13 strategic customers nationwide. At these meetings, which are held every six months, issues such as the relationship with Dexco, ideas and opportunities for improvement on several fronts are discussed.

We carry out the annual Shopper Journey market survey to learn about the shopper (carpenter, professional, end consumer) journey. In this edition, over 150 people were interviewed. It was possible to assess how and where shoppers buy, the role of the brand is in this journey and our opportunities

to become the buyers' preferred brand. Also for this target group, we carry out training at points of sale nationwide, hold digital launch events and celebrate special dates. This training is held once a month on different topics.

We also invited five architects for

a focus group to select the 2021-2022 collection, with an open and in-depth interview to select and validate concepts in design, structures and textures. This consultation takes place once a year.



➤ LEARN MORE ABOUT IT IN GRI ATTACHMENT



Supplier relations

GRI 102-9, 102-10, 103-1, 103-2, 103-3: Supply chain

Ensuring active dialogue and proximity to our suppliers is one of the differentials of our business.

The Supply Chain is one of our material topics. For this reason, we seek to expand our end-to-end positive environmental and social impact by tracking, monitoring and continuously improving the activities of our entire supply network.

What for our suppliers is the end product, for us is raw material. We know they are not just input providers. Our suppliers play an important role in representing our brands, and our operations remain active based on having the safe relationship and guarantees we can offer. Ending up 2021 with over 6,777 active suppliers corroborates this statement. For us, as important as having a business model in line with sustainability is knowing that our supply chain is also in line with our goals and aspirations so that we can develop and create value for society.

In operations in Brazil, our supply chain management aims to determine how the supplier con-

tracting process is carried out and set roles and responsibilities to ensure the application of the best market practices. Processes are managed by an ERP program and communications with suppliers take place officially through orders or contracts. Procurement policies and practices are set according to company-wide rules and procedures, which are regularly reviewed.

In Colombia, the supply department ensures the supply of raw materials, inputs and services, attentive to compliance with commercial, safety, corporate social responsibility and other standards defined by the company and local laws. Procurement management is carried out based on the Supply Chain Management. There is a Sales and Operations Planning (S&OP) system for raw materials for the review of needs based on market information to reduce the risk of shortage.

The procurement process has policies that define the process



6,777
ACTIVE SUPPLIERS IN BRAZIL
a prominent role in representing our brands



guidelines, such as Procurement Manual, Bidding Procedure, Supplier Creation and Update Policy, Supplier and Contractor Assessment Procedure, and Supplier Complaint Procedure. To ensure transparency and free competition, the company has defined procurement and negotiation processes in line with these rules, in addition to providing an ethics hotline where complaints from different stakeholders are dealt with.



SPENDING ON LOCAL SUPPLIERS

GRI 204-1

In Brazil, the percentage of spending on local suppliers - those located in the same city as our operations - was 15% in 2021. In Colombia Operations, the percentage of local procurement dropped to 21% in the same period. This is due to the rise of the cost of raw materials by approximately 38%. Imported materials account for 60% of the company's total procurement.

Proportion of spending with local suppliers



¹ The calculation method was changed in 2021, as we started to use the spend report generated by the Supplies department as a database. Therefore, we started to consider as local suppliers to Brazil the supplier located in the same municipality, rather than in the same region, as our production units. Based on this survey, we achieved a more approximate and reliable outcome. With this review, we started to identify potential suppliers in the municipalities of the industrial and forest units that could be contacted for contracting, provided that commercial and quality criteria are met. GRI 102-48

DEXCO'S SUPPLIER

GRI 102-9

OVER **6 thousand**

ACTIVE SUPPLIERS IN BRAZIL IN 2021 from the industry, heavy services, general services, mining and Utilities sectors

990

ACTIVE SUPPLIERS IN COLOMBIA, with whom we spent \$484,106,441,091 Colombian pesos.

In Colombia, our production chain is divided into wood purchases, managed by the Forest department, and other acquisitions, managed by the Supply team. By 2021, purchases were made from 990 suppliers, of which 74% account for local purchases and 26% were from foreign suppliers.

Suppliers are classified into 61 types of goods or services and according to the company's size into small, micro and large, according to their annual revenues. This classification allows the definition of suppliers according to the impact on the business and the environmental and social risk.



Supplier Management Program

GRI 102-9, 102-43, 103-1, 103-2, 103-3:
Supply chain, 408-1, 409-1

Since 2012, we have had the Dexco Supplier Management Program (GFD): a risk and opportunity management system to induce improvements in the supply chain, considering ESG aspects, through cyclical and ongoing chain assessment, in line with the principles of continuous improvement. Along with the performance index of the suppliers assessed in this methodology, the Supplier Management Program is one of our key assessment tools.

Companies are classified in a criticality matrix, which assesses the relevance of the category (production/productivity reduction, product influence, cost influence) and sustainability risk (exposure and incidence of environmental and social problems, probability of joint responsibility and reputation). These suppliers deemed critical and very critical are understood to be strategic and invited to take

part in the GFD program, grouped by area of operation. In 2021, strategic suppliers accounted for 58% of total spending in Brazil.

In Brazil, strategic suppliers assessed by the GFD Program, whether national or foreign, are submitted to the assessment questionnaire, with topics such as the existence of an environmental management system, water, waste, atmospheric emissions management, use of renewable or recycled raw materials, product and packaging recovery initiatives, and the environmental origin of wood.

Questions about human rights, child or forced or compulsory labor, conduct management, integrity and anti-corruption, promotion of gender equity, fighting the sexual exploitation of children and adolescents, among other topics are also included. To strengthen our commitment to supporting and respecting the protection of human rights and ensure that suppliers are not involved in violations of these rights, we have included, in the GFD questionnaires, questions on topics that make up our Code of Conduct. Another measure taken



is that all orders created and sent to the supplier include a text about our [Supplier Code of Conduct](#).

In 2020, we added a question to the questionnaire regarding whether the supplier has a Code of Conduct. If the supplier responds that he does, we will request it to send it to us or inform the website where the document is available.

The responses obtained are analyzed, consolidated and audited in person (in a targeted sampling manner). This process is supported by an external consultancy firm, which also supports us in making audit visits, identifying main points of attention and advising on the



implementation of actions, processes and innovations that seek to qualify and improve the ESG performance of suppliers. This analysis is also carried out from the perspective of risk management with an operational, strategic and reputational focus for our supply chain. All issues raised in the latest assessment can be found in the [GFD report](#).

The environmental and social aspects of suppliers are assessed by an internal committee made up by the Supply, Compliance, Communication and Sustainability departments, which annually assesses the efficiency and application of the GFD. This committee meets

THE ENVIRONMENTAL
AND SOCIAL ASPECTS
OF SUPPLIERS ARE
ASSESSED BY AN

**internal
committee**

MADE UP BY A NUMBER
OF DEPARTMENTS

early in the year to validate the questionnaire to be applied to suppliers and on-site audits, review the self-assessments received and approve and consolidate the annual results.



In addition to strategic suppliers included in the GFD program, we assessed specific environmental and social requirements based on a corporate standard for Approval of Waste Recipients. These companies receive regular audits by our teams to attest to the conditions reported. We also follow criteria for monitoring action plans when it comes to improvement opportunities or disqualification of suppliers.

Colombia

In Colombia, we also implemented a Supplier Program with an integrated management system covering, among other issues, environmental management with suppliers and third parties. In the environmental field, we aim to ensure that our operations and those of our suppliers are sustainable over time and comply with current environmental legislation. To this end, the Supply department and the environmental team work to verify, monitor and update the environmental requirements that our business partners must meet.

The assessment is carried out by Dexco's environmental team based on the submission of relevant environmental documentation by suppliers.

We also act on to avoid that environmental risks materialize and the impact our suppliers' commercial and production activities have on the environment. To this end, we have an integrated management system policy, which compiles the importance of quality, health and safety at the workplace and the environment in our operation and the relationship with different stakeholders. We also have a Social Responsibility Policy and the Environmental, Occupational Health and Safety Manual for third parties.

In the social level, the goal is to ensure that our operations and those of our suppliers are sustainable over time and comply with legislation. Supplier social assessment focuses on employee protection and compliance with occupational health and safety policies, standards and laws.

THE SUPPLIER MANAGEMENT PROGRAM IN 2021

GRI 308-1, 308-2, 414-1, 414-2

BRAZIL

286

companies identified by the criticality matrix with the potential to generate negative social and/or environmental impacts that were invited to participate in to GFD.

208

suppliers responded to the questionnaire and joined the program

3%

of this base were new suppliers

5.8%*

of those assessed had a score below 6.0

*This group received recommendations that should be followed in the next editions of the program. It makes part of Dexco's challenge to support suppliers to improve their performance.

[➤ LEARN MORE ABOUT IT](#)

[IN THE GRI ATTACHMENT](#)

ESG TOPICS ADDRESSED IN DEXCO'S SUPPLIER MANAGEMENT PROGRAM

- ⊗ Legal, operational, tax and labor compliance
- ⊗ Ethics and human rights
- ⊗ Occupational health and safety (OHS) management
- ⊗ Environmental management
- ⊗ Use of renewable or recycled raw materials
- ⊗ Products and packing recovery initiatives
- ⊗ Origin of wood
- ⊗ Relationship with the environment and public administration
- ⊗ Efficient freight (for the transport sector)
- ⊗ Monitoring the second chain level
- ⊗ Relationship with Dexco
- ⊗ Biodiversity

For our company, people are the most important resource and that is why we demand that our suppliers comply with legal requirements and ensure proper working conditions for their employees.

To align sustainable procurement practices with the ISO 20400 standard guidelines, in 2017 Dexco structured a Sustainable Procurement System by defining the

understanding of its supply chain, the prioritization of procurement categories and specific actions for each one of them based on its criticality profile, facilitators or enablers of defined processes and the policies in force. The program covers the formalization of criteria for planning, specifying, selecting, monitoring and assessing suppliers in relation to economic, environmental, social and compliance features.



Relations with the community

GRI 102-42, 102-43, 103-1, 103-2, 103-3: Local development, 413-2

Being close to communities in the regions where we operate is part of our social strategy.

Having a day-to-day relationship with these communities contributes to our local development strategy. We have channels to enable a direct dialogue with local representatives to learn about their demands, which can be met through social programs or even directing Private Social Investment.

Both the nature of our business and the structure of our operations directly impact the region where we operate. The installation of a plant brings benefits such as to generate jobs and income, move local economy and improve infrastructure in the surroundings of the plant. On the other hand, this event is likely to cause negative impacts when environmental issues and those related to relationship with communities are not well managed or monitored. Therefore, we have well-structured environmental and social control and management systems, focused on minimizing and eliminating negative impacts by

monitoring indicators, internal training and qualifications, supplier management, programs aimed at community relations and coming closer to local regulators.

Economic, environmental and social impacts are mapped based on studies carried out for any operation, be it for the expansion, acquisition and/or construction of new units. When activities are started, the impacts previously mapped are already covered by action plans aimed at implementing our management systems.

Due to their nature, the Wood Division operations have the potential to generate adverse impacts on the communities where the business units are located, among which we highlight: dust generation, noise and damage to roadways along transportation routes, and emission of wood particles. The most recurrent one is dust generation during the dry season on unpaved



routes used for transportation of wood. These are one-off cases promptly dealt with by redefining routes, guiding drivers to reduce speed when traveling and watering roads by using a water truck.

At the Ceramic Tiles units, the emission of particulate matter is

also a topic closely monitored by the communities. We use dialogue circles and in-person visits to monitor the community's perception of the topic and coordinate actions to water roadways surrounding the plants and adjusting processes to minimize particulate matter dispersion.



Local development projects are concentrated in the Company's areas of direct influence, that is, the surroundings of the places of our operations. We understand that this is a material topic, both internally and externally, since it develops the surrounding community while it also generates greater community interest in the company's business. Some assumptions pervade how we select the social projects in which we decided to engage:

- ⊕ Develop the local intellectual capital;
- ⊕ Implement self-sustainable projects;
- ⊕ Contribute to the qualification of teachers and improve the school curriculum;
- ⊕ Increase local employability through professional qualification.

Social initiatives

One way to enhance positive social impacts, create value in the face of social challenges, encourage networking and prioritize opportunities for highly socially vulnerable regions is through the Private Social Investment strategy. With this resource, we want to benefit the municipalities where we operate and select projects covering the entire or a large part of these regions. We also want to respond to the community demands, identified through the active listening process or mapped by local Social Organizations, and promote social impact and transformation. In all sponsored projects, we aim to value the local population by seeking professionals, artists, educators and regional partners for our initiatives. Programs are monitored monthly, through meetings, conversations and, when possible, local visits. Due to the pandemic, visits were not made along 2021. Find out about some of our actions in 2021.

Private Social Investment

Private Social Investment comprises the sponsorship of projects via tax incentive laws and donations. In 2021, these two axes totaled investments worth approximately R\$5.4 million, of which about R\$600,000 in donations. Projects running in 2021 benefited 17,201 people and 96 institutions in 14 municipalities, and other 10 initiatives are to be implemented in 2022. By adding these projects to donations, mainly those allocated to Covid-19 relief efforts, we reach a total of 25 municipalities served.



Aracaju Youth Orchestra Project (Aracaju/SE) at the Illuminated Christmas Event, in partnership with Fecomércio.

➤ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT



Rodas de Diálogo (Dialogue Circles)

GRI 102-43

This is a program aimed to listen listening to the communities, be a liaison with associations, social organizations, companies and dwellers in the areas surrounding our operations, to identify demands and opportunities. We have set aside some moments to talk about strengths, weaknesses, opportunities and the main demands from the neighborhood and municipality. Based on this listen, we have prepared a local action plan for opportunities for social action and allocated projects to these surroundings. In 2021, we organized two Circle events in the municipalities of Criciúma and Urussanga (State of Santa Catarina), mobilizing 46 people.

Agente da Gente (Our agents) Program

GRI 102-43

This internal mobilization and engagement initiative aims to strengthen the social topic at Dexco and

provide conditions for employees to monitor the implementation of initiatives and projects their corresponding municipalities. In 2021, we updated the training of Engagement Agents in three units: Itapetininga (State of São Paulo), Criciúma and Urussanga (State of Santa Catarina). This program also prepares employees to lead the aforementioned Dialogue Circles.

Communities in Colombia

GRI 103-2, 103-3: Local development

In Colombia we have a guide aimed to resolve conflicts as we have ongoing contact with the Community Action Councils of the communities. Our Social Management Policy guides actions that will be developed, the strategies and tools to be used. Our 2021 Social Policy aims to contribute to the forest project sustainability through the responsible management of community relations, and to help the local development of the territories surrounding the company's forestry project, based on sustainable initiatives and interactions. We seek to establish

and maintain good relationships with our neighbors and other participants in the communities identified and included in this policy.

We have an NGO to support our relationship and social work with communities, which usually have an association. We regularly invite leaders to visit the plants, show the operation, our management and how we comply with all environmental regulations and generate social progress by providing training to people. We carry out a training journey so that they understand what we do and what our role is as their neighbors.

We concurrently provide training on projects so that, through associations, the communities can raise government funds. We also bring environmental training and professional qualification to the local population.

We have a strong presence in schools in the regions where our plants are located, with volunteering groups helping with a number of school improvement activities. We also carry out environmental education programs and programs



about our forest management for students. In 2021, five communities were visited to raise awareness of the prevention of Covid-19 and for the donation of masks. Young people were also trained on Environmental Conservation, and 1,240 copies of a newsletter with environmental and social information were handed out to ten communities.

We have a relationship with the authorities of the municipalities where we operate and we are always seeking to mitigate the impact of our operation. One of the activities that has the greatest impact on neighboring communities is harvesting. That is why we keep active communication with the community about each stage, gathering information and resolving any incidents occurred through meetings and periodic visits.

An emblematic example of our commitment to communities is the Barbosa plant, located in the Medellín metropolitan region, with 3.5 million people. The emission of particulate matter has the potential to harm the city's air quality, with the potential worsening as the city is surrounded by mountains. We

work together with environmental authorities and proactively anticipated all environmental requirements. We voluntarily submitted the outcomes of the air measurements and in 2021 we completed a project with investment worth US\$1 million. This improvement has resulted in our being below 20 milligrams per cubic meter of particulate matter emissions. For comparison purposes, in Europe the parameter is 50 milligrams per cubic meter.





Aid during the pandemic

GRI 203-1

Since the onset of the pandemic in 2020, Dexco has defined a series of actions to help fight Covid-19. Donations in 2020 and 2021 focused on meeting, supporting and sustaining strategies to face the pandemic scenario. Priority was given to the frontline, municipal hospitals, healthcare-related institutions and bodies, and municipal governments. The entire process was based on the Internal Donations Rule. Requests received were analyzed by the Social Responsibility and Compliance department, in addition to being submitted to the Crisis Committee and the Executive Committee.

In 2021:

⌚ R\$373,221.90 worth in donations;

⌚ 26 municipalities benefited

Part of these funds took the form of equipment donated to 23 municipalities in the states of Paraíba, Pernambuco and Sergipe by the United Movement for the Vaccine, so that these municipalities could properly receive and store vaccines.

Social housing

The Organized Affordable Housing System (SOMA) is linked to our conscious renovation indicator. The investment in this project is a partnership between Dexco and companies Votorantim, Gerdau, Movidia and P4 Engenharia, which joined this initiative in 2021.

The proposal is to invest, through Real Estate Receivables Certificates (CRI), in the construction of housing units aimed at low-income families.

During negotiations with investing companies, the percentage of participation was changed, as well as the place of incorporation, resulting in a reduction in the cost of project of R\$18.5 million to R\$15.3 million in 2021, with R\$5.82 million, or 38%, invested by Dexco, which is the largest financial contributor to the project.

FOCUS AREA: PROMOTING conscious renovation

by encouraging positive impact, diversity and inclusion

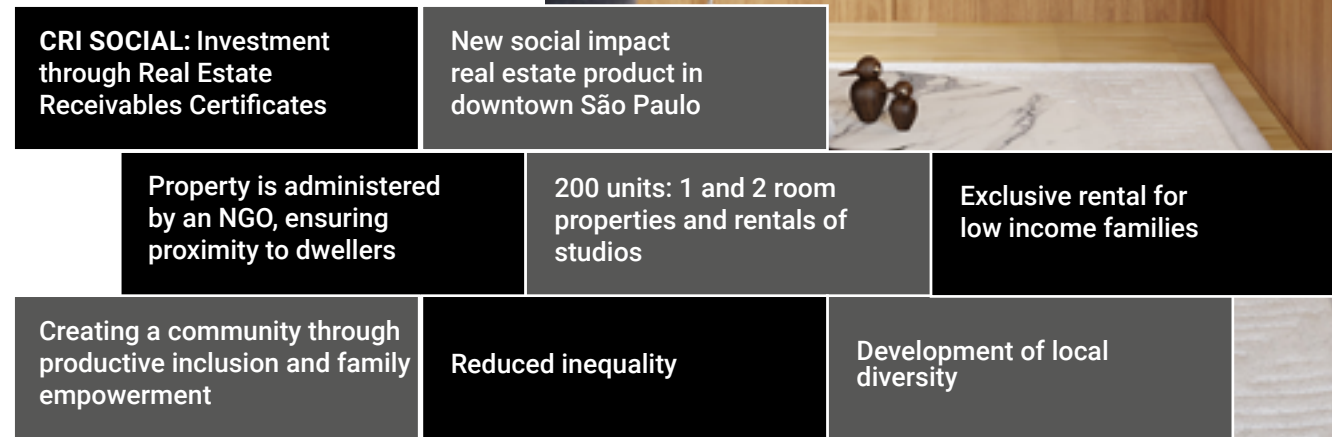
Decent housing

Since 2019, we have been one of the sponsors of the HousingPact social impact initiative - alliance for decent housing. This is a collaborative network aimed to change the housing standards of vulnerable populations by accelerating startups connected with the construction industry and small local businesses that bring new solutions in construction, equipment, services, maintenance and public spaces.



SOCIAL HOUSING

Organized Affordable Housing System (SOMA)





Stockholders Relations

GRI 102-43

We created new pages on our Investor Relations website, the main public information channel.

The Investor Relations department is the main bridge between Dexco's shareholders and investors, always ensuring timely and equitable information for its stakeholders. The ongoing search for improvement in communication has been one of the main challenges in recent years, including the considerable rise in the number of individuals actively participating in the financial market.

One of the improvements implemented was the creation of new pages on the Investor Relations website, our main public information channel. Among these pages, the "Frequently Asked

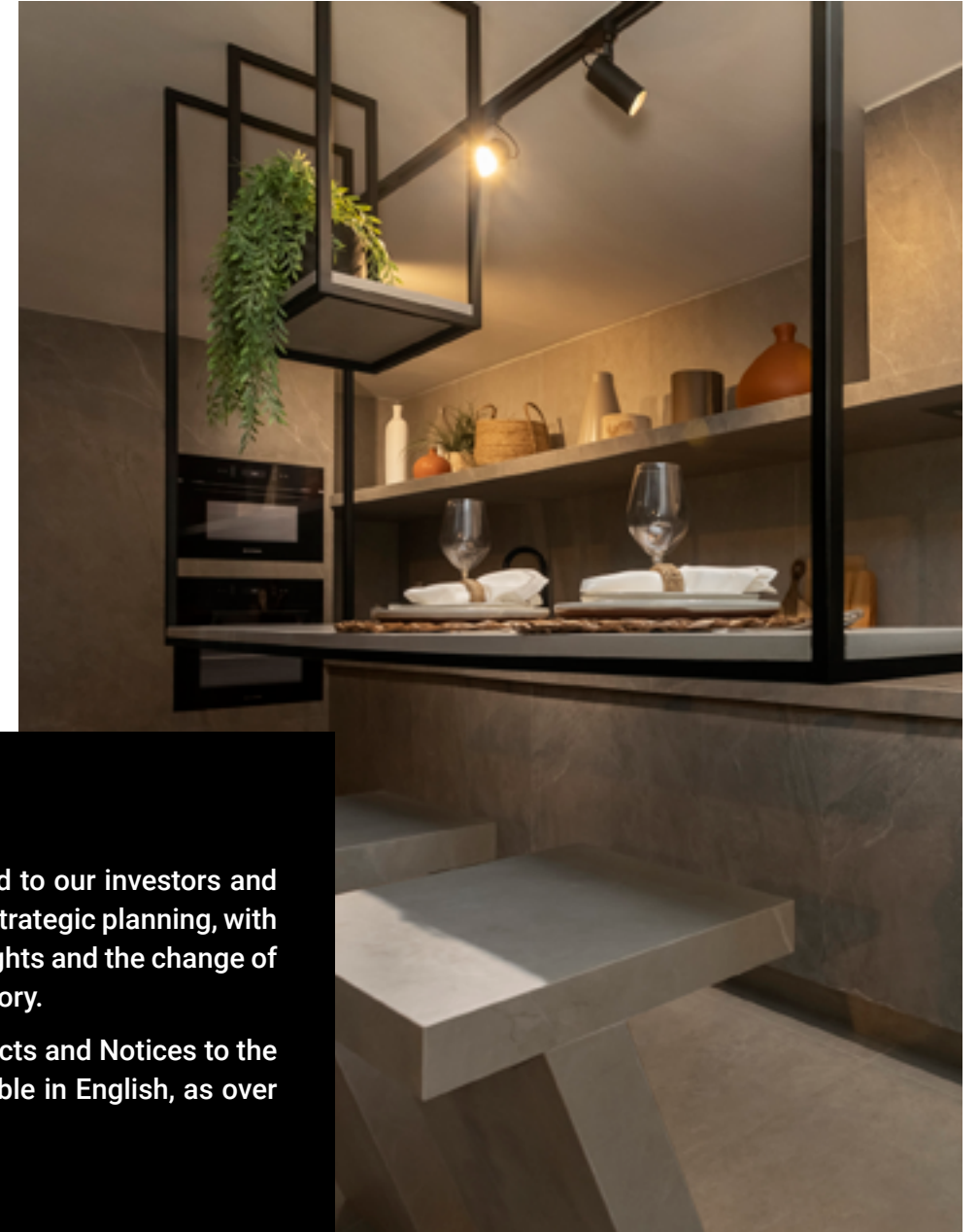
Questions (FAQ)" and "Why Invest in Dexco" stand out. Our ESG Portal was also launched on the [Investor Relations website](#), in line with the best market practices committed to transparency of information on environment, social responsibility and corporate governance related topics.

In compliance with the legal obligations of B3's *Novo Mercado* segment, we disclose our results on a quarterly basis through public conference calls in Portuguese and simultaneous translation into English, with the participation of all Company's executives.

INVESTOR DAY

For the third consecutive year, in 2021 we held the Investor Day, an event dedicated to our investors and stockholders. This was the first edition dedicated exclusively to discussing Dexco's strategic planning, with the announcement of the investment plan for the coming years, sustainability highlights and the change of the corporate brand, in addition to the celebration of the Company's 70 years of history.

All information disclosed in documents of interest to the general public, Material Facts and Notices to the Market, is available on our [Investor Relations website](#). All materials are also available in English, as over 70% of our shareholders are foreign.



The environment we live

(NATURAL CAPITAL)

TOPICS RELATED TO THIS CHAPTER:

- 🕒 People who Transform, Responsible Processes, and Sustainable Solutions Pillars
 - 🕒 Material topics: Environmental education, Forest management, Environmental performance, Climate change, Eco-efficient solutions
- ESG topic corresponding to chapter: **E** (environmental)



Environmental awareness

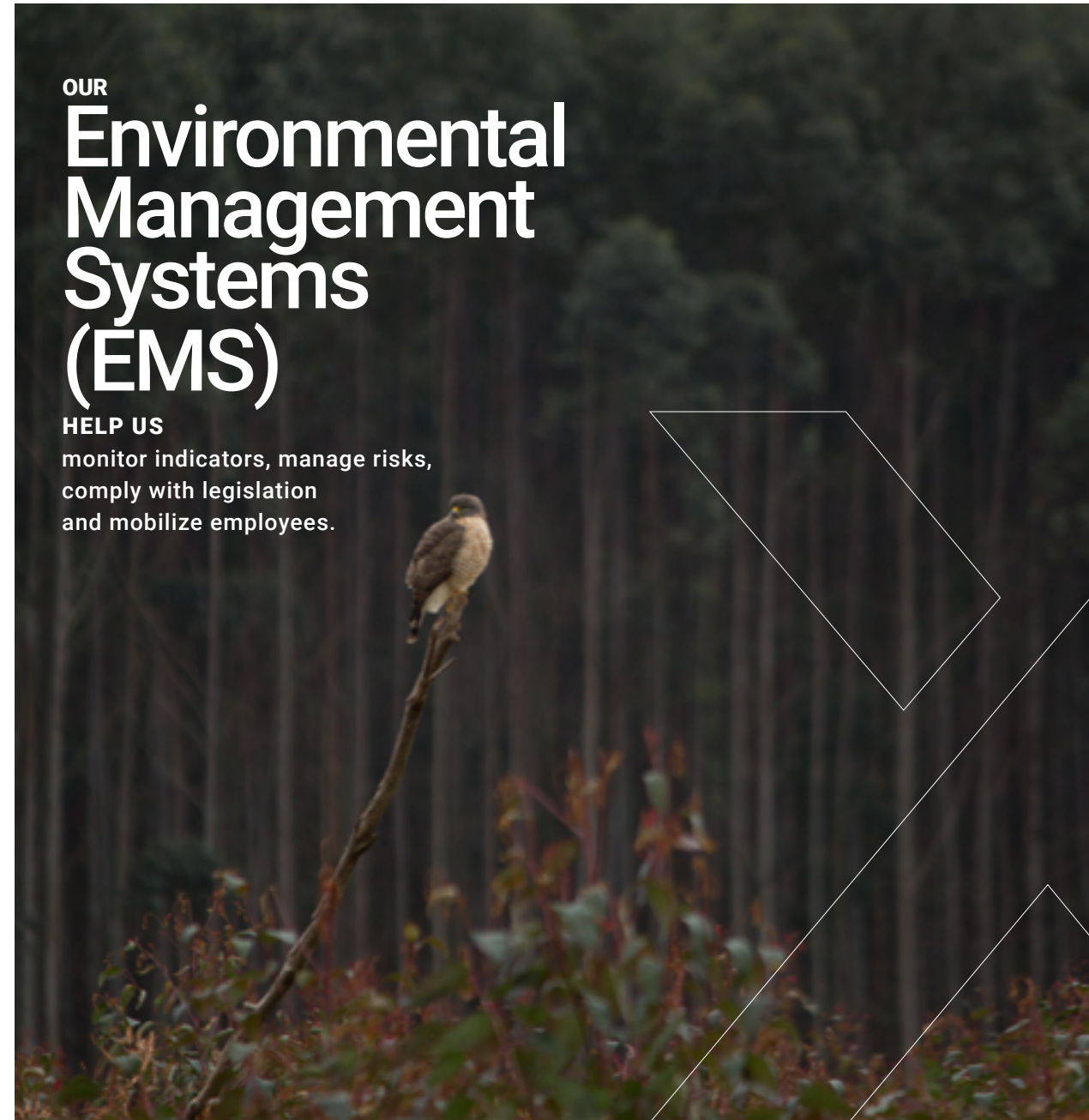
GRI 103-1, 103-2, 103-3: Environmental performance, 103-1, 103-2, 103-3: Forest management, 103-1, 103-2, 103-3: Climate change

With the support of Environmental Management Systems, we work in the development of increasingly eco-efficient processes and products, being pioneers in forest certification as we obtained the first FSC® certificate in the Southern Hemisphere in 1995.

As we take part in discussions held by the forest and civil construction sector, we understand that being an environmental benchmark in the sector and for society goes far beyond the mere legal compliance with environmental issues. It involves promoting new technologies and processes to increase production efficiency, investing in research and development of eco-efficient products and packaging replacement, increasing the consumption of renewable energy at the expense of fossil fuels, and seeking alternatives for the reuse of waste, to gradually reduce the amount of waste sent for final disposal in landfills. It also includes following international criteria, obtain certifications and engage in initiatives for responsible forest management (FSC®), management of greenhouse gas (GHG) emissions reduc-

tion (CDP, GHG Protocol, science-based targets) and climate risks (TCFD), and engage in initiatives that provide guidelines for the sustainable growth and citizenship through committed corporate leaderships (Global Compact/SDG).

Environmental performance is one of our material topics, mainly due to its potential to positively or negatively impact - if poorly managed - our business, the company's image, surrounding communities and available resources. Managing this performance involves the regular reporting of performance indicators of the plants, including the results of water and energy efficiency, management of materials, waste and emissions. We have a robust process based on our Environmental Management Systems (EMS).





Environmental Management Systems (EMS)

GRI 103-1, 103-2, 103-3: Environmental performance

Our commitment to the environment begins with the implementation of EMS in our operating units. Once implemented, this system works as a basis for monitoring indicators, managing risks, complying with legislation and mobilizing employees. Our Sustainability Strategy sets targets related to the eco-efficiency of our operations, aiming to reduce our emissions, water consumption and disposal of waste to landfills, in addition to a more efficient use of energy and investment in a cleaner energy matrix. Considering integrated plants alone, 52.6% of our operational units are ISO 14001:2015 certified.

➤ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT

OUR TARGETS OF EFFICIENT USE OF INPUTS AND RAW MATERIALS

Our targets are directed to the improvement of processes and work in preventive maintenance, aimed to the efficient use of inputs and raw materials, in line with circularity concepts and backed by robust Environmental Management Systems (EMS). We also aim to constantly engage our employees to prevent waste of natural resources and suggest continuous improvement in processes of water consumption, energy, generation and disposal of waste and use of materials.

➤ LEARN MORE ABOUT OUR GOALS IN THE GRI ATTACHMENT



ENVIRONMENTAL EDUCATION GRI 103-1, 103-2, 103-3: Environmental education

We understand that for our management systems and the environmental and social targets defined in our Sustainability Strategy to be met, all stakeholders directly linked to operations, whether employees, suppliers or service providers, must be aware of their importance. And creating this sustainability culture requires educating and providing training to stakeholders.

Bearing that in mind, we have the Dexco Supplier Management program ([learn more about it on page 74](#)), aimed to engage suppliers and encourage the adoption of sustainable practices throughout the supply chain. Regular environment-focused training and meetings are held for internal stakeholders. Also bearing in mind our relationship with local communities, our work can be a catalyst for change, such as *Espaço Arvorar*, a cultural and educational space located in Agudos (State of São Paulo) that encourages locals to learn about the use of wood, which has been visited by over 131,000 people since 1996.

Eco-efficiency in processes and solutions and responsible forest management

GRI 103-1, 103-2, 103-3: Forest management, 304-3

We were the first company in the Southern Hemisphere and the fifth in the world to be granted the FSC® seal of forest management.

In 2021, we celebrated 26 years of becoming FSC® certified. To achieve this seal, it is imperative to meet certain requirements, such as conforming to labor guarantees, assessing and minimizing E&S impacts and preferably using local labour force. In addition to seeking certification in our own and leased areas, we also strive to encourage partner producers to seek certification.

Of over 134,000 hectares of planted forests and conservation areas we have in Brazil in own and leased areas to supply our wood panel plants, 97.1% of own areas are FSC® certified for responsible forest management.

To keep this certification and assess the effectiveness of biodiversity management in Brazil, we adopt methodologies for surveying and monitoring environmental and so-

cial impacts that are applied to all our forest areas and verified annually by external audits. In 2021, no non-conformities with biodiversity management or environmental aspects were identified in Brazil or Colombia.

GRI 103-3:304

OUR FOREST MANAGEMENT TARGETS

We structured our targets covering owned, leased and fostered areas (effective planting) with certified management according to FSC® standards.

Within this scope, we act on to keep and continuously improve management system and operational controls to meet FSC® certification requirements; include any new own forest areas in the scope of certification; and engage and promote training actions for partner producers (fostered), so that they can achieve the FSC® certification.

[➤ LEARN MORE ABOUT OUR GOALS IN THE GRI ATTACHMENT](#)





Beware of biodiversity

GRI 103-1, 103-2, 103-3: Forest management, 102-43, 304-3

All our forestry operations are carried out with techniques that aim to minimize adverse impacts on fauna and flora. By preserving native vegetation areas and conducting biodiversity research, we contribute to generate knowledge on this topic. In line with FSC® certification requirements, analyzes are carried out on certified farms for high conservation value features, such as the presence of endemic or threatened species, sites of significant biodiversity, provision of critical ecosystem services and significant landscapes on a regional or global scale. This also applies to Dexco's group of certified fostered partners. Moreover, by using wood only from forest plantations as raw material for the production of floors and panels, we minimize the risk of deforestation in the supply chain.

Our methodology for the program to monitor native vegetation areas in each of the operations carried

out in the forest process identifies, through satellite image, the current status of the area in operation and determines the measures to be implemented if any impact is caused. These measures must be evaluated and monitored in accordance with our impact monitoring and management procedures.

Some actions in biodiversity:

- ⊕ Monitor operations to identify any environmental and social impacts;
- ⊕ Monitor environmental and social operations to identify any environmental impacts;
- ⊕ Lente Animal (Animal Lens): a permanent program through which employees from all forestry units can voluntarily register the fauna found in Dexco departments. Over 1,000 registrations were received in 2021;
- ⊕ Biodiversity research: Since the 1970s, Dexco has had partnerships with educational institutions to carry out biodiversity research. There have already been 88 publications (articles, theses and dissertations) over this period. In

2021, two studies were conducted in partnership with the Universidade Estadual Paulista (Unesp), in addition to others carried out by consultancy firms;

- ⊕ Monitor vegetation regeneration by satellite images in areas that were reverted from planting and allocated for conservation;
- ⊕ Take part in the Biodiversity working group of the Brazilian Tree Industry (Ibá), with meetings to discuss strategies for managing biodiversity in the forestry sector and monitoring public policies;
- ⊕ Attend the Paulista Forestry Forum, together with forestry companies, civil society organizations and universities, to promote dialogue on planted forest management issues. One of the topics discussed in 2021 was biodiversity;
- ⊕ Conduct public consultations on Areas of High Conservation Value (HCVA): As part of the requirements for holding on to the FSC® certification, we carry out consultations with stakeholders to assess high conservation value features in their forest management

areas. In 2021, this consultation covered all farms under the FSC® certificate in São Paulo, Minas Gerais and Rio Grande do Sul. We have currently 32.5 hectares in the municipality of Nova Ponte (State of Minas Gerais) characterized as HCVD due to the presence of an endemic species of amphibian;

⊕ Dialogues with the community: consultations made primarily with neighbors of our production units and wood transport routes to diagnose social aspects of forestry and industrial operations of the Wood Division. Over 930 dialogue events were held at the units in 2021.



➤ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT

The management and conservation of biodiversity are among the bases of responsible forest management and is an evaluation criterion by the FSC® standard. Since the 1970s, we have identified over 2,000 species of fauna and flora in our areas, with 39 of these species falling into the critically endangered, threatened and vulnerable categories, according to the International Union for Conservation of Nature (IUCN).
GRI 304-4

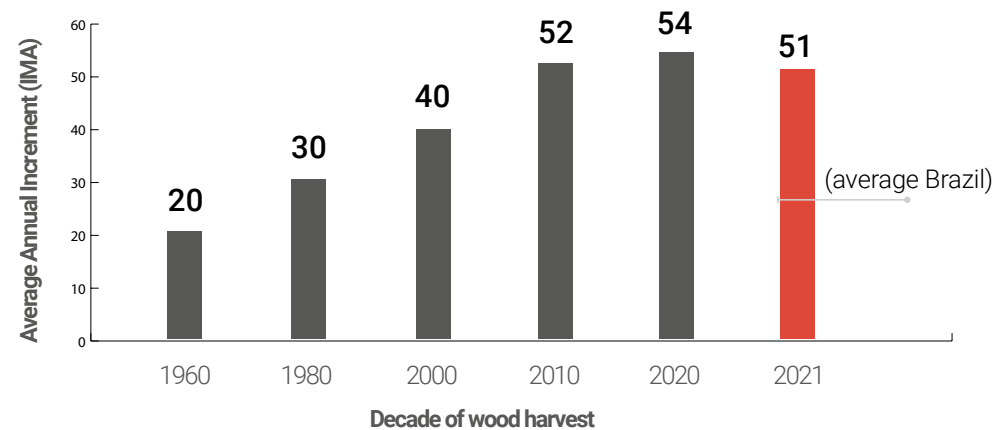


FORESTRY PRODUCTIVITY

In the State of São Paulo, which concentrates about 60% of our forest areas in Brazil, we have nearly doubled production: In the 1980's, production reached approximately 30.0 m³/ha/year and, in 2021 it reached 51 m³/ha/year, above Brazilian current average of 35.3 m³/ha/year, according to data from the 2020 Annual Report of the Brazilian Industry of Trees (IBÁ). These results derive from genetic improvement studies within a program that develops tree varieties more adapted to climate change and with greater resistance to pests and diseases, contributing to our productivity.

Productivity over time (São Paulo State areas)

In m³/ha by year



Forest management in Colombia

GRI 103-1, 103-2, 103-3: Forest management

In Colombia, we have been FSC® certified for forest management since 2012. We created the first Dexco forest nursery in the city of Barbosa in 2019, aimed to increase productivity and improve the quality of the wood used in industrial processes. Our current focus has been on the genetic improvement program, which has made Dexco deliver the best productivity in the Colombian market since 2018.

Forests in Colombia are located on sloping areas, posing an additional challenge for harvesting. That is why we are planning investments and endeavoring much effort on this topic. Harvesting today is carried out with chainsaws, and our aim is to move on towards mechanized harvesting.

We are currently purchasing specialized equipment that needs traction and winches for this type of activity on sloping terrains. The investment project provides for the mechanized harvest of about 80% of our areas as from the second half of 2022, with positive impact on costs and greater safety for our teams.





POSITIVE CARBON BALANCE

GRI 103-1, 103-2, 103-3: Climate change

Dexco is committed to ensuring sustainable growth by keeping a positive carbon balance by 2030, even as it grows and acquires new businesses. While revisiting our challenges and targets, we have reviewed the track record and potential of each Division against factors such as energy matrix, eco-efficiency, production capacity and supply chain emissions. Combining these aspects with our strategic planning, we study different possible growth scenarios, based on which we define our emission reduction targets and carbon balance (difference between emissions and removals).

Our panels and floors under the Duratex and Durafloor brands (Wood Division) come from raw materials from renewable sources, free from deforestation, and contribute positively to climate change, as they are able to store the carbon naturally captured by forests for many years.

As we are a multi-business organization, we need to understand the complexity and impact of each of our Divisions individually, with actions that are feasible for each one of them. In the Ceramic Tiles Division, we still operate with coal-fired equipment, a negative influence on our carbon balance and a constant point of attention. We are expected to challenge ourselves and seek eco-efficient solutions and processes, resulting in lower impact on the environment.



CARBON POSITIVE COMPANY

CARBON CREDIT COLOMBIA

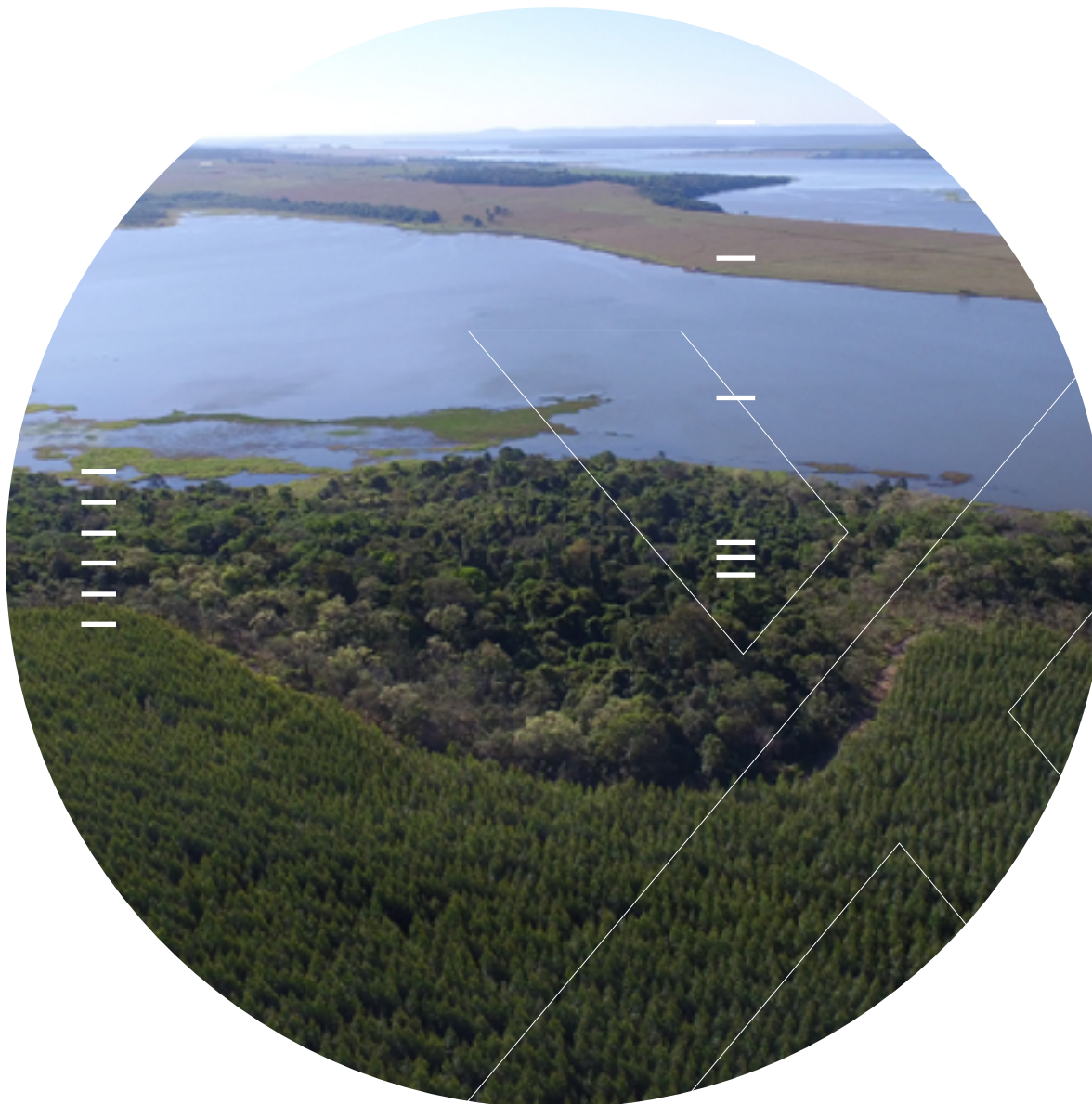
At our unit in Colombia, we participate in the *Carvida Dexco-Bonus, Carbono pela Vida* program, through carbon removals from the forests maintained in that country, which ensured the generation of a bonus of almost 600,000 metric tons of CO₂eq. This is the second capture carried out in this program - the previous one occurred between 2010 and 2017 totaling 956,000 metric tons.


In 2021, we were able to trade US\$860,000 in carbon credits in the international market.

Dexco Carbon Balance 2021

GRI 305-1, 305-2, 305-3 | ISO 14064-1

In this infographic, we present the carbon balance of Dexco S.A., with emissions and removals from Deca, Ceramic Tiles and Wood business divisions. We also present the balance with our operations of Caetex and LD Celulose, in proportion to Dexco's equity interests (50% and 49%, respectively).



 click on the titles to see our balance

— 
IN 2021, WE HELPED TO
remove
OVER
330 thousand tCO₂e
FROM THE
atmosphere

 [LEARN MORE ABOUT IT](#)
IN THE GRI ATTACHMENT



Climate change

GRI 103-1, 103-2, 103-2: Climate change

We are actively engaged in the climate change debate and monitor how the impacts of climate change may affect our business.

Concern about climate change has always been an issue for Dexco. Following the global trend of decarbonization of the economy, we reinforced actions and measures for reducing the greenhouse gas (GHG) emission by the Company. This alignment is part of our new Sustainability Strategy, which proposes for this topic to cut across the Company, with responsibility no longer assigned to only one department in the Company.

Accordingly, we followed the 26th United Nations Conference on

Climate Change (COP26), since these discussions are also being addressed at the sectorial level due to our forest base. Due to the great representation of our forests, we reach a positive carbon balance when considering the relative performance of all operations.

Another important step was to formalize those ESG attributes are to be factored in both in the development of new products and in our growth strategy, especially considering the produc-

tion process impacts. This means that the carbon footprint will have to be factored in when assessing investments and future acquisitions.

Acquisitions is a material topic also, as, in addition to being one of the bases of our business growth model, it can lead to an increase in our organization's CO₂ emission levels, depending on the nature of the business operation being evaluated. That is why it is so important to have sustainability as a topic cutting across the entire Company.

We are looking for alternatives to overcome these challenges, as is the case with Urbem and Noah through DX Ventures ([learn more about it in About Dexco](#)).

All this puts pressure on how we will meet the targets set to be able to keep this positive carbon balance in the coming years. We are clearly stating our stance on this topic and our intention, in the future, is to provide in-depth information on the evolution of each business by submitting our actions and progression.





Our emissions

The guidelines of the Brazilian GHG Protocol Program, the national counterpart of The Greenhouse Gas Protocol, which meanwhile is the top international benchmark for corporate emission calculation, are adopted to account for our GHG emissions. In 2020 and 2021, we made headway in the calculation of scope 3 of Brazil and Colombia units, especially in

emissions from the disposal of waste.

In the last two years, with the takeover of the Ceramic Tiles units, we included the consumption of sub-bituminous coal in our energy matrix, which is mainly used to generate heat in atomizers, thus leading to a massive rise in GHG emissions. Our search for an alternative for ceramic tile plants is expressed in one of our Sustainabili-

ty Strategy targets: by 2030 we will reduce the emissions of this Business Division by 15% (emissions from fixed sources per sq. meters of product produced).

Furthermore, in 2021, an executive bonus target was established linked to the reduction of the Company's annual emissions. We understand that senior management's engagement is key for our climate agenda to advance, allow-

ing not only the achievement of our goals, but also the positioning of Dexco as a benchmark in emissions management.

We have an online platform used for all environmental and social performance indicators to assess emission management, in which the units monthly report their data and evidence, which are periodically disclosed to internal and external stakeholders.

Reporting to the GHG Protocol and to the CDP platform also serves as a guide for Dexco and its stakeholders to understand where and how the Company is positioned in terms of emission management against other large companies in the sector in Brazil and in the world. Both our indicators and carbon balance are audited annually by an external audit, as an assessment tool.





OUR EMISSION TARGETS

Our assumptions are to continue acting on the energy matrix management, seeking opportunities to expand the use of renewable fuels; continuously improve the eco-efficiency of our production processes; monitor carbon removals from our forests; and continue to adopt the best forest management and productivity practices, enhancing carbon removals.

The indicators monitored to achieve these goals are net removals (emissions + removals) accumulated from 2020 to 2030, absolute emissions compared to the baseline scenario of each business, intensity of emissions in the Ceramic Tiles division, and the share of renewable sources in the energy matrix.



➤ LEARN MORE ABOUT OUR GOALS IN THE GRI ATTACHMENT

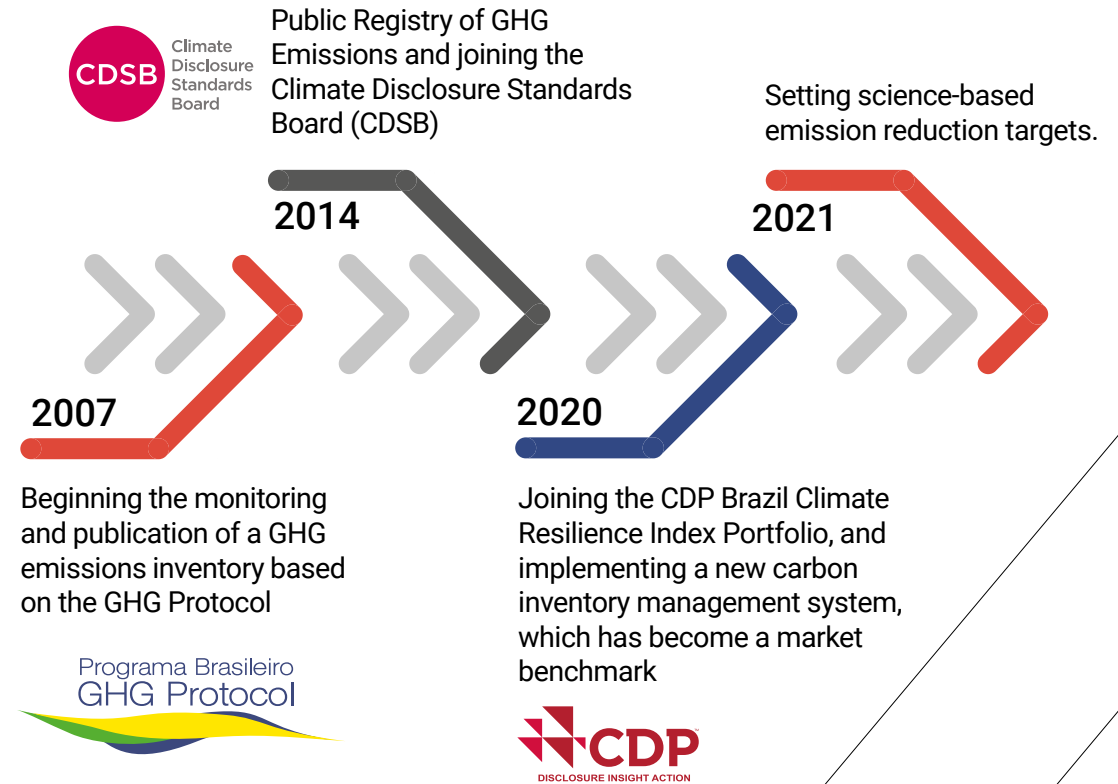


A JOURNEY TOWARDS REDUCING EMISSIONS

GRI 103-1, 103-2, 103-3: Climate change

Our targets for reducing GHG emissions from operations and capturing carbon from our forests are based on scientific methodologies used by the Science Based Targets initiative, which mobilizes companies around the world to adopt science-based targets to reduce emissions, thus driving the transition towards a low carbon economy.

The timeline of our commitment to reducing emissions is as follows:





Climate risks and TCFD recommendations

GRI 201-2, 102-15

In 2021, we carried out an initiative to improve the assessment of climate risks and their financial implications for the organization in the short, medium and long terms. The initiative has been led by the Sustainability and Risk Management departments, with completion scheduled for the first quarter of 2022.

At first, with the engagement of senior management and key focal points, a workshop was held on the Task Force on Climate-related Financial Disclosures (TCFD), which is a global initiative supported by Dexco to implement recommendations for the disclosure and analysis of climate-related risks and opportunities. In a second phase, interviews were conducted with business unit managers for an analysis of the adherence to our practices against the TCFD recommendations. This analysis found out Dexco's percentage of adher-



ence to TCFD recommendations totaled 67%, as broken down for each category as follows:

- ⌚ Governance - 75%
- ⌚ Strategy - 60%
- ⌚ Risk Management - 58%
- ⌚ Targets and Metrics - 75%

The result of the analysis identified an average level of alignment for these four categories, highlighting gaps that need to be addressed. Based on these conclusions, an action plan was developed to increase adherence to the TCFD recommendations. Dexco's physical and transition risks were also mapped and classified according to the magnitude of their impact and likelihood of occurrence. The next steps will be the financial modeling of the mapped risks and opportunities and matching with the Company's risk standards. The project has been carried out with the support of a specialized consultancy.

Energy matrix

GRI 103-1, 103-2, 103-3: Environmental performance

A direct relationship exists between energy matrix and emissions reduction. When we analyze the prospective trends for the industry decarbonization, the energy matrix is a central point.

By 2017, we had a matrix of almost 80% from renewable sources, es-

pecially due to biomass in the production of wood panels. With the acquisitions in the Ceramic Tiles Division, we have two more carbon-intensive units due to the use of coal in production ovens. As a result, the share of renewable energy in our matrix decreased to 54.6% in 2021. However, if we consider the Brazilian scenario, this proportion is still significant and we are working to return to previous levels, a

commitment that runs through our entire Sustainability Strategy by 2025, with annual targets.

Among all strategic issues surrounding Dexco's new growth cycle, balancing the energy matrix will be one of the factors to be assessed when making decisions for any new acquisition.



ECO-EFFICIENCY IN PROCESSES IN BRAZIL AND COLOMBIA

Energy matrix from renewable sources in 2021, notably from biomass originated in our forests

54.5%
Brazil

56.4%
Colombia

Our target for 2025 is to reduce the relative energy consumption in all our operations, considering the energy matrix of each unit.



Water resource management

GRI 103-1, 103-2, 103-3: Environmental performance, 303-2, 303-3

Water is a key resource for both our forestry and manufacturing operations and surrounding communities.

Aware that we cannot compromise the water availability of the places where we have operational units or harm our operations due to water unavailability, we act on several fronts to develop more sustainable products and processes accordingly. Some of the actions in recent years include:

- ⊕ Reuse effluents and capture of rain-water;
- ⊕ Develop water consumption reduction solutions;
- ⊕ Provide training to and engage employees, as part of local management systems, for the rapid detection and repair of leaks and waste prevention.

In the Ceramic Tiles plants, 100% of the water treated in the Sewage Treatment Stations (STSs) is reused both in production process and cleaning of manufacturing areas. The Forestry Division seeks to optimize the use of water through proper management techniques, such as minimal cultivation, which reduces soil exposure and temper-



ature, consequently reducing water evaporation. By conducting several internal studies and in partnership with research institutions, such as the Flow Tower project and the Dexco genetic improvement program, we are able to continuously improve our forestry processes. We can mention the recommendations for adequate planting spacing in different regions, the development and introduction of genetic materials for better adaptation to water stress and the use of localized irrigation on seedlings with the addition of soil conditioners to increase efficiency.

WHAT WE HAVE ALREADY ACHIEVED

WATER REUSE SYSTEMS AT ALL BUSINESS DIVISIONS

90%

of water reuse rate in Ceramic Tiles units in 2021.



Water efficiency targets

Dexco's overall water efficiency target for 2025, considering the characteristics of each business, is the reduction in the relative water capture at our units, mainly driven by the eco-efficiency of processes, including expanding reuse systems.

As for the use of Deca/Hydra products, our Sustainability Strategy's target is to save 900 million cubic meters of water used in eco-efficient products by 2025 compared to the use of traditional products.

Water efficiency is evaluated monthly on the online platform where units report all their data and performance evidence. Figures for water resources are input by source of water capture, disposal and reuse. Also as an evaluation tool, our indicators undergo an annual external audit.



Effluents

Effluents are disposed of according to conditions set by the environmental legislations applicable to each operational unit, with a quality level that meets the determined parameters and the characteristics of the receiving water bodies. All our plants have STSs, and effluent quality analyses are periodically carried out.

Adjustments to the fixtures operation

As announced to the market on November 9, 2021 and November 18,

2021, in October 2021, Dexco's industrial unit located in the city of Queimados (State of Rio de Janeiro) received a tax assessment notice by the State Environmental Institute (INEA), linked to the Secretary of State for the Environment and Sustainability (SEAS), and in the following month, the Prosecutor's Office of the State of Rio de Janeiro (MPRJ) filed a Public Civil Action against Dexco based on alleged irregularities claimed by INEA in its assessments and requesting said unit to be closed down. Dexco has promptly taken all required immediate actions.

After we were served notice of the Public Civil Action and the injunc-

tion for the partial closing down of the plant was granted, we filed a defense in a timely manner with the resulting dismissal of said injunction, which allowed for the unit to reopen and fully resume its activities. The court also accepted the suspension of the Public Civil Action to negotiate a settlement between the parties.

Dexco has increased the care with the environmental compliance of its units and underlines its commitment to complying with applicable guidelines and adopting the best industrial practices.

GRI 303-3

4.5 million
cubic meters of water
captured at our units in 2021

10.1%
were supplied
by concessionaires

70.5%
are from underground
captures

19.4%
came from
surface water

7.8 million
m³ of reused water.
In 2020, 5.3 million m³
of water were reused

LEARN MORE ABOUT IT IN THE GRI ATTACHMENT



Waste and offset of packaging

GRI 103-1, 103-2, 103-3: Environmental performance, 301-3

One of our sustainability targets is to offset 100% of our packaging by 2025.

We have teamed up with a partner company that liaisons with cooperatives that collect and send for recycling the same volume of packaging of our products that reach end consumers.

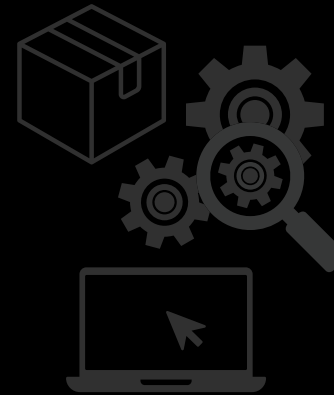
In 2021, we offset 22% of all packaging circulated over 2020 and that reached our consumers across Brazil. For 2022, we expect to offset 100% of the packaging that circulated in 2021, neutralizing its environmental impact in connection with waste generation.

In addition to this offsetting initiative, Dexco has aimed to expand initiatives to rationalize the use of packaging.

➤ LEARN MORE ABOUT IT IN THE GRI ATTACHMENT

HOW OFFSETTING WORKS

1 In a first step, the data on Dexco product packaging circulating in the States are organized.



2 Based on these data, the partner company bridges the gap with recycling cooperatives, transforming invoices for waste collected by recyclers in offsetting credits.

3 This generated credit works as proof of offsetting of the equivalent volume of packaging circulating in the domestic market.





Regarding waste management from the operation, we have adopted important initiatives in recent years, such as the internal composting of ash, STS sludge and food waste in panel units, for the application of the compost as fertilizer in our forests. We also reuse crockery shards, clay sludge and enamel in production processes in our fixtures units, and ceramic putty in the Ceramic Tiles units.

In Ceramic Tiles, the Lean method was implemented in all sectors of the plant in 2021 to improve processes and reduce costs. The Environment department was involved,

especially in the improvement of waste management by creating cleaning standards and collection cycles so that the waste stalls are emptied at the proper frequency.

⌚ In 2021, the percentage of waste recycled and/or reused in the four Ceramic Tiles units increased to 98.7% from 93.4%. **GRI 306-3, 306-4**

We have made significant headway in the implementation of software for automating the control of Waste Transport Manifests (MTR), ensuring greater assertiveness in waste

management information. At the panel units, we have made progress in reducing the waste disposed to landfills through alternative disposals for impregnated paper, resin and sandpaper. The project to expand the STS at the Itapetininga (State of São Paulo) plant has kicked off and is scheduled to be delivered in August 2022.

Our waste and effluents management is evaluated monthly on the online platform where the units report all their data and performance evidence. Figures for effluents are entered by source of capture, disposal and reuse.

- ⌚ **Fall to 7% from 17% in the proportion of waste being disposed to landfills in the last five years *. In 2019, the fittings unit in São Paulo reached zero waste disposed to landfills, which still holds on. In 2021, another unit recorded zero disposal to landfill: the panel unit in Itapetininga (State of São Paulo).**
- ⌚ **Over 335,000 metric tons of waste were reused internally in production processes in the last five years.**
- ⌚ **In 2021, the Wood Division reduced the packaging volume by approximately 30 metric tons.**
- ⌚ **Over 33,000 metric tons of ash and sludge waste and organic waste were internally composted and converted into fertilizers for our forests in 2021**

*The last five years cover the period from 2017 to 2021.



98.7%

OF RECYCLED/REUSED WASTE IN 2021
in the Ceramic Tiles Units



Looking at the future





Looking at the future

We are set to expand capacity and invest in the development of more sustainable products.

The coming years at Dexco are moving on towards our cultural evolution guided by innovation and focus on customers and consumers.

Our entry into the retail sector, through ABC da Construção S.A., which operates in an innovative business model (*phygital*) is a step towards this direction, evidencing a quest to understand and be increasingly closer to consumers. Furthermore, the investment in startups and scale-ups through DX Venture, a firm proposing disruptive solutions that meet the needs of modern society, is in line with the creation of value that we propose to bring to businesses and customers.

Exploring new segments is also part of our strategy for the future, as evidenced by the opening of LD Celulose, for the production of dissolving pulp, in 2022. It will be added to our Deca, Ceramic Tiles and Wood divisions, therefore expanding our portfolio. Our proposal for those markets where we are leaders is to expand capacity and invest in the development of more sustainable products.

The ESG agenda is essential in our journey of 70 years of history, which is renewed with a new brand and an organic growth plan of over R\$2.5 billion.

We face the challenges of inorganic growth in disruptive economic and

political scenarios in Brazil, our main market. We are however ready for these challenges. We will continue to invest in new businesses and assertive projects to further diversify our portfolio. Our financial strength, with low indebtedness, a strong and structured

governance, based on the best market standards, added to our over 14,000 employees engaged in our culture of innovation, focus on customers and consumers and sustainability provide Dexco with a safe pathway to keep on creating Solutions for Better Living.



Leadership Meeting event held in December 2021 with the presence of all Company's managers.

This GRI Attachment GRI includes Dexco's performance disclosure items for 2021. To facilitate reading, information has been organized following the same structure used in the Integrated Report.

GRI Attachment



About the report

GRI 102-47 MATERIAL TOPICS

Pillar	Material topic	Priority order	Dexco's Impacts		GRI Topic	GRI Disclosures	SDG
			Inside	Outside			
Proper business environment	Ethics and compliance	1	■		Anti-Corruption	205-2, 205-3	16
					Anti-competitive behavior	206-1	16
					Taxes	207-1, 207-2, 207-3, 207-4	1, 10, 17
					Environmental Compliance	307-1	16
	Innovation and digitalization	9	■		There is no related GRI topic	-	9
	Cash generation and funding	6	■		Economic Performance	201-1	8, 9
	Diversification of business portfolio	10	■	□	There is no related GRI topic	-	8
People who transform	Health and Safety	2	■	□	Occupational Health and Safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	3, 8, 16
					Consumer Health and Safety	416-1	
	Diversity & Inclusion	11	■		Diversity and Equal Opportunity	405-1, 405-2	5, 8, 10
	Professional training	3	■		Training and Education	404-1, 404-2, 404-3	4, 5, 8, 10
					Market Presence	202-1	1, 5, 8
	Local development	14			Indirect Economic Impacts	203-1	5, 9, 11
					Local Communities	413-1, 413-2	1, 2
Environmental education	15		□	There is no related GRI topic	-		
Responsible processes	Supply chain	5	■	□	Procurement Practices	204-1	8
					Supplier Environmental Assessment	308-1, 308-2	
					Child Labor	408-1	5, 8, 16
					Forced or Compulsory Labor	409-1	5, 8
	Forest management	8	■	□	Supplier Social Assessment	414-1, 414-2	5, 8, 16
					Biodiversity	304-1, 304-2, 304-3, 304-4	6, 14, 15
	Environmental performance	4	■	□	Materials	301-1, 301-2, 301-3	8, 12
					Energy	302-1, 302-2, 302-3, 302-4	7, 8, 12, 13
					Water and Effluents	303-1, 303-2, 303-3, 303-4, 303-5	6, 12
					Waste	306-1, 306-2, 306-3, 306-4, 306-5	3, 6, 11, 12, 15
Climate change	12	■	□	Economic Performance	201-2	13	
				Emissions	305-1, 305-2, 305-3, 305-4, 305-5, 305-6	3, 12, 13, 14, 15	
Sustainable solutions	Eco-efficient solutions	13	■	□	There is no related GRI topic		
	Environment solutions	7		□	There is no related GRI topic		



GRI 103-2 NEW SUSTAINABILITY STRATEGY – GOALS, INDICATORS AND STATUS OF THE TARGETS

For further details on the development and assumptions of our targets, please [click here](#).

Target met or exceeded and/or with planned activities carried out. █
 Target partially met or exceeded and/or with planned activities carried out. █
 Target not met or exceeded and/or with planned activities not carried out. █

* For carbon-related targets, the achievement horizon is 2030.

Strategic goal	Indicator	Target by 2025*	Baseline	Status 2021	Comment	SDG
Facilitate the construction and renovation journey	INVESTMENTS IN INITIATIVES THAT PROMOTE CONSCIOUS RENOVATION	To invest R\$40 million in initiatives that promote conscious renovation initiatives	R\$400,000 (2020)	█	We invested R\$3.65 million in initiatives, such as SOMA project, HousingPact, intrapreneurship actions (such as the Imagine Program) and entrepreneurial ecosystem (open innovation).	9, 17
	INVESTMENT IN INITIATIVES THAT PROMOTE A CHANGE IN THE CONSTRUCTIVE PARADIGM	To invest R\$100 million in acceleration initiatives aimed to change the construction paradigm	–	█	We announced, through the DX Ventures, two investments in start-ups and scale-ups with high strategic fit with Dexco's brand proposal, corporate purpose and ESG positioning, as follows: R\$30 million in Urbem and R\$15 million in Noah, both of them making up the value chain of the engineered wood. Of the R\$45 million in investments announced, R\$37.4 million were invested in 2021.	
	PROFESSIONALS INVOLVED IN OUR ENGAGEMENT AND TRAINING PROGRAMS	To increase by 26% the number of engaged and trained professionals	27,370 (2020)	█	The corporate target expected for 2021 fell 7% below expectations. In the Wood Division (Brazil), we focused on online training courses and, as from August 2021, also on in-person training courses. The highlight is the synergy among the commercial teams of the three Business Divisions, which now feature a multibusiness sales scope. Accordingly, the number of training courses for employees, salespersons, carpenters, architects and specifiers significantly increased. The Training and Engagement Program of the Deca and Ceramic Tiles division remained in line with the expectations in 2021, and noteworthy were the training courses for pipe fitters and plumbers.	4,8
Ensure sustainable growth by keeping a positive carbon balance	CARBON BALANCE	To maintain a positive carbon balance, by 2030	Positive balance (2020)	█	In 2021, our balance of forest removals was 331,316.7, considering the difference in Scope 1, 2 and 3 emissions from operations in Brazil and Colombia, using the equity approach.	9,13
		To reduce absolute (Scopes 1 + 2) emissions by 37%, by 2030	615,034 MTCO ₂ e	█	In 2021, our total Scope 1 and 2 emissions in Brazil and Colombia were 471,689.0 tCO ₂ e.	
		To reduce by 15% the (Scope 1 – fixed sources) emission intensity* at the Ceramic Tiles business division, by 2030	U1.32 MTCO ₂ e/metric tons(2020)	█	In 2021, the Ceramic Tiles units were more eco-efficient in energy terms (natural gas and charcoal). We reached a 1.30 MTCO ₂ e/metric tons intensity. We keep on assessing a more renewable energy matrix to this business.	

* Fixed sources are: atomizer, dryer and ovens.





Strategic goal

Indicator

Target by 2025*

Baseline

Status 2021

Comment

SDG

Ensure sustainable growth by keeping a positive carbon balance

CARBON BALANCE	To maintain the share of renewable sources in the energy matrix above 50%, by 2030	56% (2020)		The share of renewable sources in the energy matrix was 54.6% in 2021.	9,13
EFFICIENT USE OF INPUTS AND RAW MATERIALS	To reduce the relative water withdrawal at Panels (Brazil) by 20%	0.93 m³/m³ (2019)		A 9.4% reduction from the base year. It exceeded the target set for 2021 by 5%.	6,7, 8, 9,12
	To reduce the relative water withdrawal at Ceramic Tiles by 33%	0.00143 m³/m³ (2020)		A 13% reduction from the base year. The target for 2021 fell short by 18%. Water consumption increased at the Ceramic Tiles 1 unit due to the installation of an air emission abatement system with increased use of water in the process. At the Ceramic Tiles 2 unit, the startup of a production line was accelerated, and the ceramic tile processing (grinding and polishing) was improved. At the Ceramic Tiles 4 unit, the individual measuring system for artesian wells was improved, thus increasing the assertiveness in consumption.	
	To reduce the relative water withdrawal at the Bathroom Fixtures division by 7%	0.00367 m³/kg (2017)		A 7% increase from the base year. The target for 2021 fell short by 10%. Water withdrawal increased due to the growth in the number of employees and application of some production processes.	
	To reduce the relative water withdrawal at Hydra by 10%.	0.00232 m³/part (2020)		A 7% reduction from the base year. The target for 2021 was exceeded by 5%. The water recirculation systems in the shower testing lines were renewed.	
	To reduce the relative water withdrawal at the Bathroom Fittings division by 10%.	0.002575 m³/min prod. (2019)		A 10% reduction from the base year. The target for 2021 was exceeded by 9%. The highlights were the raising of awareness of employees, the search for higher efficiency in consumption management for production processes and the improvement in the water infrastructure with saving products.	
	To reduce the relative energy consumption at Panels (Brazil) by 25%	2.73 GJ/m³ (2019)		A 32% reduction from the base year. The target for 2021 was exceeded by 24% due to the higher efficiency in fuel and electricity consumption in production processes.	

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Strategic goal

Indicator

Target by 2025*

Baseline

Status 2021

Comment

SDG

Ensure sustainable growth by keeping a positive carbon balance

EFFICIENT USE OF INPUTS AND RAW MATERIALS

To reduce the relative energy consumption at Ceramic Tiles by 20%.

0.005781 GJ/kg (2020)



A 1.6% increase from the base year. The target for 2021 fell short by 7%. The increase in energy consumption was due to the start-up of a new production line in Ceramic Tiles. The expansion of shipment activities at the Ceramic Tiles units 3 and 4 led to a higher LPG consumption. As a result of instabilities in electricity supply at the Ceramic Tiles unit 4, alternative energy had to be used to meet the production demand.

6,7, 8, 9,12

To reduce the relative energy consumption (electricity and natural gas) at the Bathroom Fixtures division by 7.5%.

0.01191 GJ/kg (2017)



The target set for 2025 was already exceeded. This target will be reviewed for the next cycle.

To reduce the relative electricity consumption at the Bathroom Fittings division by 5%.

0.002852 GJ/min prod. (2019)



An 8% reduction from the base year. The target for 2021 was exceeded by 7%. The production strategy was reassessed at the Bathroom Fittings São Paulo unit with improvement in the equalization of the supply and furnaces' load, and in the management and distribution of compressed air in the casting area. Noteworthy was also the development and management of a program aimed at replacing fluorescent and common lamps with LED lamps (in progress) at the Bathroom Fittings unit in Jacareí.

To reduce the relative natural gas consumption at the Bathroom Fittings division by 15%.

0.000797 GJ/min prod. (2019)



A 22% reduction from the base year. The target for 2021 was exceeded by 20%. The production strategy was reassessed at the Bathroom Fittings unit in São Paulo, which allowed the Rotary Furnace to be deactivated. Consequently, the relative natural gas consumption was reduced. In Jacareí (State of São Paulo), a training refresher course on the correct use of furnaces in relation to demand versus power was carried out.

To reduce the relative electricity consumption at Hydra by 20%.

0.003105 GJ/part (2020)



A 5% reduction from the base year. The target for 2021 was exceeded by 1%, in line with what was planned.

To reduce the relative waste generation at the Bathroom Fixtures division by 7%

0.00106 metric tons/kg (2017)



The target set for 2025 was already exceeded. This target will be reviewed for the next cycle.

To reduce the relative waste generation at Ceramic Tiles by 15%

0.000256 metric tons/kg (2020)



A 10% increase from the base year. The target for 2021 fell short by 19%. Nevertheless, processes were optimized and waste storage was eliminated at the production units.

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Strategic goal

Indicator

Target by 2025*

Baseline

Status 2021

Comment

SDG

Ensure sustainable growth by keeping a positive carbon balance

EFFICIENT USE OF INPUTS AND RAW MATERIALS

To reduce the relative waste generation at Hydra by 15%

0.0001236 metric tons/part (2020)



A 1% increase from the base year. The target for 2021 fell short by 4%.

6,7, 8, 9,12

To zero relative disposal of waste in landfills at Panels (Brazil)

0.0017 metric tons/m³ (2019)



A 50% reduction from the base year. The target for 2021 was exceeded by 29%. The main efforts reflect the disposal of impregnated paper and resin waste to better destinations. The Itapetinga (State of São Paulo) unit zeroed its disposal of waste in landfills in 2021.

To reduce the relative disposal of waste in landfills at Ceramic Tiles by 80%.

0.0000172 metric tons/kg (2020)



A 79% reduction from the base year. The target for 2021 was exceeded by 13%. The waste suppliers/recipients ratio was optimized, thus enabling waste from torts and broken ceramic to be reused, which are now used in external recycling processes for cement production.

To reduce the relative disposal of waste in landfills at Hydra by 20%.

0.00002095 metric tons/part (2020)



A 63% reduction from the base year. The target for 2021 was exceeded by 61%. The significant reduction was due to the better destination given to general waste, which was forwarded to blending and coprocessing.

To reduce the absolute disposal of waste in landfills at the Bathroom Fittings division by 50%

133 metric tons (2019)



A 36% increase from the base year. The target for 2021 fell short by 51%. It is worth mentioning that the Bathroom Fittings unit in São Paulo has zeroed its disposal of waste in landfills since 2019. In spite of the increase in the absolute disposal of waste in landfills, the relative disposal at the Bathroom Fittings units fell due to the production increase. With respect to the disposal of waste in landfills in the whole Company in 2021, the Bathroom Fittings units accounted for less than 1% (approximately 180 metric tons).

To increase the share of internally reused materials at Hydra to 95%

1.5% (2020)



The average reuse in 2021 was 21%, below the 30% target set for 2021. Although we were below the annual average, we reached a 91% reuse, based on the monthly calculation.

OWN AND FOSTERED AREAS WITH CERTIFIED MANAGEMENT

To reach 100% of own areas with certified manage

97.5% (2020)



At the end of 2021, 97.1% of own and leased farms were included in the FSC® certified areas. Although 1,927 hectares have been certified in 2021, the share decreased from 2020 due to the increase in the forest base.

6,13,15





Strategic goal

Indicator

Target by 2025*

Baseline

Status 2021

Comment

SDG

Ensure sustainable growth by keeping a positive carbon balance

OWN AND FOSTERED AREAS WITH CERTIFIED MANAGEMENT	To reach 80% of own areas with certified manage	20% (2020)		In 2021, 3,160 hectares and 17 new members were included in the certified group, totaling 40% of the base of fostered partners in the State of Rio Grande do Sul certified or submitted to certification.	6,13,15
PROCUREMENT TO FOLLOW E&S CRITERIA	To reach 8 in the average performance index of strategic suppliers	7.33 (2020)		The overall average index of the participating suppliers of Dexco Supplier Management program o <u>GFD</u> was 7.41, exceeding the score in the previous year. The share of participating companies with a score equal or higher than 8 was 26%, and the number of participating companies increased by 8% (when compared to 2020).	8,12

Promote health and wellbeing in environments

DEMOGRAPHIC DIVERSITY WITH REPRESENTATIVENESS	To reach 35% of women in leadership positions	19% (2020)		In 2021, 25% of the leadership positions were already held by women, as expected for the year. The actions carried out to meet the target included at least one woman short-listed in processes for vacancies from Analyst upwards, in addition to focusing on women in leadership positions.	5,8,10
EMPLOYEE ENGAGEMENT AND CULTURAL ALIGNMENT RATIO	To reach an employee engagement and cultural alignment index of 80%	Pulse survey started in 2021		In 2021, the drivers of Our Way of Being and Doing Things were updated, which resulted in changes in behavior. These drivers were presented to officers and managers at the Leadership Meeting held in December 2021 and will be shared with the other leaders and all the teams in 2022. Therefore, the culture has not been assessed for the time being, since we are going through a transition cycle. We conducted a pilot climate survey, on sampling and experimental basis, through the Pulses Platform.	8
DIGITAL TRANSFORMATION INDEX	To reach a CESAR Digital Transformation Index (<i>Índice CESAR de Transformação Digital</i>) of 80%	57.2% (2021)		The first calculation of the ITCd was carried out in 2021, and the index achieved was 57.2%. Digital transformation at Dexco translates into consumer centricity, efficiency and culture. The highlights over the year were our activities with respect to the adjustments to the General Data Protection Law (LGPD), intrapreneurship actions, and the setting up of a Corporate Venture Capital, the DX Ventures.	8,9
CONSUMER SATISFACTION RATE	To achieve a NPS score of 75 regarding the satisfaction rate of consumers served by the unified customer service	66 (2020)		We achieved a NPS score of 63, slightly lower than expected for 2021. The customer services of all brands were unified in a single Customer Service, and the management and operation systems were changed.	9
	To achieve a NPS score of 75 regarding the satisfaction rate of consumers served by Deca's authorized service network	59 (2020)		The score achieved in the survey was 80 in 2021. The surveys were expanded and cases involving detractors were addressed in a systematic way.	





Strategic goal

Indicator

Target by 2025*

Baseline

Status 2021

Comment

SDG

Promote health and wellbeing in environments

Strategic goal	Indicator	Target by 2025*	Baseline	Status 2021	Comment	SDG
Promote health and wellbeing in environments	NET OPERATING INCOME (NOI) WITH ECO-EFFICIENT PRODUCTS	To achieve a 45% net operating income (NOI) with eco-efficient products	36% (2015)		The ratio of NOI with eco-efficient products to total NOI of Deca Hydra was 42.5%, exceeding expectations for the year.	6,7,8,12
	WATER, ENERGY AND CARBON FOOTPRINTS AT THE USE PHASE	To prevent the use of 900 million m ³ of water with our eco-efficient products	11.2 million (2015)		Based on the total calculation beginning in the base year, we managed to prevent the use of 363 million m ³ of water, in line with expectations.	
		To prevent the use of 14 million MWh of energy and 1 million MTCO ₂ e with our eco-efficient products	190,000 Mwh and 14,000 MTCO ₂ e (2015)		Based on the total calculation beginning in the base year, we managed to prevent the use of 5.9 million Mwh and 507,000 MTCO ₂ eq, in line with expectations.	
	COMPOSITION AND OFFSET OF PACKAGING	To offset 100% of packaging that reach final consumers	22% (2020)		In 2021, 22% of Dexco's packaging used in 2020 throughout Brazil were offset. For 2022, we expect to expand this figure to reach 100%.	8,12,14
		To eliminate or replace the plastic in Deca's packaging that reaches final consumers	-		A project aimed at replacing Deca's blister packaging, which are basically made of plastic, with cardboard packaging, significantly reducing plastic material. Over 2022, prototypes will be developed, production will be adjusted and tests will be carried out at points of sale.	
NET OPERATING INCOME (NOI) FROM PRODUCTS WITH TECHNOLOGY THAT PROMOTE HEALTH AND WELLBEING	To achieve a 34% net operating income (NOI) from products with technology that promote health and wellbeing	22% (2020)		Taking into account the consolidation of the Wood (Brazil), Deca and Ceramic Tiles divisions, NOI was 21.4%, below the expectations for 2021. In the Ceramic Tiles division, the periods of time between new launches in the market increased, still due to the effects of the pandemic. In the Wood division, 52% of the volume of coated products already featured the Protekto Plus technology in 2021, and the most significant advancements are planned for 2022, with an expected 100% expansion. Deca's NOI grew in line with expectations.	3,12	
WOOD PRODUCTS WITH E1 OR LOWER FORMALDEHYDE EMISSION	To have Panels (Brazil) with E1 or lower formaldehyde emission (<8mg/100g)	Standard: E2 < 20 mg/100g Dexco's average: 15.4 mg/100g		In 2021, we kept the same levels of residual formaldehyde of 2020, despite the increased production volumes. The average of 15 mg/100 g (standard < 20 mg/100 g) for panels was maintained, following the downward trend with the evolution of projects in the last quarter. We estimate that the commercial productions and tests carried out in the year have 10% of the total production volume of panels with low (E0, E1 and EPA/CARB) emission.		



We are Dexco (financial and manufactured capitals)

Our business

GRI 102-6 MARKETS SERVED

In the Wood division, we serve industrial customers in the furniture industry and panel dealers and distributors throughout Brazil and in foreign markets, exporting to approximately 32 countries. We generally serve the private sector, and take part in some specific bids on large public works. In the Brazilian market, large serial furniture companies buy our plates and produce furniture in large scale, which are sold in large chain stores. Planned furniture companies also purchase coated and distinguished plates to produce furniture with high added value to final consumers. Additionally, in lower volume, we serve producers of doors, jambs and mattresses, among other products that use our plates.

In the Deca division, we serve the entire Brazilian territory and, in the foreign market, seven countries in Central America and eight countries in South America, as well as the United States, Mexico, South Africa and India.

With respect to Ceramic Tiles, in addition of our presence in all Brazilian states, we serve 27 countries in the Americas, 4 in Europe, 11 in Asia and Africa, as well as Australia and New Zealand. The two divisions supply products to the civil construction markets, both for the public and private sectors. Our range of customers includes from small retailers to large wholesale companies (home centers), in addition to construction companies and companies in the civil construction field, as well as individual customers (direct consumers).

Financial aspects:

GRI 102-7 SCALE OF THE ORGANIZATION

Net sales (R\$ thousand) ¹	2019	2020	2021
Sales of products and services	6,210,938	7,309,623	10,151,737
Total capitalization, broken down in terms of debt and equity (R\$ thousand) ¹	2019	2020	2021
Total indebtedness	2,948,540	3,205,721	3,869,648
Consolidated equity	4,932,168	5,188,364	5,734,911

¹ Information in accordance with Standard Financial Statements as of 2021, item 7.01.01 of the Consolidated Statement of Value Added.

GRI 102-45 ENTITIES INCLUDED IN THE FINANCIAL STATEMENTS

The Company's financial statements include the consolidated information on Dexco, as well as on its Subsidiaries, on December 31, 2021.

Dexco's subsidiaries included in the Company's financial statements are as follows:

- ⊗ Duratex Florestal Ltda.;
- ⊗ Dexco Hydra Corona Sistemas de Aquecimento de Água Ltda. (current name of Hydra Corona Sistemas de Aquecimento de Água Ltda.);
- ⊗ Dexco Revestimentos Cerâmicos S.A. (current name of Cerâmica Urussanga S.A.);
- ⊗ Duratex North America Inc., Dexco Colombia S.A. (current name of Duratex S.A. in Colombia), Estrela do Sul Participações Ltda.;



- ⊗ Dexco Empreendimentos Ltda. (current name of Duratex Empreendimentos Ltda.);
- ⊗ Dexco Comércio de Produtos para Construção S.A. (current name of Bale Comércio de Produtos para Construção S.A.);
- ⊗ Trento Administração e Participações S.A.;
- ⊗ Duratex Europe N.V.;
- ⊗ Duratex Andina S.A.C.;
- ⊗ Viva Decora Internet S.A.

And its indirect subsidiaries are as follows:

- ⊗ Dexco Zona Franca S.A.S. (current name of Tablemac MDF S.A.S.);
- ⊗ Forestal Rio Grande S.A.S.

All relevant information about the Company's operations included in the Integrated Report was reported in accordance with data on its wholly-owned subsidiaries.

GRI 207-1 APPROACH TO TAX

As from 2021, we have strengthened the initiatives for the automation of tax procedures, seeking efficiency in processes and information sustainability, becoming in line with the Company's digital ambition. Investing in the sustainability of tax information enables higher adherence to the data-driven culture, a fundamental pillar of our tax strategy.

In 2021 the Tax Compliance department's scope consolidated to cover the monitoring and application of legislative changes, review and regularization of processes and tax risk management. We made headway in the mapping of the needs of process automation as an

action plan to comply with regulations. Additionally, we implemented a compliance routine for payments and proof requirements for tax benefits, running the process under a control system. The purpose of the department is not only to meet legal requirements, but also to meet the values translated into the Company's Way of Being and Doing Things. The tax department is responsible for the business strategies committed with better applying the rules in force, thus preventing risks and optimizing the tax burden within legal limits. To this end, our structure includes specific tax planning, strategic compliance, institutional and governmental relations and tax innovation governances.

The Controllership and Shared Service Center (CSC) officer and the head of the Tax department are responsible for the analysis and approval of our tax strategy, which are carried out every year.

GRI 207-2 GOVERNANCE, CONTROL AND TAX RISK MANAGEMENT

The direct governance of compliance and tax risk issues is performed by the Tax Compliance coordination. This department carries out the review of processes and tax risk management. The strategies for mitigating and monitoring risks are jointly developed by the Tax Legal Department and the Controllership Office by means of the Tax and Corporate Matters Committee (CAST), in which the Finance Vice-President's Office and the Legal Department of other companies of the group also participate. The compliance with the governance structure and tax control is assessed by internal and external audits and specific tax advisory services carried out within the scope of reviewing processes and tax compliance.

Tax disclosures are ensured through an audit process carried out by an independent audit company, which validates the Company's financial statements, including tax levies and calculation. The audit scope includes validating calculation schedules of tax benefits, tax calculation, taxes levied on receiving and shipping invoices, analysis of tax assessments and tax lawsuits, and validation of documentation and calculation of any tax credit recorded in the year. The conclusion of the auditors is informed in the Company's results reports on a quarterly basis.



GRI 207-3 STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX

Inserted in Dexco's tax structure, the Institutional and Governmental Relations department conducts the strategic actions in tax-related public policies. Engagement is promoted by means of sector entities or even direct work with public bodies. The department also works internally to prepare Dexco for any impacts arising from legislative changes or trends of tax authorities. With respect to due diligence in inspections, the Tax Compliance department itself responds to the requests of the proper authorities and in accordance with our compliance guidelines.

GRI 207-4 COUNTRY-BY-COUNTRY REPORTING

Tax jurisdictions included in the financial statements	<ol style="list-style-type: none"> 1) Brazil 2) Colombia 3) United States 4) Peru 5) Argentina 6) Belgium
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Names of the resident entities	<ol style="list-style-type: none"> 1) Dexco Revestimentos Cerâmicos S.A. 2) Caetex Florestal S.A. 3) Duratex Florestal Ltda. 4) Dexco S.A. 5) Dexco Empreendimentos Ltda. 6) Dexco Hydra Corona Aquec. Ltda. 7) Estrela do Sul Participações Ltda. 8) Trento Adm.& Part.S.A. 9) Viva Decora Internet S.A. 10) LD Celulose S.A. 11) LD Florestal S.A.
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Names of the resident entities	<ol style="list-style-type: none"> 12) Dexco Com. de Produtos Const. S.A. 13) SCP - Monte Alegre 14) SCP - Nova Ponte 15) SCP - Rio Claro 16) Duratex Andina S.A.C. 17) Duratex North America INC. 18) Duratex Europe N.V. 19) Dexco Colômbia S.A. 20) Dexco Zona Franca SAS 21) Forestal Rio Grande SAS
Primary activities of the organization	Manufacturing, sale, import and export of wood byproducts, bathroom fixtures and fittings.
Revenues from third-party sales	R\$10,151,736,990.24
Profit/loss before tax	R\$1,989,065,181.00
Tangible assets other than cash and cash equivalents	R\$6,388,774,888.63
Corporate income tax paid on a cash basis	R\$(270,429,896.95)
Corporate income tax accrued on profit/loss	R\$(263,382,544.68)
Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	Temporary differences: provisions, biological assets, goodwill, interest on capital and non-deductible expenses
The time period covered by the information reported	Fiscal year 2021

¹ The number of employees is the same as the one considered in the disclosure item GRI 102-8.



Corporate Governance

GRI 102-22 COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

In 2021, Dexco's Board of Directors was not composed of executive members of the Company. This Board is made up of nine members, of whom three are independent (33.3% of the group) and three are alternate members. The Board also has two women (22.2%), and they are the representatives of this social group, which is understood as being under-represented, since Dexco has not included other representatives of a minority class. We have an exclusive advisory committee for the Assessment of Transactions with Related Parties, chaired by an independent Board member.

All information about the members of the Board of Directors is available in the Company's Reference Form, item 12.5/6, and on the [Investor Relations website](#).

GRI 102-23 CHAIR OF THE HIGHEST GOVERNANCE BODY

The Chair of the Board of Directors does not accumulate the duties and the position of officer of the Company, including of CEO.

GRI 102-24 NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY

In accordance with the Stockholders' Agreement, the Board of Directors comprises nine effective members and three alternate members, of whom (i) four effective members appointed by the Itaúsa Group, two of them appointed by the Villela Family, as well as one alternate member, and two of them appointed by the Setubal Family, as well as one alternate member; (ii) two effective members appointed by the Seibel Group, as well as one alternate member; and (iii) three independent effective members jointly appointed by consensus by the Itaúsa Group and Seibel Group. In the event of election for the Company's Board members by multiple voting or separate voting, the Itaúsa Group and the Seibel Group will appoint only the number of independent members required to complete the total number of independent Board members.

The members nominated to the Board of Directors must be management members, highly qualified professionals, with recognized experience (technical, professional, academic) and aligned with the values and the culture of the Company in addition to the ethical and behavioral aspects enshrined in Dexco's Code of Conduct.

The following criteria are also taken into account: unblemished reputation, not to hold positions in companies that may be deemed competitors in the market, time availability for the performance of duties, complementary skills, knowledge and diversity, allowing the Company to benefit from the plurality of arguments and a decision-making process of the greatest quality and security, aimed at harmonizing its interests with those of its stockholders, employees and other stakeholders, as well as the Company's environmental and social responsibility.

The independent Board members are characterized in accordance with the definition of the New Market Regulation, which sets forth at least 20% or two independent members, and it is certain that the Company adopts the practice of having at least three independent members, as provided for in the Stockholders' Agreement. The characterization of the nominees as independent must be resolved upon at the General Stockholders' Meeting that elects them.

GRI 102-25 CONFLICTS OF INTEREST

In accordance with the Internal Charter of the Board of Directors, it is incumbent upon the Board, among other duties, "to seek to avoid, and to manage situations of conflict of interests or divergence of opinions to ensure that the interests of the Company always prevail". Board members may not participate in resolutions on matters in which their interests conflict with those of the Issuer. Each member must communicate to the Board of Directors any conflict of interest as soon as the matter is included in the agenda or proposed by the Chairman of the Board and, in any case, before the start of any discussion on each topic. Any Board member aware of any conflicting situation regarding another Board member and the matter subject to resolution must speak up thereon.

Learn more about the [Internal Charter of the Board of Directors](#).



GRI 102-33 COMMUNICATING CRITICAL CONCERNS

Dexco has a three line model to manage risks and identify critical concerns:

- ⦿ **1st line:** operating and/or business Supervisors, who proactively report any changes in internal controls and processes in relation to identified risks, in order to ensure the constant risk identification update towards the 2nd line;
- ⦿ **2nd line:** the Internal Controls, Risk, and Compliance departments, which help the 1st line to identify risk-associated causes and consequences;
- ⦿ **3rd line:** the Internal Audit department, which is independent to assess and approve the controls implemented by the 1st line, as provided for in the [Internal Audit Policy](#).

It is incumbent upon the Risk Council to propose and monitor together with the 1st line the mitigating actions (action plans) to be adopted for identified risks, based on the limits defined to Dexco's Risk Appetite and Tolerance. The Audit and Risk Management Committee (CAGR) is responsible for approving the methodologies of the 2nd and 3rd lines, monitoring the implementation of mitigating actions (action plans), monitoring risks, and assessing and reporting on the compliance with Dexco's Internal Control System and Risk Management Policy to the Board of Directors.

GRI 102-35 REMUNERATION POLICIES

Board of Directors: the compensation package is composed of the basic salary plus an additional payment for chairing a committee (only for those who chair a committee), except for the chairs of committees who are stockholders.

Senior management: the compensation package is composed of four elements, which are: basic salary, short-term incentives – bonus/profit sharing, long-term incentives – shares of the Company, and benefits. Short and long-term incentives are part of variable compensation and are contingent upon corporate, business and individual targets being met, in line with our strategy, which include E&S performance aspects. With regard to the termination process of this group, it is worth mentioning that there is no difference from the termination process

adopted for other employees, except for the legal provisions that must be complied with for statutory hiring. For the variable items, it must be taken into account that:

- ⦿ **Short-term incentives:** the management member that leaves the company is no longer eligible for the executive bonus, and becomes eligible for the profit sharing of the business unit they serve.
- ⦿ **Long-term incentives:** in 2019, the last stock options were granted, which are effective until 2027. As from 2020, we have been adopting the Performance Shares and Matching Shares plans:

▸ **Performance Shares:** in case of termination without cause or non-reappointment to the position, as from the 37th month of the grant, the management member will receive, in the end of a five-year period, a number of shares in proportion to the period worked. In the event of voluntary termination (resignation), the management member will lose the right to the shares regardless of the period elapsed;

▸ **Matching Shares:** in case of termination without cause or non-reappointment to the position, as from the 13th month of the grant, the management member will be entitled to matching shares in proportion to the period worked, to be settled at the end of the fifth year. In the event of voluntary termination, the officer will lose the right to the matching shares.

GRI 102-36 PROCESS FOR DETERMINING REMUNERATION

Compensation is monitored on an annual basis based on a market survey. Based on the data collected, the salary tables, which are organized in 28 ranges (covering all the Company's positions) are adjusted. Each range is broken up into three steps (minimum, mid-pint and maximum), taking into account a regional deflator, which aims at ensuring good local competitiveness.

It is incumbent upon the immediate supervisor to set the individual salary of each employee, subject to some criteria: internal equality, individual performance, length of service with the Company and salary range. Specialized consultants are not involved, but data tabulation is carried out by an external consulting firm independent from management.



GRI 102-38 ANNUAL TOTAL COMPENSATION RATIO

The annual compensation of the highest paid employee in the Company, calculated based on the basic salary plus the short-term incentives, account for 15,710% of the average total compensation of all the other employees. This gap is due to 83.9% of our staff being made up of employees in operational or entry levels, in which salaries are naturally lower when compared with the highest salary paid in the Company.

GRI 205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

In 2021, no incidents were reported to the Whistleblowing Channel nor ongoing or concluded investigations about corruption. Additionally, no cases of corruption involving employees and commercial partners occurred.

No public corruption has been reported. The two complaints reported in 2019 are associated with private corruption related to misconduct and receipt of undue reward. Additionally, no legitimate case significantly impacted the Company's financial statements and information.

GRI 307-1 NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Non-compliance with environmental laws and regulations ^{1,2}	2019	2020	2021
Total monetary value of significant fines	R\$450,000.00	R\$70,223.86	R\$2,994,986.12
Total number of non-monetary sanctions	3	3	4

¹ The reference value of US\$10,000 for con-compliance with environmental laws and regulations started to be considered for the 2021 Report. The 2020 and 2019 reports were adjusted based on this assumption.

² These notices of violation did not have any materially significant financial impact and are being handled at the administrative and/or judicial level, as we provide technical and legal clarifications to proper authorities.

Our team (human and intellectual capitals)

GRI 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

	Number of employees by country and gender ¹											
	2019				2020				2021			
	Brazil		Colombia		Brazil		Colombia		Brazil		Colombia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
Men	8,181	83	436	80	10,225	80	424	79	10,678	79	437	76
Women	1,716	17	108	20	2,533	20	113	21	2,905	21	125	24
Total	9,897	100	544	100	12,758	100	537	100	13,583	100	562	100

¹ Data from Brazil include all employees hired under the Consolidation of Labor Laws (CLT) (managers, coordinators, analysts, operational and administrative employees), apprentices, statutory employees and directors. The expert of the Board of Directors and alternates are not included. On the other hand, data from Colombia do not include apprentices, since they join the Company with the purpose of carrying out their student practices and, therefore, under different conditions. In 2021, total apprentices was 17, of whom 3 were men (18%) and 14 were women (82%). In 2019, the number of apprentices was 22, of whom 7 were men and 15 were women. In 2020, the number of apprentices was 20, of whom 7 were men and 13 were women.

Number of employees by country, labor agreement and gender¹

	2019								2020								2021							
	Brazil				Colombia				Brazil				Colombia				Brazil				Colombia			
	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)	Perma- nent employ- ment contract	Per- cent- age (%)	Fixed- term employ- ment contract ²	Per- cent- age (%)
Men	7,864	83	317	66	206	73	230	88	10,013	81	212	55	192	70	232	89	10,547	80	131	30	185	69	252	86
Women	1,556	17	160	34	77	27	32	12	2,359	19	174	45	84	30	29	11	2,601	20	304	70	84	31	41	14
Total	9,420	100	477	100	283	100	262	100	12,372	100	386	100	276	100	261	100	13,148	100	435	100	269	100	293	100

¹ Data from Brazil include all employees hired under the Consolidation of Labor Laws (CLT) (managers, coordinators, analysts, operational and administrative employees), apprentices, statutory employees and directors. The expert of the Board of Directors and alternates are not included. On the other hand, data from Colombia do not deem employment contracts of apprentices as fixed-term employment contract, since they join the Company with the purpose of carrying out their student practices and, therefore, under different conditions. In 2021, total apprentices was 17, of whom 3 were men (18%) and 14 were women (82%). In 2019, the number of apprentices was 22, of whom 7 were men and 15 were women. In 2020, the number of apprentices was 20, of whom 7 were men and 13 were women.

² In Brazil, fixed-term employment contracts include apprentices and interns.

Number of employees by country, type of employment and gender¹

	2019								2020								2021							
	Brazil				Colombia				Brazil				Colombia				Brazil				Colombia			
	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)	Full- time	Per- cent- age (%)	Part- time	Per- cent- age (%)
Men	8,064	84	137	51	436	80	0	0	10,061	81	164	52	424	79	0	0	10,551	80	121	30	431	76	0	0
Women	1,586	16	130	49	108	20	0	0	2,383	19	150	48	113	21	0	0	2,624	20	281	70	125	24	0	0
Total	9,650	100	267	100	544	100	0	0	12,444	100	314	100	537	100	0	0	13,181	100	402	100	562	100	0	0

¹ Data from Brazil include all employees hired under the Consolidation of Labor Laws (CLT) (managers, coordinators, analysts, operational and administrative employees), apprentices, statutory employees and directors. The expert of the Board of Directors and alternates are not included. In Brazil, full-time corresponds to between 180 and 220 work hours per month, whereas part-time corresponds to 120 work hours per month. On the other hand, data from Colombia do not include apprentices, since they join the Company with the purpose of carrying out their student practices and, therefore, under different conditions. In 2021, total apprentices was 17, of whom 3 were men (18%) and 14 were women (82%). In 2019, the number of apprentices was 22, of whom 7 were men and 15 were women. In 2020, the number of apprentices was 20, of whom 7 were men and 13 were women.



Number of employees in Brazil, by employment contract and region¹

	2019				2020				2021			
	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)
Northeast	2,254	24	99	21	3,040	25	128	33	2,722	21	162	37
Southeast	6,425	68	348	73	6,904	56	211	55	7,883	60	234	54
South	741	8	30	6	2,428	20	47	12	2,543	19	39	9
Total	9,420	100	477	100	12,372	100	386	100	13,148	100	435	100

¹ Data from Brazil include all employees hired under the Consolidation of Labor Laws (CLT) (managers, coordinators, analysts, operational and administrative employees), apprentices, statutory employees and directors. The expert of the Board of Directors and alternates are not included. Only the regions where Dexco operates are included and for this reason the North and Central-West regions are not included.

² In Brazil, fixed-term employment contracts include apprentices and interns.

Number of employees in Colombia, by employment contract and region¹

	2019				2020				2021			
	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment contract ²	Percentage (%)
Barbosa Plant	100	35	73	28	88	32	70	27	88	33	85	29
Yarumal Plant	78	28	107	41	76	28	112	43	70	26	114	39
Manizales Plant	6	2	70	27	6	2	67	26	7	3	79	27
Head and regional offices	99	35	11	4	106	38	12	4	104	39	15	5
Total	283	100	261	100	276	100	261	100	269	100	293	100

¹ On the other hand, data from Colombia do not deem employment contracts of apprentices as fixed-term employment contracts, since they join the Company with the purpose of carrying out their student practices and, therefore, under different conditions. Total apprentices was 17, of whom 4 in the Barbosa Plant (24%), 8 in the Yarumal Plant (47%) and 5 in the head and regional offices (29%).

² Part of the workers in the operational category are in Colombia, in line with the share established by the union.



GRI 102-41 COLLECTIVE BARGAINING AGREEMENTS

Today, 100% of our employees who have an employment relationship with one of the units in Brazil are covered by bargaining agreements entered into through Collective Bargaining Agreements.

In Colombia, in 2021, approximately 16% of the employees were members of a trade union, that is, 95 employees were members of a total of 632 contracts*.

* The number of contracts is higher than the headcount in Colombia, since some employees have more than one contract.

GRI 202-1 RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE

At Dexco in Brazil, the wage floor (R\$1,120) is equivalent to 102% of the national minimum wage, and the number of employees in this range accounts for 10.8% of the team. Our wage floor is determined in collective agreements, that is, no employee receives wages lower than those determined in the collective agreement of the unit and there is no gender wage gap.

In Colombia, the lowest wage paid by Dexco is equivalent to 110% of the local minimum wage, which is determined by government and by different unions every January.

Ratio of entry-level wage to minimum wage, by gender (%)						
	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Brazil	101	101	101	101	102	102
Colombia	109	100	109	109	110	110

GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

In the end of 2021, Dexco in Brazil recorded 4,777 new employee hires, of which 46% were women and 32% were men. In Colombia, 119 hires were recorded, of which 31% were women and 69% were men.

Total number of hires and terminations						
Brazil						
	2019		2020		2021	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Men	1,899	2,529	2,814	1,877	3,427	2,669
Women	625	687	958	590	1,350	902
By age group						
Below 30 years old	1,539	1,488	2,089	1,322	2,652	1,786
Between 31 and 50 years old	928	1,528	1,626	1,051	2,019	1,562
Over 51 years old	35	200	57	94	106	223
By region¹						
Northeast	678	623	1,402	628	985	1,089
Southeast	1,669	1,885	1,968	1,499	3,010	1,769
South	637	708	402	340	782	713

¹ Dexco Brazil does not operate in the North and Central-West regions.


**GRI 401-1
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (cont.)**

Hiring and turnover rates (%)						
Brazil						
2019		2020		2021		
Hiring rate	Turnover rate	Hiring rate	Turnover rate	Hiring rate	Turnover rate	
By gender						
Men	23.2	27.0	37.8	30.6	32.0	29.0
Women	36.4	38.2	27.5	22.9	46.0	39.0
By age group						
Below 30 years old	44.8	43.9	51.6	42.2	69.0	58.0
Between 31 and 50 years old	16.3	21.2	21.1	17.4	30.0	27.0
Over 51 years old	4.7	15.7	5.7	7.6	3.5	5.0
By region¹						
Northeast	28.6	27.4	44.3	32.0	34.0	36.0
Southeast	24.3	25.8	27.7	24.4	37.0	29.0
South	22.8	56.9	16.2	15.0	30.0	29.0

¹ Dexco Brazil does not operate in the North and Central-West regions.

Total number of hires and terminations ¹						
Colombia						
2019		2020		2021		
Hiring rate	Turnover rate	Hiring rate	Turnover rate	Hiring rate	Turnover rate	
By gender						
Men	92	77	46	59	83	72
Women	20	24	21	15	36	25
By age group						
Below 30 years old	66	46	38	27	60	24
Between 31 and 50 years old	45	46	28	42	59	63
Over 51 years old	1	9	1	5	0	10
By region						
Barbosa Plant	43	41	13	28	40	26
Yarumal Plant	37	90	24	20	28	32
Manizales Plant	6	7	6	10	22	8
Head and regional offices	26	23	24	16	29	31

¹ Employees with fixed-term employment contract, trainees and apprentices are not included for the indicator.


**GRI 401-1
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (cont.)**

Hiring and turnover rates (%) ¹						
Colombia						
2019		2020		2021		
Hiring rate	Turnover rate	Hiring rate	Turnover rate	Hiring rate	Turnover rate	
By gender						
Men	20.0	30.0	8.6	19.6	6.4	27.6
Women	4.0	10.0	3.9	6.7	14.8	10.9
By age group						
Below 30 years old	10.0	20.0	7.1	12.1	10.7	15.0
Between 31 and 50 years old	10.0	20.0	5.2	13.0	10.5	21.8
Over 51 years old	0.2	1.8	0.2	1.1	0.0	1.8
By region						
Barbosa Plant	10.0	20.0	2.4	7.6	7.1	11.8
Yarumal Plant	10.0	10.0	4.5	8.2	5.0	10.7
Manizales Plant	1.0	2.4	1.1	3.0	3.9	5.4
Head and regional offices	5.0	10.0	4.5	7.4	5.2	10.7

¹ Employees with fixed-term employment contract, trainees and apprentices are not included for the indicator.

**GRI 401-3
PARENTAL LEAVE**

Parental leave in Brazil						
2019		2020		2021		
Men	Women	Men	Women	Men	Women	
Total employees who took leave						
295	65	231	64	301	124	
Total employees who returned to work following the leave ¹						
288	62	231	47	301	124	
Total employees who remained employed one year after returning from the leave						
270	63	211	43	273	103	
Rate of return following the leave (%)						
98.0	95.0	100.0	73.4	100.0	100.0	
Rate of retention following the leave (%)						
94.0	83.0	100.0	67.2	91.0	83.0	

¹ The calculation included all employees who returned following the end of their leave.

Parental leave in Colombia						
2019		2020		2021		
Men	Women	Men	Women	Men	Women	
Total employees who took leave						
5	1	9	3	9	3	
Total employees who returned to work following the leave ¹						
5	0	9	3	9	3	
Total employees who remained employed one year after returning from the leave						
5	0	8	3	N/A	N/A	
Rate of return following the leave (%)						
100.0	100.0	100.0	100.0	100.0	100.0	
Rate of retention following the leave (%)						
100	0	88.9	100.0	N/A ²	N/A ²	

¹ The calculation included all employees who returned following the end of their leave.

² In Colombia, the rate of retention is calculated based on employees who took leave in the current year. The rate of retention for 2021 will be calculated in 2022.



Health and safety

GRI 403-2 RISK ASSESSMENT AND INCIDENT INVESTIGATION

We have an ongoing process for identifying hazards and risks, which is covered in our Occupational Health and Safety Management System, Proteg. Hazard and risk identification is based on the requirements of ISO 45001 and the subsequent control measure analysis, assessment and application covers all processes and activities in all Dexco business areas.

This identification results is a document called the 'Hazard and Risk Survey', which is made available at the workplaces and reviewed annually or whenever a major incident occur. Its scope takes into consideration the skills, behaviors, and limitations of all people who have access to the workplaces, and internal and external hazard sources (infrastructure, process changes, and legal obligations).

All our employees are guaranteed the right to refuse to start or stop an activity if they think it involves a serious, imminent risk to their safety and health or the safety and health of others. This right is outlined in our safety procedures. Once a risk situation is detected, employees have access to reporting channels, such as forms and incident records, to immediately report the fact to their supervisor or the workplace safety team, which, if necessary, will take the appropriate measures to eliminate or neutralize the risk. The system is described in an internal policy.

The focus of the risk analysis and investigation is sent to Critical Incidents with or without an injury and potential to cause serious injuries and fatalities, or Potential SIF incident. PSIF incidents are critically reviewed at each cycle of Dexco Management System (DMS) meetings, during which PSIF incidents are disclosed to all units, in light of their scope and, where applicable, existing control measures are highlighted and later strengthened as lessons learned.

GRI 403-3 HEALTH SERVICES

In the units in **Brazil**, every service carried out by our outpatient medical team is recorded in each employee's clinical file kept in a system, which ensures the confidentiality of employees' health information as such system can only be accessed by health professionals. The system allows generating managerial and operating reports that can be used by the health team to produce indicators about their unit's population and guide disease prevention and health promotion actions more assertively.

In **Colombia**, employees can health services by scheduling appointments in advance, requested by the People and Communication department; employees also receive a transportation allowance to pay for the trip to the appointment location.

The agreement with the company that provides the food service to our employees provides nutrition services by a nutrition professional in the form of periodic consultations to control and monitor employees with overweight- or underweight-related health conditions.

These services are provided inside the factories so that the employees can go to appointments during their working hours.

We register of our employees with an occupational risk manager so that they can access medical care services to address work-related accidents or illnesses. These services include benefits to cover such accidents, which include the following financial support:

- ⊗ Temporary disability allowance;
- ⊗ Permanent or partial disability allowance;
- ⊗ Disability pension;
- ⊗ Survivors' pensions;
- ⊗ Funeral allowance.



GRI 403-4 WORKER PARTICIPATION, CONSULTATION, AND REPORTING ON OCCUPATIONAL HEALTH AND SAFETY

The key goal of Proteg's worker consultation and participation process is to eliminate possible reporting barriers between Dexco and its workers and their representatives, including contractors. Accordingly, we make available the Reporting Channel and encourage employee participation in decision-making during our "Safety Dialogues" and meetings of the Dexco Management System (SGD), the fire brigade, and the Ergonomics Committee, as well as during Internal Accident Prevention Committee (CIPA) meetings.

In addition, we encourage our employees to take part in the management system and report situations they consider to be risky, not only via the mentioned channels but also during periodic and specific presentations addressing each audience.

All our employees are represented by committees made up of employer representatives and the workers themselves, in accordance with the applicable law. We hold monthly meetings of the accident prevention committees with worker representatives that are also attended by fixed service providers allocated to our units. These committees are responsible for monitoring the risk identification and perception process, preparing, implementing, and monitoring occupational safety and health programs, and reviewing work-related accidents and diseases to propose solutions for the problems identified.

GRI 403-5 WORKER TRAINING IN OCCUPATIONAL HEALTH AND SAFETY

We train our workers so that they perform their duties effectively. The program includes statutory training required by current and applicable health and safety laws, as well as additional training focused on behavioral aspects, risk perception, identifying and addressing critical incident precursors, health programs, and tips and lessons learned, available on the Company's website.

GRI 403-6 PROMOTION OF WORKER HEALTH

All employees in Brazil are entitled to group life insurance, a dental plan, offered on an optional basis to employees and their dependents, and a medical care plan, mandatory and extensive to legal dependents. These partnerships are entered into under regionalized contracts to meet the needs of each location where we do business.

We monitor the health of active and retired employees to understand what are the needs of each employee in terms of health and raise their awareness on to use the healthcare plan correctly. The target audience of our leaves management effort are employees on leave who start to receive benefits from the National Institute of Social Security (INSS) if their leave of absence extends for 90 or more days. Leaves of absence are monitored by a nurse assigned to Dexco by the healthcare plan manager.

In 2021, we conducted twelve structured health campaigns at the corporate level, one every month. These campaigns covered topics such as: mental health, preventing and fighting cancer, the importance of vaccination, preventing and fighting smoking, preventing and fighting suicide, and women's and men's health.

GRI 403-7 PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS

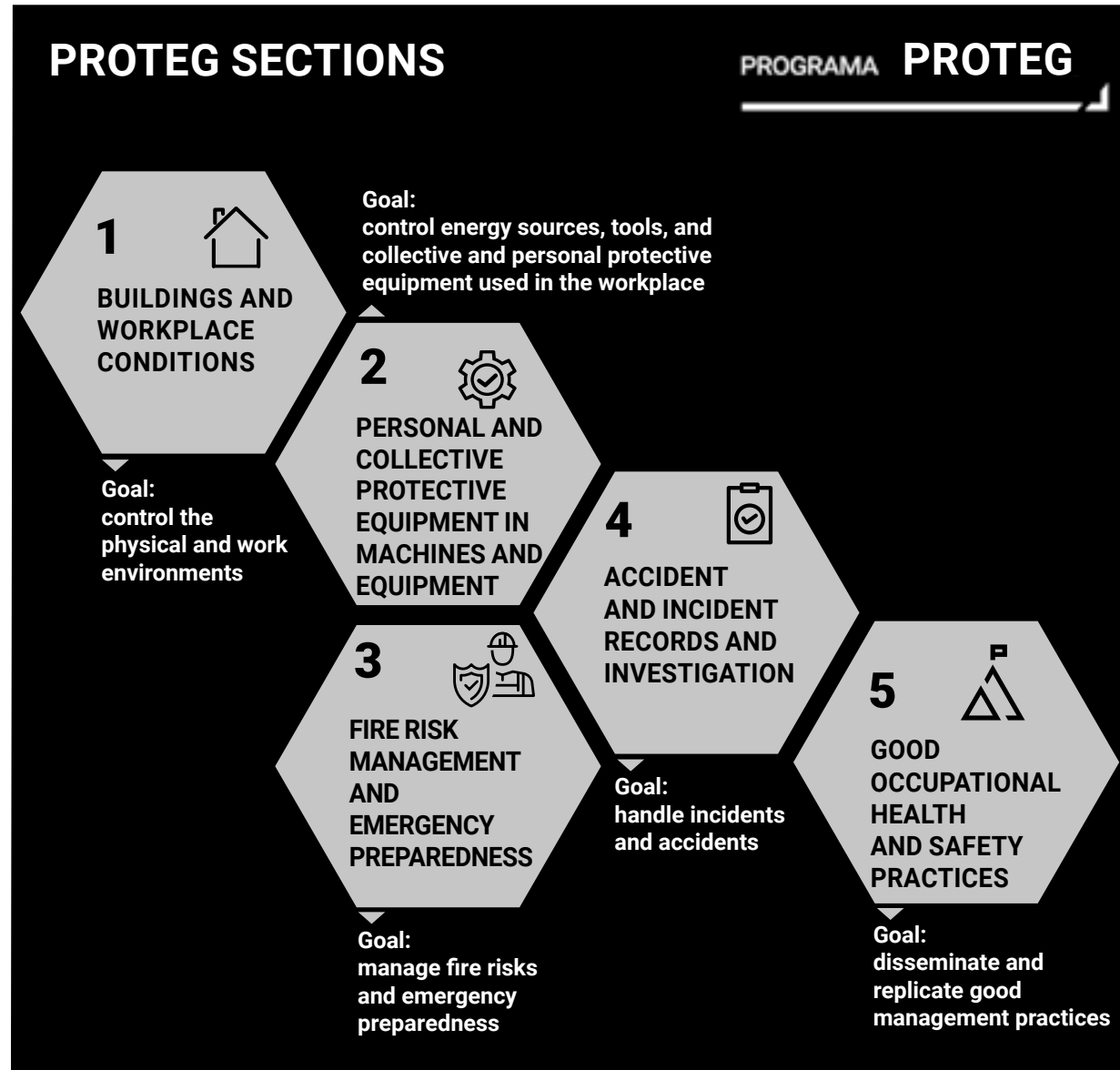
We monitor the needs and expectations of our stakeholders to prevent or mitigate potentially significant impacts on health and safety by assessing our organization, Proteg management system risks and opportunities, and Stakeholders Panel contexts.

GRI 403-8 WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

All our employees are covered by occupational health and safety management systems, including contractors.



Proteg was developed based on three pillars (People, Workplace, and Strategy) and Management Elements divided into five sections:



All our Wood units (Panels and Forestry), the Deca Queimados Bathroom Fixtures unit, the Jundiaí Bathroom Fixtures unit, São Paulo Bathroom Fittings unit, the Jundiaí Bathroom Fittings unit, and the Colombia Yarumal and Barbosa units are also ISO 45001 certified, and a total of 14 units use the OHS Management System with ISO 45001 certification.

GRI 403-9 WORK-RELATED INJURIES

At Dexco, work-related hazards with the potential to generate accidents with serious consequences have been defined according to the critical incident system (by identifying incident precursors and potential for incidents with and without injury).

In 2021, the main precursors identified using the critical incident system with the potential to contribute to the occurrence of accidents with serious consequences were: motorized equipment, fire and explosions (wood dust), and machine guards.

To better ensure the safety of our workers, we have taken corrective actions and evaluation of the effectiveness of control measures aimed mainly at raising the perception of risks. These include a behavioral program focused on “listening” to the workers and the use of digital tools to identify critical incident precursors. In addition, we prepared Strategic Planning until 2026 focused on the pillars People, Safe and Healthy Workplace, and Strategy, which reach all our units.

Work-related injuries, per country ¹						
	2020			2021 ²		
	Brazil	Colombia	Dexco	Brazil	Colombia	Dexco
Total number of occupational accidents resulting in leave	39	35	74	37	25	62
Rate of occupational accidents resulting in leave	1.81	23.10	3.30	1.45	14.20	2.27

¹ All Dexco safety rates and figures are calculated based on 1,000,000 hours worked.

² In Brazil, the total number of hours worked was 25,520,674 for own employees and 6,355,425 for contractors. Colombia, the totals were 1,760,251 and 325,392, respectively.



Work-related injuries, per country ¹						
	2020			2021 ²		
	Brazil	Colombia	Dexco	Brazil	Colombia	Dexco
Total number of occupational accidents without leave	32	4	36	64	7	71
Rate of occupational accidents without in leave	1.49	3.27	1.58	2.50	3.98	2.60
Total number of occupational accidents with serious consequences (except fatalities) – employees	1	0	0	2	0	2
Rate of occupational accidents with serious consequences (except fatalities) – employees	0.05	0	0.04	0.08	0	0.07
Total number of occupational accidents with serious consequences (except fatalities) – contractors	0	0	0	2	0	2
Rate of occupational accidents with serious consequences (except death) – contractors	0	0	0	0.31	0	0.30
Total number of occupational accidents requiring mandatory notification – employees	71	36	107	101	32	133
Rate of occupational accidents requiring mandatory notification – employees	3.3	32.7	4.9	3.96	18.18	4.88
Total number of occupational accidents requiring compulsory notification – contractors	3	N/A	N/A	12	12	24
Total number of occupational accidents requiring compulsory notification – contractors	N/A	N/A	N/A	1.88	36.88	3.59
Total number of fatalities resulting from occupational accidents – employees	0	0	0	0	0	0
Rate of fatalities resulting from occupational accidents – employees	0	0	0	0	0	0
Total number of fatalities resulting from occupational accidents – contractors	0	0	0	0	0	0
Rate of fatalities resulting from occupational accidents – contractors	0	0	0	0	0	0

¹ In 2021, the reporting form of some data was changed so there is no historical series and are reported as not available (N/A) for 2020. All Dexco safety rates and figures are calculated based on 1,000,000 hours worked.

² In Brazil, the total number of hours worked was 25,520,674 for own employees and 6,355,425 for contractors in Colombia, the totals were 1,760,251 and 325,392, respectively.

GRI 403-10 WORK-RELATED HEALTH PROBLEMS

In **Brazil**, we carry out clinical-occupational assessments, monitor supplemental examinations, and medical reports aimed at following up possible occupational diseases under the Occupational Health and Medical Control Program (PCMSO).

From here, we outline operating controls to be implemented, such as physical devices, procedures, work instructions, pictograms, alarms, and signage. As part of our hazard and risk survey, we point out controls based on the hierarchy principle, i.e., elimination or replacement of hazards where feasible, followed by possible risk reduction (through engineering and administrative controls), and adoption of personal protective equipment (PPE) as a last resort.

In **Colombia**, risk analysis is carried out by analyzing the processes and activities to be performed by employees, based on the Colombian Technical Guide (GTC 45), to identify hazards and assess occupational health and safety risks. This guide is issued by the Colombian Institute of Technical Standards and Certifications (Icontec).

In addition, we conduct safety inspections, incident and accident investigations, health measures implementations, change management for new projects, and vulnerability analysis. We describe below the risks identified and the corrective actions taken:

Chemical risk:

⊙ Emission of formaldehyde. The main actions taken include the use of E1 resin with lower formaldehyde emissions, gas scrubber and exhaustion systems, restricted access to emission areas, signage and raising awareness regarding the use of respiratory protection.

⊙ Wood dust. The main actions taken include filtration systems by bag filters and cyclofilters, installed in equipment/machines, periodic spirometry, signage and raising awareness regarding the use of respiratory protection.

**Physical risk:**

⊙ Noise. The main actions taken include the acoustic isolation of the main sources of noise and the periodic maintenance of equipment and machines, periodic audiometry, signage, and raising awareness about the use of hearing protections.

⊙ Ionizing radiations. The main actions taken include the use of enveloped (protected) sources, radiation protection courses, continuous monitoring by personal dosimetry, and signage in protected areas.

Education and training

GRI 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

Average hours of training per country, per employee category						
	Brazil			Colombia		
	2019	2020	2021	2019	2020	2021
Management	29.0	17.0	13.8	62.8	9.1	55.6
Coordination	24.1	14.7	14.4	62.8	60.5	60.0
Supervisor	52.2	15.2	25.5	61.6	27.7	56.8
Senior management	24.5	7.9	12.6	66.5	36.8	71.3
Trainees ¹	391.5	26.9	N/A	N/A	N/A	N/A
Administrative	15.2	4.1	7.0	62.8	17.0	34.4
Technical staff	48.3	17.9	26.6	62.8	34.0	50.7
Operational staff	30.3	14.3	15.1	62.8	42.8	45.1
Apprentices ²	20.6	7.8	9.1	62.8	90.0	0.0
Others	30.4	14.0	14.6	62.8	36.8	37.4

¹ In 2021, Dexco did not run the Corporate Trainee program.

² In Colombia, apprentices do not have an employment contract that follows the same standards and requirements as other employees, and since they are hired on an apprenticeship basis, there is no specific training for this category.

GRI 404-2 PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

We believe that how terminations are handled directly impacts the organizational climate, culture management and our own image as an employer. Therefore, we make it a point to carry out terminations in a respectful way, based on the outcome of the formal performance evaluation process, which measures the employees' deliveries and behaviors. Every decision on employee transfer and termination is made jointly by the immediate supervisor and the People team.

Terminations can occur in two ways:

⊙ **Individual procedure:** For executive or key positions, in accordance with eligibility criteria, we have an individual outplacement/career transition program supported by a specialized consultancy. In a time of restructuring of Dexco or one of our departments, an additional termination package (bonus, release of the Stock Option Program upon Board of Directors' approval, and other benefits) may also be adopted to recognize employees with both significant length of service (at least 10 years) and contributions made during their tenure, that is, with irreproachable performance and conduct. Whenever required, other employees may receive timely, individual or group career guidance;

⊙ **Collective procedures:** in the case of collective procedures, we provide workshops to guide on the search for opportunities, résumé preparation, and tips on performing well in interviews, among other issues in support to this transition process.

In **Colombia**, we have some strategies for the development of employee skills, such as:

⊙ **Adhesion Program:** one-year follow-up to all people joining Dexco in the form of quarterly meetings with representatives of the Selection and Development team, seeking to reduce gaps in specific being, knowing, and doing skills;



Ⓞ **Leadership Qualification Program:** monitoring the behavioral development of all leaders, based on the 9-box1 methodology, focusing initially on behavior and then on goals

Ⓞ **Thematic training** according to the needs that arise in themes such as: communication, leadership, completeness, teamwork, negotiation, among others;

Ⓞ **Leader-Follower Program:** space for holding candid conversations, aligning expectations, and strengthening relationships among teams, peers and leaders;

Ⓞ **Organizational Culture Management:** through experiential workshops, virtual training, rituals, and chat spaces, the immersions consist of focusing on our Way of Being and Doing.

¹ The 9-box assessment consists of measuring the outcomes of goal achievement and behavioral evaluation. The intersection of the outcomes of target achievement and behaviors is located on a Cartesian plane consisting of 9 quadrants ranging from 1 to 9. People with critical outcomes in red (1, 2, and 3) should undergo immediate intervention; people with outcomes in yellow (4 and 6), i.e., not balanced, do well in behavior or in target achievement, and the variable should be strengthened with less achievement; people with blue outcomes (5) are delivering what is expected from them by the company; people with green outcomes (7, 8, and 9) are identified for meritocratic actions, such as promotion and career development actions, in addition to inclusion in different projects.

GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS

Percentage of employees assessed, by gender and employee category, in Brazil (%) ¹			
	2019	2020	2021
Gender			
Men	5	7	8
Women	7	10	11
Employee category			
Management	87	97	90
Coordination	81	94	93
Supervisor	80	95	94



Employee category (cont.)	2019	2020	2021
Senior management	11	27	30
Trainee	100	100	N/A
Administrative	0	0	0
Technical staff	0	0	0
Operational staff	0	0	0
Apprentices	0	0	0

¹ In 2020 there was no trainee program. Employees in this category assessed in 2020 attended the program in 2019. In 2021, the Trainee category was not applicable (N/A) because there was no program.

² The administrative, technical staff, operational staff, and apprentices categories are not part of the Performance Program, so the value is zero.

Percentage of employees assessed, by gender and employee category, in Colombia (%) ¹			
	2019	2020	2021
Gender			
Men	11	85	55
Women	32	86	45
Employee category			
Management	100	86	8
Coordination	75	85	31
Supervisor	92	85	60
Senior management	0	0	0
Trainee	0	0	0
Administrative	0	0	0
Technical staff	0	0	0
Operational staff	0	0	0
Apprentices	0	0	0

¹ In 2021, the Trainee category was not applicable (N/A) because there was no program.

² The administrative, technical staff, operational staff, and apprentices categories are not part of the Performance Program, so the value is zero.



Diversity and Equality of Opportunity

GRI 103-1, 103-2, 103-3: Diversity & inclusion

DIVERSITY AND EQUALITY OF OPPORTUNITY MANAGEMENT

We monitor the indicators periodically and report the data to the Board of Directors and the Executive Committee. The data are monitored by internal systems, and the People and leadership teams are able to follow the evolution of their respective areas.

Together with specialized entities in Colombia, we are seeking guidance on and monitoring of selection processes and auditing our facilities to enable us to ensure the wellbeing of these new members of our team. As hiring of people with disabilities (PWD) is not a legal requirement in Colombia, we have been doing this with the support of specialized entities such as Casa de Carlota and Corporación Alberto Arango Restrepo (Ceder), in Manizales, and Caja de Compensación Familiar de Antioquia (Comfama), which support us in the recruitment process.

GRI 405-1

DIVERSITY OF THE GOVERNANCE BODIES AND EMPLOYEES

Composition of governance bodies by gender¹

	2019 (total number)		2019 (%)		2020 (total number)		2020 (%)		2021 (total number)		2021 (%)	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Board of Directors	8	1	89	11	8	1	89	11	7	2	78	22
Executive Board	9	1	90	10	10	1	91	9	11	2	85	15

¹ The indicator includes Dexco's Board of Directors, less experts and alternates.

Composition of governance bodies by age group¹

	2019 (total number)			2019 (%)			2020 (total number)			2020 (%)			2021 (total number)			2021 (%)		
	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.
Board of Directors	0	2	7	0	22	78	0	2	6	0	25	75	0	3	6	0	33	67
Executive Board	0	3	7	0	30	70	0	3	8	0	27	73	0	6	7	0	46	54

¹ We report Dexco's Board of Directors, not including experts and alternates.


**GRI 405-1
DIVERSITY OF THE GOVERNANCE BODIES AND EMPLOYEES (cont.)**
Percentage of employees by employee category, gender and country¹ (%)

	Brazil						Colombia					
	2019		2020		2021		2019		2020		2021	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
CEO	100	0	100	0	100	0	N/A	N/A	N/A	N/A	N/A	N/A
Executive Board	90	10	90	10	83	17	N/A	N/A	N/A	N/A	N/A	N/A
Management	90	10	74	26	69	31	86	14	71	29	57	43
Coordination	71.5	28.5	74	26	73	27	75	25	73	27	74	26
Expert	N/A	N/A	N/A	N/A	86	14	N/A	N/A	N/A	N/A	N/A	N/A
Senior management	54	46	59	41	60	40	59	41	50	50	71	29
Supervisor	90	10	83	17	84	16	46	54	45	55	41	59
Technical staff	98	2	96	4	91	9	95	5	97	3	97	3
Operational staff	92.5	7.5	88	12	85	15	94	6	96	4	95	5
Administrative	60	40	55	45	63	37	53	47	54	46	48	52
Trainee	55	45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Apprentice	46	54	54	46	30	70	32	68	35	65	18	82
Total	73	27	80	20	79	21	80	20	77	23	78	22

¹ Data not available (N/A) for on the expert category, since it started to be reported in 2021 in Brazil and is not yet available for Colombia.

² Trainee data is not applicable (N/A), as there was no Corporate Trainee Program in 2020 and 2021.

³ The CEO category does not apply to Colombia because this position is held in Brazil.

⁴ Colombia has an officer who is included in the Management employee category, as defined in the position equivalence with Brazil.



DIVERSITY OF THE GOVERNANCE BODIES AND EMPLOYEES (cont.)

Percentage of employees by employee category, age group and country ¹ (%)						
	Brazil			Colombia		
	2021			2021		
	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.	Below 30 y.o.	Between 31 and 50 y.o.	Above 51 y.o.
Administrative	35	47	18	45	47	8
Apprentice	94	0	6	0	0	0
Coordination	8	68	24	4	93	3
Management	2	76	22	0	86	14
Operational staff	27	51	22	27	55	18
Senior management	27	52	21	14	57	29
Supervisor	12	62	26	28	70	2
Technical staff	12	43	45	19	66	15

¹ The data on employees by employee category and age group started to be reported in 2021.

Percentage of employees by race in Brasil ¹ (%)			
	2019	2020	2021
White	56	57	43
Brown	34	33	31
Yellow	1	9	1
Black	10	9	9
Indigenous	N/A	N/A	0
Not reported	N/A	N/A	16
Others	100	100	100

¹ The data on employees per race comprises only the unit in Brazil and the categories 'Indigenous' and 'Not reported' started to be reported in 2021. In Colombia, there is no self-reporting of one's race by employees.

² Information on race was self-reported by employees.

GRI 405-2 RATIO OF BASIC SALARY AND COMPENSATION WOMEN TO MEN

Ratio of basic salary of women to men by gender, employee category and country (%)						
	Brazil ¹			Colombia ²		
	2019	2020	2021	2019	2020	2021
Management	47	87	85	N/A	N/A	87
Coordination	91	94	97	97	104	93
Supervisor	101	89	100	103	107	106
Senior management	101	90	92	122	125	136
Trainees	100	N/A	N/A	N/A	N/A	N/A
Administrative	101	96	100	81	87	80
Technical staff	36	76	77	63	64	65
Operational staff	90	63	68	96	88	93
Apprentices	100	89	100	N/A	N/A	N/A
Average	92	88	92	96	100	92

¹ In 2020 and 2021, there was no Corporate Trainee Program in Brazil.

² In Colombia, the 'Apprentice' category is not included in the calculation, and the 'Management' category started to be reported in 2021.



Value relationship (social and relationship capital)

GRI 102-12 EXTERNAL INITIATIVES

We support sustainable development based on global initiatives such as the Sustainable Development Goals (SDGs).

We are signatories to:

- ⊗ The UN Global Compact;
- ⊗ The Corporate Pact for Integrity and Against Corruption by the Ethos Institute;
- ⊗ The Communication, Governance, Ethics, and Compliance Committee of the Brazilian Association of Corporate Communication (Aberje);
- ⊗ From the Corporate Pact Against the Sexual Exploitation of Children and Adolescents, by the *Na Mão Certa* Program, of Childhood Brazil.

GRI 102-13 MEMBERSHIP OF ASSOCIATIONS

We are part of:

- ⊗ The Decision-making Board of the Brazilian Corporate Life Cycle Assessment Network (ACV Network) by contributing financially and with projects to the institution;
- ⊗ The Brazilian Institute of Investor Relations (Ibri);
- ⊗ The Brazilian Association of Publicly-Held Companies (Abrasca).

We support the Association of Capital Market Investment Analysts and Professionals (Api-mec), which in 2021 awarded us the Commitment Emerald Seal for our 35 years of partnership with this institution.

With regard to our Business Divisions, we also actively participated in regional associations and forums, in order to be present in community discussions, and we have relationships in international fora. Notably:

Wood

- ⊗ Brazilian Formaldehyde and Derivatives Producers Association (Abraf)
- ⊗ Brazilian Tree Industry (IBÁ);
- ⊗ Center of São Paulo State Industries (CIESP);
- ⊗ Uberaba Trade, Manufacturing, and Services Association (Aciu);
- ⊗ Association I and II Industrial Districts Companies (Assediu);
- ⊗ São Paulo State Reconstituted Wood Industry Association (Sindifibra);
- ⊗ Minas Gerais Forest-Based Industry Association (Amif);
- ⊗ Forestry Research and Studies Institute (Ipef);
- ⊗ São Paulo Association of Planted Forest Growers, Suppliers and Consumers of (Florestar);
- ⊗ Forest Investigations Society (SIF);
- ⊗ Rio Grande do Sul Forestry Companies Association (Ageflor);
- ⊗ São Paulo Forestry Forum;
- ⊗ Brazil and International Forest Stewardship Council® (FSC®);
- ⊗ National Association of Freight Transport Users (Anut);
- ⊗ Rio Grande do Sul State Industries Center (Ciergs).

Deca

- ⊗ Brazilian Association of Bathroom Supplies (Asfamas);
- ⊗ São Paulo State Nonferrous Metal Artifacts Industry Association (Siamfesp);



GRI 102-13
MEMBERSHIP OF ASSOCIATIONS (cont.)

- ⊗ The International Association of Plumbing & Mechanical Officials (IAPMO);
- ⊗ Building Electrical and Infrastructure Systems Engineering (Tesis);
- ⊗ Building Information Modeling (BIM);
- ⊗ Brazilian Electrical and Electronics Industry Association (Abinee);
- ⊗ Brazilian Technical Standards Association (ABNT);
- ⊗ Brazilian Electricity, Electronics, Lighting, and Telecommunications Committee (Cobeci);
- ⊗ Brazilian Building Materials Industry Association (Abramat);
- ⊗ National Association of Energy Consumers (Anace);
- ⊗ National Building Materials Sellers Association (Anamaco);
- ⊗ Manufacturing Development Studies Institute (Iedi).

Ceramic tiles

- ⊗ Santa Catarina State Ceramic Tiles Industries Federation (Fiesc) - Environmental Committee;
- ⊗ Ceramic Industry Association (Sindiceram);
- ⊗ Urussanga Trade Association (Acic) - membership via manager representation;
- ⊗ National Association of Manufacturers of Ceramic Tiles, Sanitary ware and Similar Products (Anfacer).

GRI 102-40
STAKEHOLDER RELATIONS

Our stakeholders are represented in several groups and are part of several segments. The mapping and prioritization of stakeholders, the materiality of needs and expectations, and the action plan preparation and management for stakeholder relations are the responsibility

of the departments that usually have direct relations with these audiences, in alignment with Dexco’s Strategic Planning guidelines.

Stakeholders	Related stakeholders in Brazil	Related stakeholders in Colombia
Government	Executive, Legislative and Judiciary	Administration
Regulators and supervisors	Securities Exchange Commission, environmental agencies, and oversight agencies	Environmental authorities, qualification councils, social security entities (ARL, EPS, AFP, IPS)
Shareholders and financial institutions	Stockholders, market analysts, and lenders	Board of Directors and insurers
Employees	Own employees, contractors, trainees, apprentices, and retirees	Employees and employees' families
Supply chain	Services, materials/capital assets	Direct suppliers and third parties
Customers	Manufacturing, retail, wholesale, resale, general construction, and international customers	
Consumers	Consumers Dexco, Deca, Hydra, and ceramic tiles	
Neighboring consumers	Population, local companies, neighborhood association, community leaders, and tenants	Visitors, community, and neighboring companies
Organized civil society	NGOs, unions, federations, institutes, and associations	Asociación Nacional de Empresarios de Colombia (Andi), medical and laboratory centers, Colombian Technical Standards Institute (Icontec) universities, educational institutions and trade unions
Specifiers	Engineers, architects, installers, decorators, and carpenters	
Press	Specialized, print, TV, radio and digital press	All media
Competitors	Bathroom fixtures and fittings, electric showerheads, panels and flooring, ceramic tiles	



GRI 102-42 IDENTIFICATION AND SELECTION OF STAKEHOLDERS

Brazil

All stakeholder selection and engagement initiatives are structured in a planned, strategic manner, in four stages: Stakeholder Mapping, Stakeholder Prioritization, Materiality Building, and Action Plan Preparation.

In 2021, we considered for the selection of Social Responsibility stakeholders:

- ⊙ Municipal hospitals, local health-related institutions, state and local health departments, municipalities in the regions where we do business. We still prioritized allocating inputs and goods in initiatives to fight Covid-19;
- ⊙ Civil society organizations and municipal funds benefited by Dexco's social investment;
- ⊙ Heterogeneous audience that represents and works in the community neighboring our units. These include neighboring companies, community leaders, social organizations, schools, etc., provided that they are impacted by or impact our business.

As regards stockholders and lenders, an individual and/or institution is considered stakeholder as from the time they buy Dexco stock, since all our results directly impact stock performance and, consequently, the invested capital.

Suppliers are considered stakeholders from the moment they receive an invitation letter or quotation request from the Supplies area.

Colombia

Identifying and selecting stakeholders is done using a mapping matrix in which stakeholders and their needs and expectations are identified, as well as their level of power/influence and the importance they have for the assessed management systems. Next, we make a graphic representation where each quadrant of the map determines the level of importance and power that a given stakeholder group can exert on the organization. Similarly, we rate how the rela-

tionship with a given group should be handled. The communication methods with stakeholders are not standardized.

GRI 102-43 COMMUNICATION AND ENGAGEMENT

In Brazil, we continually promote the engagement of our stakeholders (employees, customers, suppliers, communities, stockholders, and civil society) by means of institutional communications, meetings, and contacts from our various departments.

The relationship with trade unions is continual, in the form of meetings, virtual contacts, and communications from both parties. We also have the prior involvement of union leaders (most of whom are physically inside the units, experiencing day-to-day operations) in collective bargaining. The engagement of our employees and contractors is done via internal campaigns, surveys, training sessions, and communication bulletins.

With regard to our brands, the key communication and engagement actions are as follows:

Wood

Wood In 2021, the Wood Division continued to monitor customers to identify how flexible store hours during the pandemic changed market dynamics and the need to replenish stocks. This action helped the Wood Division to occupy its manufacturing operations and serve everyone in a strategic, appropriate manner in light of the scenarios faced throughout the year. In addition to digital resources for remotely meet market demand, we implemented a new tool to manage the effectiveness of our salesforce, which gives salespeople better capabilities to plan their sales routines.

Deca

With the consumer at the center of our decision-making, we started several projects, such as researching and building digital simulators to enhance customers' experience with our brands. We also conducted a survey on the Deca and Hydra brands and identified that Deca has the highest spontaneous brand awareness.



Ceramic Tiles

The engagement actions for architects, interior designers, engineers, landscapers, and students in these areas including sending up to two newsletters via email per month, talking about news and trends, and we held launch events for (digitally) the Portinari and Ceusa brands. The events took place in March 2021, attended by 3,801 specifiers at the Portinari event and 2,791 specifiers at the Ceusa event.

We held more than 150 on-line training sessions in stores focused on customers' view of our Ceramic Tiles, which were attended by all the salespeople, thus reaching more than 600 people. In addition, we held the Diamond Specialized Stores (LOES)² Moment: two meetings in 2021 with 100% of the Diamond Concept customers, during which the Executive Committee addressed issues such as future strategies and current scenario that ended up strengthening relationships.

Colombia

By focusing on communities, Dexco's Social Policy in Colombia is accompanied by a set of activities and training for teams who work with communities. In 2021, we carried out activities in schools and in the Community Action Councils of the communities with which we have relationships. The activities are evidenced with attendance lists, photos, and videos.

Additionally, and due to forest certification, every year we provide monthly environmental knowledge and good management practices training targeted at contractors.

Stakeholder engagement methods may include supplier, customer and employee surveys, focus groups, community panels, corporate advisory panels, bulletins, Board or union structures, collective bargaining agreements, and other tools.

In 2021 we requested suppliers to complete a self-assessment in order to get to know them better in economic, social and environmental terms. In addition to this self-assessment, we carry out a supplier performance assessment, shared with the suppliers in order to give them

² LOES are boutique stores, focused on luxury items, which target specifiers and architects. Diamond Concept is a store rating awarded to Portinari and Ceusa exclusive stores, i.e., stores that only sell Dexco brands.

feedback on the economic, social and environmental issues. We held the first annual "Safety and Innovation for Everyone" supplier meeting, which discussed topics such as "occupational safety and the importance of safety for people and operations" and "how collaboration enhances creativity".

Supplier Relations

GRI 103-1, 103-2, 103-3: Supply Chain SUPPLIER MANAGEMENT

In Brazil, we evaluate our actions and results mainly based on our monthly indicators and meetings with the supply team. As part of these assessments, we always review actual achievements versus the plans for that particular time. Additionally, we also draw on regular supply system audits and occasional benchmarking, and suppliers and related parties have access to appropriate reporting channels.

In Colombia, the procurement process includes assessment tools consisting of internal and external audits. Internally, audits are performed randomly to validate the correct compliance with procurement rules. An external auditor also assesses negotiation transparency. We also have internal, regular audits to review the management systems, based on the standards ISO 9001, ISO 14001, ISO 45001, and we undergo an external review by the Colombian Institute of Technical Standards and Certification (Icontec).

GRI 102-10 SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

Brazil

No material changes were made to the Company's structure, ownership or supply chain in 2020. Up to December 2021, the Supplies department hired the services of a total of 6,777 suppliers. However, 86% of our costs with suppliers was consumed by less than 500 suppliers. This planned distribution has enabled us to keep proper risk control and management programs focused on few companies.



Colombia

During 2021, in the light of global supply problems, new suppliers joined our chain in order to diversify the supply of some raw materials. This is the case of melamine, 80 percent of which is now sourced from China and 20 Percent from other locations, such as The Netherlands, the United States, and Austria. In terms of services, we considered hiring new service providers of mechanical and leasehold maintenance, since the current service providers had problems finding skilled labor due to the pandemic. The procedure for creating and updating suppliers was updated in compliance with the requirements of Sistema de Autocontrol y Gestión del Riesgo Integral LA/FT/FPADM (SAGRILAFTT), an agency dedicated to combat money laundering and the financing of terrorism.

GRI 308-1, 414-1, 308-2, 414-2 NEW SUPPLIERS SELECTED BASED ON ENVIRONMENTAL AND SOCIAL CRITERIA

Environmental and social impacts on the supply chain

In 2021, in Brazil, we identified 286 companies using the criticality matrix that could generate negative social and/or environmental impacts and that were invited to participate in our Dexco Supplier Management (GFD) program. Of these, 208 companies completed our questionnaire, thus continuing with the program, and, three percent of them were new suppliers.

Of the 208 participating suppliers, 5.8 percent scored below average. We did not have any suppliers whose contracts were terminated because of these assessments. Everyone who is part of the GFD program answers the questionnaire and receives a feedback report at the end of each cycle. The questionnaire includes an environmental and social assessment using indicators that show how a company is doing in relation to the segment, and provides suggestions for improvements based on best market practices. Thus, it is expected that both Dexco's managers and the engaged companies base their actions on action plans on the evolution opportunities pointed out in the percentage indicators for each issue, ensuring the continuous improvement of the participants' performance.

For those suppliers where negative social and environmental issues are identified, these issues are pointed out in the feedback report, and we prepare action plans to help them resolve

them. These partners are also invited to participate in our procurement academy, which annually addresses issues with the lowest scores and we follow up with the supplier to improve their results in a new cycle.

For more details on the GFD, [click here](#).

In Colombia, in 2021, we assessed 79.8 percent of the suppliers (corresponding to 178 suppliers out of 223 suppliers considered critical suppliers), based on their performance in 2020. These 178 suppliers are equivalent to 18 Percent of a total of 990 suppliers in 2021.

The assessment did not identify suppliers with significant negative environmental and social impacts. The social impact that may occur is the form of nonpayment of salaries or benefits according to the work performed by the contractors' employees. To mitigate this impact, the contractors are required to provide the social benefit payment form for entry into our production centers. From the environmental standpoint, all paper suppliers must meet minimum chain-of-custody requirements.

COMMUNITY RELATIONS

GRI 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

Community relations and local development are paramount to Dexco. We believe that a close relationship with the community is a way to enhance positive social impact. In Brazil, to keep the dialogue channel open, we highlight two important tools: the *Agente da Gente* (Agent Like Us) Program and the Dialogue Circles. In addition, we support social projects aimed at local development in 100% of the municipalities in which we operate.

The Dialogue Circles are the main action for active listening in the communities and they bring together different local players for a moment of conversation about the strengths, weaknesses, opportunities, and main demands of the neighborhood and the city.

The *Agente da Gente* Program trains employees from the different business units to listen and talk to the surrounding community by identifying potential opportunities for Dexco to act socially.



**GRI 413-1
OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS (cont.)**

The information mapped out with these tools is considered in the social investment strategy to define the projects we will support, in alignment with our investment and the Sustainability Committee guidelines.

On our [institutional website](#) we have a single channel that allows proponents and fundraisers to submit proposals via the incentive law for our analysis.

For the selection of projects, our premises are as follows:

- ② Work on education and/or environment issues;
- ② Benefit young people as a priority;
- ② Promote social impact;
- ② Benefit municipalities where we maintain an industrial/forestry unit;
- ② Have potential for scaling and replicability;
- ② Meet the communities' priority demands.

In 2021, for projects scheduled to be implemented by 2022, we sponsored 10 projects totaling R\$4.7 million. It is worth remembering that projects via federal incentive laws, when contributed on an annual basis, have a peculiarity regarding the implementation time. The sponsorships are granted until the end of the calendar year and the initiative is developed from the beginning of the following calendar year. This way, projects funded in 2019 will be prioritized starting 2020. When implemented under state laws, the projects start in the year of contribution and may end in subsequent years. Data from previous years:

2019: under federal Laws: R\$3.7 million - 10 projects

2020: under federal Laws: R\$2.2 million - 8 projects

Additionally, in 2019 and 2020, part our private social investment was made under State tax incentive law. In all, R\$1.6 million was allocated to 10 projects.

All Wood Division units (100%) have programs aimed at communicating and integrating with local communities and studies are conducted for mapping and characterization of the surrounding communities. By 2021, 97 communities had been identified, most of them small groups of rural houses located along the wood transportation routes. In the characterization work, special emphasis is given to identifying traditional communities, such as indigenous and slave-descendant communities. Currently, there is no evidence of impacts on traditional communities, their territories or livelihoods.

This mapping helps to define the most relevant communities for implementing engagement actions that are more robust and adherent to local needs, according to the type, scale and intensity of the impacts of operations in these communities. The main ongoing engagement tool is called "Dialogue with the community", with more than 900 dialogues having been registered. The concerns identified in these contacts are registered and generate action plans to address them.

In addition to the ongoing dialogue with the communities, we have established specific actions for communities that are more relevant to the business in 2021, such as lectures, women training, activities for employees and their families, and awareness initiatives for rural producers.

Other ongoing projects, such as the educational gardens at the Uberaba and Taquari units and Espaço Arvorar visitation center, will remained closed in 2021 due to measures to reduce the risk of contagion during the Covid-19 pandemic.

In Colombia, we have an agreement with La Fundación Gestión Social y Ambiental for the development of the social management plan, which covers activities with all the communities (100%) where we are present. The participation plans are always focused on and target the largest groups in the communities, such as mothers who are heads of households, school children, community action councils, and environmental groups present in the local communities.

In accordance with our Social Policy, we carry out activities focused on identifying the impacts on each community in which we develop forestry activities. Based on an annual field survey, we identified both the negative and positive social impacts. The information collected is registered in an impacts matrix, together with the plans to address these impacts, which allow us to monitor the action plan implementation.

The environmental impact assessment is based on procedures that detail all the care that must be taken environmentally in protection areas, water courses, springs, agricultural product handling, management, and use, among others. To validate that these protocols and procedures are being followed on site, we conduct periodic audits, both of our own operations and the operations carried out by contractors. To enhance positive social impacts, we request that outsourced companies give preference to hiring local labor, in addition to sharing their good neighboring practices.



GRI 413-2 OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

We have a conflict resolution guide and we apply a tool consisting of a matrix. This methodology is used in all communities where we have forestry operations. Annually, we conduct surveys in the communities where impacts are identified.

In Colombia, we identified negative impacts in the Llanos de Cuivá community, in the Northern Center of our Colombian operation: the transit of timber trucks has been deteriorating paved public roads in the region, which could put the community's traffic at risk. We are already acting to mitigate this impact.

Consumer Relations

GRI 103-1, 103-2, 103-3: Health and Safety CONSUMER HEALTH AND SAFETY

We want to ensure that our products pose no risk or harm during use, they function according to requirements, and they meet specific standards when required. To this end, we have a Quality Policy, which is committed to ensuring customer satisfaction and promoting continuous improvement in our processes, products, and services, quality, environment, health, and safety. We have a specific internal norm about customer satisfaction that requires monitoring satisfaction indexes.

Thinking about our product quality and consumer safety, we periodically conduct audits to review our quality and environmental systems, also ensuring that our products comply with both ISO 9001 and ISO 14001 standards. The risks and opportunities for process improvement that may influence product quality are mapped by each Business Division, and their management is done by means of timely action plans and implementation of corrective actions for the 'irregularities' pointed out in internal and external audits.

Product quality is also measured by customer complaints received and dealt with by the communication channels (website, SAC, *Reclame Aqui* (complain here), social media). The

information on complaints is available for consultation and is reported in the form of a monthly report for the entire operation.

At the **Wood Division**, even though there are no risks involved with the products, we have adopted a policy of informing customers about components that are addressed as potential health risks by independent bodies at national and international levels, as well as controlling the limits regulated for this purpose. The quantity control of components with potential health risk in the products is performed following internal procedures of quality care, based on regulatory references.

As a way of maintaining control and management, we comply with regulatory standards and have monitoring and control plans with internal tests in our laboratories, which also help us comply with the industry's panel quality program and with certificates of compliance with California Air Resources Board (CARB) and Environmental Protection Agency – TSCA Title VI (EPA) regulations, for exported products.

At **Deca**, all products are submitted to standard tests that certify and verify their conditions of use. The products that require mandatory regulation are sent to the competent bodies for certification. We participate in the Brazilian Habitat Quality and Productivity Program (PBQP-H), which aims at improving quality and productivity in social housing by fighting manufacturing, import, and distribution irregularities of materials, components, and construction systems. We are also a member of the Brazilian Association of Bathroom Supplies (Asfamas). Our products are manufactured according to specific standards (ABNT) and submitted for external compliance qualification.

The porcelain tiles and ceramic slabs from the **Ceramic Tile Division** have quality certificates issued from audits carried out in the production processes to attest to their compliance. The audits are conducted on a quarterly basis, based on laboratory tests in institutions certified by the National Institute of Metrology, Quality and Technology (INMETRO) and assess compliance with the requirements of technical standards and ordinances in effect, such as ISO 13006.

The products are developed to meet usage requirements, with different surfaces depending on the product's intended use. There are five classes that guide the correct application of the products: use in walls and residential, commercial, low and high traffic, and external areas. The classes are indicated on the packaging, our website, and promotional materials.



GRI 416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

Wood Division

As a way of maintaining control and management, we comply with regulatory standards and have monitoring and control plans with internal tests in our laboratories, which also help us comply with the industry's panel quality program linked to the Brazilian Habitat Quality and Productivity Program (PBQP-H) supervised by the Ministry of Regional Development and with certificates of compliance with Environmental Protection Agency – TSCA Title VI (EPA)/California Air Resources Board (CARB) regulations, for exported products.

Deca

All products are tested and approved according to the technical standards in force, with the issuance of an approval report for the complete products or when there are changes or alterations in components or raw materials.

Ceramic Tiles Division

Ceusa and Portinari branded porcelain tiles and ceramic tiles hold quality certificates issued by conformity audits carried out in the production processes. Also, in the product portfolio, 10.15 percent are indicated to be installed in places where slip resistance is required and where the product performance impacts the user's safety - these products are identified as HARD.

The environment where we live (natural capital)

GRI 102-11 PRECAUTIONARY PRINCIPLE OR APPROACH

As part of the Environmental and Occupational Health and Safety Management Systems, our units have already identified the potential environmental and social impacts and occupational risks of their processes and activities. These surveys enable the Company to manage these risks and impacts, seeking to prevent or minimize them. In cases where mitigation is not possible, changes in the process can be made to bring risks to an acceptable level.

One example of application of the Dexco's precautionary principle is related to the use of Genetically Modified Organisms (GMO) in its forest plantations. As a company certified and member of FSC® Brazil and FSC® International, Dexco adopts the interpretation of FSC® about GMOs (FSC-POL-30-602), which prohibits their use in units with certified management due to the uncertainty regarding their potential adverse impacts. Still, research is allowed in areas clearly identified in proper documentation and outside the certified areas. Nowadays, we do not conduct research with GMOs, but we monitor the development of new technologies in the sector focused on intensifying the sustainable forest production. We only use traditional techniques of genetic improvement, as described in page 86 hereof.

GRI 103-1, 103-2, 103-3: Environmental performance ENVIRONMENTAL MANAGEMENT SYSTEM

The Environmental teams of our operational units calculate and control, on a monthly basis, the environmental indicators related to water, effluents, greenhouse gas (GHG) emissions, energy and waste. These data, which are reported on an online platform used for all performance indicators, are consolidated and analyzed across the corporation and regularly disclosed in our reports and communications to several stakeholders.

In addition to the corporate report, the industrial units follow up and communicate periodically the results of the environmental indicators on boards of management, managerial meetings, training sessions and dialogues with the operating teams, and environmental agencies. Still, in 2022, the expectation is to launch our Indicator Center, an online panel on which all ESG indicators of the Company can be found, including those related with environmental performance.

This management approach is aimed at meeting requirements related to:

- ⊗ Our ESG Policy;
- ⊗ Our Sustainability Strategy;
- ⊗ ISO 14001:2015;
- ⊗ Carbon Disclosure Project (CDP);
- ⊗ Greenhouse Gas (GHG);
- ⊗ Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD);
- ⊗ Reports to stockholders.



GRI 103-1, 103-2, 103-3: Environmental performance USE OF MATERIALS

Wood

The activities associated with production of reconstituted wood panels and floors, management of forest plantations and sale of wood seek to increase the competitive edge in the markets where we operate. The environmental impact of non-renewable materials is mitigated by actions, such as the implementation of strategies for plastic material recovery and reuse and the reuse of wood waste from the operation as renewable fuel. The controls of the consumption, quality and cost indices of products and raw-materials are monitored and measured by the Dexco Management System. The resulting indices are compared with the targets on a monthly basis. In the event the consumption and quality indices are not achieved, actions are implemented to mitigate the gap between them and the targets.

In Colombia, we are committed to buy only legal wood and we keep the FSC® forest certification of our own plantations, with the target of achieving 100% of supply with FSC® certified wood and paper and reducing by 20% the unit consumption of non-renewable input (baseline: 2018). We have some projects under feasibility studies, such as searching for optimization options for sustainable packaging and prospecting for the development of a circular economy project focused on the appreciation of packaging material.

Deca

Our material management is focused on optimizing and reducing the use of raw materials, by reducing losses and increasing material reuse to cut off costs, improving and streamlining the production processes and reducing inventories of materials used in the manufacturing of several products. In our supply chain, suppliers of forest-based packaging (paper and cardboard) have a certified chain of custody and use soybean-based ink.

The indices of material consumption and losses and of quality of production are monitored on a monthly basis. According to the results obtained, action plans are set up to reach the

targets. The Production and Quality departments are responsible for the Quality Index results and the Plant Management is responsible for the Scrap Index.

We use recycled polymers to produce parts that do not have significant technical requirements, such as installation templates, which are used for discharge valves and gate and pressure valves. Leftovers of material from the production of bathroom fixtures are crushed and added to the virgin raw material and reused in the production process. Clay rejected in the sifting process is grinded and reused. All waste from the plaster moulds used in the plant is collected and forwarded to the cement industry, where it is used as raw material.

Deca has many projects based on decreasing the use of raw material of products, by reducing thickness, replacing materials with options with lower environmental impact and working on simplifying packaging in terms of weight, thickness and size. Consumers are instructed to correctly dispose of products and packaging.

Ceramic tiles

Management of materials and formulations of Ceusa and Portinari porcelain tiles and ceramic tiles is carried out by the technical department. Inefficiencies and rejected items in the process are assessed and reused, in a controlled way, in the formulation of new ceramic tiles. The percentage of reuse is adopted to fully absorb rejected items from the production process and performance tests and simulations are regularly performed to prevent this index to affect the quality of the final product. The technical department is incumbent upon determining the acceptable percentages of reuse so that that do not interfere in the quality of the product and simultaneously meet the goals of reusing and minimizing waste disposal in landfills.

GRI 301-1 MATERIALS USED BY WEIGHT OR VOLUME

The materials consumed at Dexco, by business division and type of source (renewable and non-renewable) are presented below. In 2021, the Company consumed 4,437,185.14 metric tons of renewable materials (17.4% of the total) and 25,481,315.46 metric tons of non-renewable materials.


**GRI 301-1
MATERIALS USED BY WEIGHT OR VOLUME (cont.)**

Percentage of materials from renewable sources consumed, by business division (%)			
	2019	2020	2021
Wood	91.8	92.2	91.1
Deca (bathroom fixtures and fittings)	6.8	6.9	5.7
Deca (Hydra)	N/A	N/A	76.4
Ceramic tiles	1.7	2.7	2.5
Colombia	87.2	86.1	1.1

Materials consumed – Wood

Materials by type of source (MT)			
	2019	2020	2021
Renewable source			
Organic compound fertilizers	28,304.00	22,135.60	3,207.89
Processed wood (humid)	3,485,745.60	3,974,831.70	4,096,074.69
Paper	10,836.30	11,839.90	16,474.19
Total renewable sources	3,524,885.90	4,008,807.20	4,115,756.77
Non-renewable source			
Traditional fertilizers	29,834.30	14,715.70	33,981.33
Paraffin emulsion	8,691.80	10,567.60	13,070.81
Formaldehyde	59,591.80	74,261.30	79,747.34
Lubricants	447.80	339.20	414.69
Melamine	6,116.10	5,364.40	5,473.96
Methanol	45,208.20	48,246.00	56,390.49
Resin	90,458.70	104,991.20	123,970.34
Aluminum sulfate	1,068.20	940.70	1,036.23
Ammonium sulfate	2,019.90	2,136.30	3,451.52
Paint	64.20	20.60	3.70
Urea	63,524.90	69,067.00	81,906.45
Other materials	9,368.50	6,399.50	3,876.87
Total non-renewable sources	316,394.40	337,049.30	403,323.73

Materials consumed - Deca (bathroom fixtures and fittings)

Materials by type of source (t)			
	2019	2020	2021
Renewable source			
Wood packaging	3,896.50	5,740.20	8,028.62
Paper and cardboard packaging	2,407.60	2,493.40	2,965.87
Total renewable sources	6,304.10	8,233.60	10,994.49
Non-renewable source			
Molding sand	1,828.00	1,757.30	2,213.50
Clamshell	14.10	15.50	17.18
Plastic packaging	540.60	587.80	687.68
Bronze casting	12,891.00	7,952.10	8,374.82
Brass casting	6,866.50	4,225.10	2,357.70
Plaster	7,847.00	6,812.00	9,969.35
Raw materials for glazing ¹	2,114.00	1,840.70	2,896.41
Raw materials for mass ²	48,050.30	79,326.30	149,230.50
Brass	3,600.60	4,551.40	3,753.46
Plastic	1,500.00	1,699.50	1,732.28
Chemicals	1,109.20	1,268.60	1,128.72
Zamac	573.60	680.20	548.12
Total non-renewable sources	86,935.9	110,716.6	182,909.72

¹ Raw materials for glazing include dyes, feldspar, silicate, carbonate and zinc oxide.

² Raw materials for mass include kaolin, clay, crushed stone, granite, quartz and phyllite.

Materials from non-renewable sources (total number)			
	2019	2020	2021
Imported components	16,821,001.00	15,639,112.00	11,400,172.00
Domestic components	86,143,288.00	96,368,967.00	94,315,339.00
Flapwheels and flapdiscs	149,188.00	134,408.00	131,921.00
Total non-renewable sources	103,113,477.00	112,142,487.00	105,847,432.00



Materials consumed - Deca (Hydra)

Materials by type of source (MT)			
	2019	2020	2021
Renewable source			
Paper and cardboard packaging	3,896.50	5,740.20	14,613.00
Total renewable sources	3,896.50	5,740.20	14,613.00
Non-renewable source			
Steel	12.20	5.50	1.97
Copper	8.80	26.30	12.97
Resistance wire	103.90	135.00	155.20
Resin	2,537.10	3,833.2	4,256.87
Brass strip	46.80	56.30	78.32
Other materials	0.70	1.40	0.06
Total non-renewable sources	2,709.50	4,057.70	4,505.39

Materials by type of source (total number)			
	2019	2020	2021
Renewable source			
Paper and cardboard packaging	18,014,524.5	34,690,953.8	41,841,826.00
Total renewable sources	18,014,524.5	34,690,953.8	41,841,826.00

Materials from non-renewable sources (total number)			
	2019	2020	2021
Imported components	16,821,001.00	15,639,112.00	13,739,785.00
Domestic components	86,143,288.00	96,368,967.00	184,632,546.16
Total non-renewable sources	103,113,477.00	112,142,487.00	198,372,331.16

Materials from non-renewable sources (meters)			
	2019	2020	2021
Wires, cables and isolation materials	9,476,381.50	11,689,265.70	14,234.94
Other materials	49,580.8	58,891.0	6,746.93
Total	9,525,962.30	11,748,156.70	20,981.87

Materials consumed - Ceramic Tiles

Materials by type of source (metric tons)			
	2019	2020	2021
Renewable source			
Paper packaging	636.00	3,564.30	5,914.14
Pallets	2,296.80	14,415.40	14,765.87
Total renewable sources	2,932.80	17,979.70	20,680.01
Non-renewable source			
Raw materials for mass ¹	164,076.60	622,427.40	770,874.53
Deflocculants	1,251.70	1,390.00	1,594.42
Mass additives	52.10	75.60	4,144.92
Raw materials for glazing ²	4,601.00	22,259.40	25,896.06
Inorganic dyes	11.80	47.70	53.97
Digital inks	43.30	125.20	158.51
Granilha (high resistance glass) and vitrosa ceramic coatings	155.30	427.80	865.30
Precious metals	0.01	0.01	0.01
Vehicles and glues	142.40	512.70	223.42
Glaze additives	1.50	31.20	53.49
Waterproofing	2.80	0.50	7.48
Plastic packaging	0.00	219.60	0.00
Total non-renewable sources	170,338.40	647,517.10	803,872.11

¹ Raw materials for mass include clays, kaolins, feldspar, phyllite and argillite.

² Raw materials for glazing include glazes, engobes, micronized materials and crude raw materials.



Materials consumed in Colombia

Materials by type of source (metric tons)			
	2019	2020	2021
Renewable source			
Organic compound fertilizers ¹	N/A	N/A	42.34
Processed wood (humid)	343,256.20	276,664.40	273,706.40
Paper	906.40	924.20	1,392.13
Total renewable sources	344,162.50	277,588.60	275,140.87
Non-renewable source			
Traditional fertilizers	-	479.50	1,198,350.41
Paraffin emulsion	1,637.20	1,451.80	1,894.89
Formaldehyde	1,061.80	1,032.60	1,856.47
Pre-emergent herbicides	N/A	N/A	14,911.56
Post-emergent herbicides	N/A	N/A	22,806,389.26
Insecticides and fungicides	N/A	N/A	10,172.52
Lubricants	49.80	17.80	27.55
Melamine	2,269.10	2,275.30	2,515.71
Methanol	8,171.10	7,453.30	9,246.91
Resin produced internally	27,060.10	23,620.60	29,800.16
Resin produced externally	199.60	167.30	1,309.90
Paint	2.90	11.20	3.04
Dyes	38.70	79.40	86.46
Urea	9,612.50	7,964.20	9,848.50
Other materials	329.40	259.70	291.17
Total non-renewable sources	50,432.00	44,812.70	24,086,704.51

¹ Amounts not available (N/A) started to be reported in 2021.

GRI 301-2 RECYCLED INPUT MATERIALS USED

Reused and/or recycled materials, by business division (MT) ¹				
	Type of material	2019	2020	2021
Deca	Bronze casting	12,891.00	7,952.10	0.00
	Brass casting	6,866.50	4,225.10	2,784.99
	Zamac	573.60	680.20	507.51
	Polypropylene	0.00	0.00	2.10
	Unused mass	27,348.90	26,768.40	46,443.70
	Glaze	2,526.50	2,909.40	2,016.04
	Reused resin (Hydra)	92.00	4.70	0.00
	Reused plastic material	0.00	0.00	69.89
Ceramic tiles	Unused mass	11,339.10	56,039.40	112,723.02
Colombia	Reused wood	0.00	0.00	75,457.87
Total		61,637.60	98,579.20	240,005.12
Ratio of reused materials to total materials used		22.9	12.5	0.80

¹ The Wood Brazil division does not use recycled input materials as raw material for products.

GRI 301-3 RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS

Over 2021, we offset 22% of the packaging that reached final consumers in Brazil in 2020. This calculation includes the following categories of products: Deca Bathroom Fixtures, Deca Bathroom Fittings, Deca Hydra, Ceramic tiles, Duratex - Durafloor (not including panels as they do not directly reach final consumers).


**GRI 301-3
RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS (cont.)**

The detailed total number of packaging shipped, in metric tons, by business division, is presented below:

Total packaging shipped, by business division (MT)		
	2020	2021
Paper and cardboard packaging		
Wood	809.33	864.70
Deca Bathroom Fittings	672.34	730.93
Deca Bathroom Fixtures	1,405.09	2,002.01
Deca Hydra	499.80	505.96
Ceramic tiles	3,978.11	5,392.93
Total paper and cardboard packaging	7,364.67	9,499.07
Plastic packaging		
Wood ¹	0.00	0.00
Deca Bathroom Fittings	182.18	197.83
Deca Bathroom Fixtures	17.67	15.97
Deca Hydra	27.01	33.11
Ceramic tiles ¹	0.00	0.00
Total plastic packaging	226.86	246.91
Total packaging shipped	7,591.53	9,745.98

¹ Ceramic tiles and Wood divisions do not ship plastic packaging to final consumers.

Energy management

**GRI 302-1
ENERGY CONSUMPTION WITHIN THE ORGANIZATION**

Energy consumption (GJ)						
	Brazil			Colombia		
	2019	2020	2021	2019	2020	2021
Acetylene	81.5	91.4	186.0	-	-	-
Sub-bituminous coal	-	776,044.5	946,864.1	-	-	-
Diesel	319,637.53	274,821.6	312,414.41	9,365.4	6,551.0	7,857.2
Gasoline ¹	7,158.23	4,266.5	17,203.75	-	-	-
Liquid petroleum gas (LPG)	75,008.09	73,016.8	96,281.6	120,164.4	111,508.9	202,114.0
Natural gas	1,290,599.95	2,562,370.0	3,058,683.4	66,491.5	58,908.2	76,525.0
Vehicular natural gas	-	-	20,512.7	-	-	-
Propane	-	563.8	825.5	-	-	-
Fuel oil	42,185.3	54,094.6	67,429.3	-	-	-
Biomass	2,875,251.23	3,037,439.6	3,341,392.3	360,379.7	234,101.8	299,053.6

¹ The variation in the consumption of these fuels was due to the replacement of the ethanol-powered vehicles, used every day for traveling between plants and farms, with gasoline-powered vehicles, particularly at the Forest units in Agudos and Itapetininga.


**GRI 302-1
ENERGY CONSUMPTION WITHIN THE ORGANIZATION (cont.)**

Energy consumption (GJ)						
	Brazil			Colombia		
	2019	2020	2021	2019	2020	2021
Ethanol ¹	15,888.78	12,253.7	984.75			
Electricity ²	2,485,584.36	2,894,399.4	3,161,483.9	216,030.7	181,253.0	213,517.6
Total energy consumed (GJ)	7,111,395.0	9,689,361.9	11,024,261.71	772,431.7	592,322.9	799,067.3
Percentage of energy from renewable sources(%) ³	69.4%	56.6%	54.5%	71.0%	64.3%	56.4%

¹ The variation in the consumption of these fuels was due to the replacement of the ethanol-powered vehicles, used every day for traveling between plants and farms, with gasoline-powered vehicles, particularly at the Forest units in Agudos and Itapetininga.

² With regard to electricity from renewable sources, one takes into account the percentages of the Brazilian Energy Production Mix, stated in the monthly monitoring report of the Brazilian Electric System (December 2021), of the Brazilian Ministry of Mines and Energy. Dexco only acquires electricity (we do not sell it).

³ The indicator was revisited and, for calculating the percentage of energy from renewable sources, one takes into account fuel from renewable sources: ethanol and biomass. The percentages of biodiesel (diesel) and anhydrous ethanol (gasoline) are not deemed as a share of renewable energy. Based on this assumption, the amounts for 2019 and 2020 were restated.

Total renewable (Dexco) - 2021

54.6%

**GRI 302-2
ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION**

Energy consumption outside of the organization ¹ (GJ)		
2021		
Non-renewable fuel	Diesel ¹	1,065,607.31
	Gasoline ¹	12,043.90
	Liquid petroleum gas (LPG)	1,043.44
	Vehicular natural gas	387.74
	Aviation kerosene	6,250.67
Renewable fuel	Hydrated ethanol	8.5
Electricity acquired	Electricity	10,618.43
	Purchased steel	48.08
	Copper	615.95
Inputs for civil construction	Plaster	17.94
	Lubricant	2.72
Solid waste		
Total		1,096,644.68

¹ Despite having previously already calculated Scope 3 GHG Emissions, it is the first time we report the 302-2 indicator for energy consumption outside of the organization. Data include only operations in Brazil. This panel only includes energy consumption from Scope 3 emission sources. In spite of being conservatively categorized as non-renewable fuel, "Gasoline and Diesel" contain addition of renewable fuel (ethanol and biodiesel, respectively).



GRI 302-3 ENERGY INTENSITY

Energy intensity, by business division	
	2021
Panels (GJ/m ³)	1.870
Deca Bathroom Fixtures (GJ/kg)	0.009
Deca Bathroom Fittings (GJ/item)	0.014
Deca Hydra (GJ/item)	0.004
Ceramic Tiles (MTCO ₂ e/sq. m)	0.142
Colombia (GJ/m ³)	3.410

GRI 302-4 REDUCTION OF ENERGY CONSUMPTION

No reduction of absolute energy consumption was recorded in the past three years, but rather an increase. When compared to 2020, consumption in 2021 was 22% higher. When compared to 2019, consumption was 34% higher. This increase is directly due to the acquisition of the Ceramic Tiles units in 2019 and by the growth of demand and production in the last two years.

Still, units have been seeking to implement actions to meet the targets of reducing relative consumption. At the Bathroom Fittings unit in São Paulo, the hardening process, which was carried out in two furnaces that were kept working from Mondays to Fridays, was concentrated in only two days a week. This practice started in September 2021 and allowed for a 60% reduction in the energy consumption of the furnaces, which went from 2,880 kW/month to 1,152 kW/month. At the Bathroom Fittings unit in Jacareí, the needs for replacing traditional lamps with LED lamps, more efficient, were mapped over 2021, and they are gradually being replaced.

Water management

GRI 303-1 INTERACTIONS WITH WATER AS A SHARED RESOURCE

Our water is taken from surface and ground water sources or purchased from third parties. With respect to water discharge, in order not to contaminate receiving water bodies, our effluents are not discharged without any type of treatment, except for in the show room and offices, which are directly connected to the sewage network. The volume of water discharged is much lower than the volume of water withdrawn or consumed, and this is mainly due to the reuse systems installed in all our business divisions. The reuse systems reduce the need to withdraw water for operations and, consequently, help minimize the impact of our units on the water availability in the sites where they are installed.

Within the scope of the Environmental Management System, the aspects and impacts spreadsheet is one of the tools to identify water-related impacts, and it is updated by the plants every two years. Another important measure is the monitoring of licenses for water withdrawal and use, which are exclusive for each unit and include the feasible limits for water withdrawal within the local water balance. Each license is renewed according to the need and/or close to the expiration date. The periodic reporting and critical analysis of environmental indicators, including water consumption and discharge, are also some of the approaches used to identify and measure impacts.

Aware that we cannot compromise the water availability at the sites where our active operational units are located, we seek to ensure that all our business divisions have reuse systems in place aimed at reducing the need to withdraw water for operations.

Dexco Supplier Management Program is intended to engage suppliers and foster the adoption of sustainable practices throughout the supply chain and includes a questionnaire with questions about water efficiency and management.

The water-related targets are part of the [Efficient use of inputs and raw materials indicator](#) and are related to the reduction in the relative water withdrawal from all sources, for each business.



GRI 303-2 MANAGEMENT OF WATER DISCHARGE-RELATED IMPACTS

Effluents are discharged in accordance with the conditions provided for in the local environmental legislation at each unit, with a level of quality that meets the parameters prescribed in law and the characteristics inherent in the receiving water bodies. All our business have Sewage Treatment Stations (STS), and analyses of the effluent quality are carried out on a regular basis.

GRI 303-3 WATER WITHDRAWAL

Water withdrawal in Brazil, by source ¹ (m ³)						
2019		2020		2021		
Water stress		Water stress		Water stress		
No	Yes	No	Yes	No	Yes	
Surface water	0.00	158,602.10	0.00	668,795.50	0.00	722,915.86
Third-party water	52,384.00	256,479.50	53,320.00	262,995.60	60,187.00	384,689.32
Groundwater	0.00	2,604,397.30	0.00	2,553,814.80	0.00	3,117,728.92
Total	52,384.00	3,019,478.90	53,320.00	3,485,605.80	60,187.00	4,225,334.10

¹ Only freshwater is withdrawn, that is, water with total concentration of dissolved solids equal or lower than 1,000 mg/L.

Water withdrawal in Colombia, by source ¹ (m ³)						
2019		2020		2021		
Water stress		Water stress		Water stress		
No	Yes	No	Yes	No	Yes	
Surface water	142,860.90	0.00	123,429.40	0.00	141,310.38	0.00
Third-party water	6,498.40	0.00	5,254.70	0.00	6,907.79	0.00
Groundwater	5,387.00	0.00	9,559.00	0.00	11,314.00	0.00
Total	154,746.30	0.00	138,243.00	0.00	159,532.17	0.00

¹ Only freshwater is withdrawn, that is, water with total concentration of dissolved solids equal or lower than 1,000 mg/L.

GRI 303-4 WATER DISCHARGE

In 2021, 860,444.74 m³ of water was discharged in Brazil, and only 7% was discharged in areas of water stress. In Colombia, where we do not operate in areas of water stress, 50,801.97 m³ of water was discharged. This data is monthly collected on site and reported on an online management platform. It is worth mentioning that the volume of water discharge is low when compared with total water withdrawn, since all our business have a reuse system implemented.

Water discharge in Brazil, by destination (m ³) ¹							
	Treatment level	2019		2020		2021	
		Water stress		Water stress		Water stress	
		No	Yes	No	Yes	No	Yes
Surface water	Primary and secondary	26,002.70	0.00	7,174.00	0.00	20,107.54	0.00
	Secondary	368,948.00	0.00	316,108.00	0.00	369,185.00	0.00
Third-party water	Primary	15,315.20	0.00	17,121.00	0.00	19,378.96	0.00
	Secondary	238,626.70	48,845.00	229,224.20	53,320.00	261,428.34	60,187.00
	Tertiary	71,896.00	0.00	79,095.90	0.00	80,754.93	0.00
	Untreated	266.00	0.00	553.00	0.00	626.00	0.00
Other	Primary	3,066.40	0.00	1,323.30	0.00	1,152.00	0.00
	Primary and secondary	7,472.00	0.00	3,260.40	0.00	3,993.70	0.00
	Untreated	253.00	0.00	0.00	0.00	0.00	0.00
Total		731,846.00	48,845.00	653,859.80	53,320.00	756,626.48	60,187.00

¹ Only freshwater is withdrawn, that is, water with total concentration of dissolved solids equal or lower than 1,000 mg/L.



Water discharge in Colombia, by destination (m ³) ¹							
Treatment level	2019		2020		2021		
	Water stress		Water stress		Water stress		
	No	Yes	No	Yes	No	Yes	
Surface water	Primary and secondary	9,391.8	0.00	11,943.3	0.00	15,059.69	0.00
	Secondary	105,659.6	0.00	28,564.8	0.00	35,742.28	0.00
Total		115,051.4	0.00	40,508.1	0.00	50,801.97	0.00

¹ All water is discharged in superficial sources. Only freshwater is withdrawn, that is, water with total concentration of dissolved solids equal or lower than 1,000 mg/L.

GRI 303-5 WATER CONSUMPTION

Dexco

Based on the assumption of consumptive use (consumption = withdrawal - discharge), total water consumption was 3,577,437.82 m³. Based on the total water use (consumption = withdrawal + reuse - discharge), water consumption for our activities was 11,474,358.02 m³. For both assumptions, consumption in areas of water stress was 0 m³.*

* In 2015, a study was conducted involving the Assessment of the Watershed Sustainability Index to assess the water resources of the watersheds where our industrial units are located, using the most recent data provided by international bodies, watershed committees and government bodies. The main water stress indicators were reviewed and a Watershed Sustainability Index (WSI) was applied to the watersheds where Dexco operates. The Penha Pinheiros watershed, where our São Paulo Bathroom Fittings unit is located, was classified as median (for WSI) and, according to the Falkenmark indicator, the watershed is characterized by the absolute water scarcity, which results in high water risk to the unit. Based on the assessment of local factors and water conditions, the unit was classified as high risk. The company already adopts measures to mitigate the risks, such as intensifying water reuse, implementing a plan to purchase water from alternative suppliers, and promoting employee awareness raising campaigns. In 2021, no water shortage was recorded at the unit.

Responsible forest management and biodiversity

GRI 103-1, 103-2, 103-3: Forest management BIODIVERSITY MANAGEMENT

Our management is aimed at preserving biodiversity, the springs and waterways, and improving the ecosystem services and environmental values. Additionally, the highlights are the following actions carried out associated with this topic:

- ⊙ The Forest Management Plan, which covers our total forest areas in Brazil and complies with the guidelines of the FSC® principles and criteria. The current version is dated May 2021 and reviews are carried out on an annual basis;
- ⊙ The Policy for the Supply with Wood from Controlled Sources (disclosed in the Forest Management Plan), which covers the wood supply of all panel plants in Brazil, and is approved by the Wood Operations Office, and based on the FSC® standard on controlled wood. The current version of the policy is dated 2014, but it is reviewed every year in the review process of the Management Plan;
- ⊙ The commitment undertaken by means of the FSC® certification, set forth in the Policy for Association, by preventing the involvement in activities related to illegal harvesting and trade of wood, the violation of traditional and human rights, the destruction of high conservation values, the conversion of forests to plantations or non-forest use, the use of genetically modified organisms for commercial purposes and the violation of any of the ILO Core Conventions. Additionally, due to the FSC® certified chain of custody in our plants, we have the commitment to use only certified wood or from other controlled sources, and to ensure that, in addition to the wood directly produced by Dexco, our wood suppliers also operate adopting practices that prevent significant impacts on biodiversity.



GRI 304-1 OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Operational sites in, or adjacent to, protected areas and areas of high biodiversity value in Brazil, by State				
	Type of conservation unit	Type of overlapping	Overlapped areas (ha)	
			Production farms	Conservation farms
São Paulo	Full protection	In the area	0.00	0.00
		Adjacent to the area (10 km)	12,436.33	0.00
	Sustainable use	In the area	12,990.23	0.00
		Adjacent to the area (10 km)	37,913.43	0.00
	Area of High Conservation Value (AHCV)	In the area	0.00	0.00
	Minas Gerais	Full protection	In the area	0.00
Adjacent to the area (10 km)			0.00	1.55
Sustainable use		In the area	1,060.23	0.00
		Adjacent to the area (10 km)	3,347.72	0.00
Area of High Conservation Value (AHCV) ¹		In the area	32.50	0.00
Rio Grande do Sul		Full protection	In the area	0.00
	Adjacent to the area (10 km)		0.00	0.00
	Sustainable use	In the area	0.00	0.00
		Adjacent to the area (10 km)	0.00	0.00
	Area of High Conservation Value (AHCV)	In the area	0.00	0.00
	Total			67,780.44

¹ The Area of High Conservation Value (AHCV) identified in Minas Gerais is category 1 and this classification was due to the presence of an endemic species of amphibian of the "Triângulo Mineiro" region (*Bokermannohyla sazimai*).

Areas of High Conservation Value (AHCV) in Colombia, by type of value identified				
	Region	State	Characteristics	Area (ha)
Areas with endemic or threatened species	North of Antioquia	La Argentina, Mundo Nuevo, La Arabia	Quercus humboldtii forest, presence of <i>Ceroxylum quindiuense</i>	11.9
	Tolima	Galicia	Presence of <i>Atapletes flaviceps</i>	6.5
	North of Antioquia	San Mateo	Presence of <i>Atapletes blancae</i>	1.2
Areas with ecosystems and habitats	North of Antioquia	San Mateo	Páramo ecosystem	1.2
	North of Antioquia	Argentina	Catchment of the Llanos de Cuivá aqueduct	2.0
Areas with community needs	Caldas	Manantiales	Source of the Manantiales y Peñitas aqueduct	16.4
	Tolima	Bellavista	Source of the Cuchilla aqueduct	5.8
	Tolima	Brasilia	Source and catchment of the Monteredondo aqueduct	6.5
	Tolima	La Albania, Galicia, Brasilia	Source and catchment of the El Tablazo aqueduct	14.0
	Tolima	Vista Hermosa	Source and catchment of the Fresno aqueduct	15.9
	Tolima	Vista Hermosa	Source and catchment of the La Picota aqueduct	25.0
	Tolima	San Antonio	Source and catchment of the Dos Quebradas aqueduct	2.0
	Tolima	La Pradera	Catchment of the Padua aqueduct	1.0
	Total			



GRI 304-2 SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

Brazil

Our operations with greatest potential to cause any significant impact on biodiversity are those related to forestry activities. As part of the FSC® certification, certified undertakings are required to identify the environmental aspects and impacts of their activities and to follow a procedure that sets the assumptions for this assessment. The characterization takes into account the situation (regular, irregular or emergency), type of impact (actual or potential), temporality (current, past or planned), classification (beneficial or adverse) and influence level (under control or liable to influence). The significance of the impacts is determined based on scale, severity and frequency criteria. All forest operations were subject to this assessment and, according to the methodology used, no significant impacts on biodiversity were identified in Dexco's operations.

Even so, also as part of the FSC® certification requirements, field monitoring is carried out before, during and after the activities. Operation micro-planning allows for environmental and social impacts with higher probability to occur at a certain location to be identified, thus enabling measures to be established to prevent, minimize and/or mitigate them. For the monitoring during the operations and after their completion, in 2021 an electronic form was prepared on which guards, technicians and supervisors may report environmental and social occurrences (erosion, presence of waste and invasions, for example), automatically creating a pending issue that must be addressed by the operational area by means of action plans.

Our plants are installed in areas designated for industrial activities, preventing significant impacts on biodiversity. The forest production units are implemented in areas already anthropized, usually used for farming activities.

We have a due diligence system for wood procurement that assesses, among other aspects, all suppliers in terms of environmental and social impacts of the harvesting and

transportation operations. The due diligence takes into account the following: environmental documentation, labor documentation, overlapping of the supplier unit with protected areas (conservation units, indigenous lands and quilombola territories (state-recognized encampment communities of descendants of runaway slaves)), impacts on ecosystem services, respect to the conservation areas in harvesting operations, waste management, indications of impacts on soil, water and native vegetation, occupational safety conditions, employee training, free supply of personal protective equipment (PPE) and provision of water and food.

Colombia

The development of the transportation infrastructure involves the construction of roads, by giving priority to forest areas with higher percentage of plantation and avoiding protection areas, waterways and other types of natural conditions of the land, such as zones of instability and springs. In the event the route of the road mandatorily crosses one of these areas, an analysis must be carried out with priority and the corresponding licenses must be submitted to the regional environmental authorities. In order to ensure the proper development of this activity, the company has a procedure focused on forest roads.

With respect to the potential of contamination, Dexco Colombia has a procedure that sets the care that must be taken when applying and preparing the inputs of fertilizers and herbicides required for the operation. Herbicides, for example, cannot be applied close to springs.

All the activities supporting the control operation for pests and diseases are described in details, giving priority to the biological control before using chemical products. The quantities of product applied and the dates of application are registered, monitoring the evolution of the phytosanitary problem by completing biological control forms. An internal procedure for the protection of natural areas is also in place, by which invasive species, as well as the actions that should be taken to control them, are identified, and another procedure is focused on practices that improve productivity in commercial forests and on the care and conservation of natural ecosystems.



GRI 304-3 HABITATS PROTECTED OR RESTORED

Brazil

With respect to partnerships with third-parties to manage habitats protected or restored, since 2019, Dexco has been working in Brazil with a group of fostered forest producers in Rio Grande do Sul to obtain the FSC® certification. One of the requirements to obtain this certification is the compliance with legislation, which can require a survey on and any adjustments to the areas that were planted in sites that should be designated for conservation, such as Permanent Preservation Areas (PPAs). In these cases, we can recommend the most suitable technique to the situation and the fostered producers are responsible for carrying out these actions. These initiatives have been presented in the external audits for the obtention and maintenance of the group's FSC® certificate since 2020 and, as new members and new areas are included in the group, the actions are repeated.

Own and leased forest areas in Brazil, by State and type of soil use (ha)

Ownership relation	2019			2020			2021 ¹							
							Planted forests			Conservation and other uses			FSC certified	
	Planted forests	Improvements	Conservation	Planted forests	Improvements	Conservation	Planted forests	Available for planting	Total	Improvements	Conservation	Total		
São Paulo	Leased	11,124	921	5,963	11,053	909	6,078	10,592	763	11,355	923	6,347	7,270	16,394
	Owned	43,561	3,004	17,653	40,783	2,742	16,486	37,721	2,978	40,699	2,708	16,095	18,804	58,023
Minas Gerais	Leased	75,396	3,712	29,532	28,519	1,610	17,838	26,270	2,249	28,518	1,571	17,919	19,490	47,697
	Owned	0	0	0	0	0	0	0	0	0	0	0	0	0
Rio Grande do Sul	Leased	1,556	191	805	1,554	189	808	1,518	36	1,554	189	808	998	2,518
	Owned	3,233	248	2,507	3,232	248	2,508	3,232	0	3,232	248	2,508	2,756	5,988
Total		134,870	8,076	56,460	85,141	5,698	43,718	79,332	6,026	85,358	5,639	43,678	49,317	130,890

¹ The areas of planted forests and available for planting in 2021 together are equivalent to the area of planted forests in 2020. For 2021, the data was broken down in order to standardize it with the Colombia report. The report on the areas for conservation and other uses was also changed to match the Colombia report.


**GRI 304-3
HABITATS PROTECTED OR RESTORED (cont.)**
Fostered forest areas in Brazil, by State and type of soil use (ha)

	Ownership relation	2019			2020			2021		
		Planted forest	Improvements	Conservation ¹	Planted forest	Improvements	Conservation ¹	Planted forest	Improvements	Conservation ¹
São Paulo	Fostering	1,341	660	N/A	1,341	660	N/A	1,341	660	N/A
Minas Gerais	Fostering	542	267	N/A	0	0	N/A	0	0	N/A
Rio Grande do Sul	Fostering	13,695	11,205	N/A	13,865	11,344	N/A	14,547	11,902	N/A
Total		15,577	12,132	N/A	15,206	12,004	N/A	15,888	12,563	N/A

¹ The areas of fostered forest producers have no ownership relationship, but rather only a contractual relationship for the sale of wood. Therefore, we have no control over the conservation areas.

Areas in recovery in Brazil, by State and regeneration stage (ha)¹

	Ownership relation	2021				Total
		Initial stage	Intermediate stage	Advanced stage	Unrated	
Minas Gerais	Leased	3,606.30	6,575.65	6,891.32	845.83	17,919.10
Rio Grande do Sul	Leased	12.46	103.43	690.37	1.87	808.13
	Owned	14.64	287.60	2,204.80	1.23	2,508.27
São Paulo	Leased	86.98	1,867.09	3,938.10	454.86	6,347.02
	Owned	317.47	5,024.94	10,511.47	241.45	16,095.33
Total		4,037.84	13,858.71	24,236.05	1,545.24	43,677.85

¹ The data started to be reported in 2021, so that there is no historical series.



GRI 304-3
HABITATS PROTECTED OR RESTORED (cont.)

Own and third-party forest areas, by region and type or soil use in Colombia (hectares)

Own and third-party forest areas in Colombia, by region and type of soil use (ha)										
	2019			2020		2021				
	Planted forests	Available for planting	Conservation and other uses	Available for planting	Conservation and other uses	Planted forests		Total	Conservation and other uses	FSC certified ¹
Owned										
North of Antioquia	2,254	0	1,079	0	1,079	2,283	0	2,283	1,050	3,333
Northeast of Antioquia	1,080	61	1,013	65	955	1,136	25	1,161	993	2,154
Tolima	783	0	771	19	771	795	11	806	748	1,554
Caldas	270	6	135	6	135	270	6	276	135	411
Magdalena Medio	114	20	82	0	42	114	0	114	42	0
Subtotal of owned areas	4,501	87	3,080	90	2,982	4,598	42	4,640	2,968	7,453
Third parties										
Northeast of Antioquia	1,876	19	0	35	0	1,986	50	2,036	372	1,382
Magdalena Medio	682	0	518	-	518	682	0	682	518	0
Subtotal of third parties	2,558	19	518	35	518	2,668	50	2,718	890	1,382
Total	7,059	106	3,598	125	3,500	7,266	92	7,358	3,858	8,835

¹ As from 2021, Colombia started to report areas of planted forests and for conservation and other uses to standardize it with the Brazil report.

² The data on FSC[®] certified areas started to be reported in 2021, so that there is no historical series.



GRI 304-4 IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS

Brazil

We register the number of species under some level of threat of extinction in the Company's areas that are listed by the International Union for Conservation of Nature (IUCN) and in the list of threatened species of the States where we operate: São Paulo, Minas Gerais and Rio Grande do Sul. Additionally, we monitor the national list of the Chico Mendes Institute for Biodiversity Conservation (ICMBio) and of the Brazilian National Registry of Caves (CNC).

Threatened species, by level of threaten in 2021 in Brasil										
	São Paulo		Minas Gerais		Rio Grande do Sul		Brazil (ICMBio and CNC)		IUCN	
	Fauna	Flora	Fauna	Flora	Fauna	Flora	Fauna	Flora	Fauna	Flora
Critically endangered	6	0	6	0	0	9	0	0	0	2
Endangered	12	6	18	3	3	16	6	8	3	5
Vulnerable	28	15	17	18	18	22	13	6	18	10
Near threatened	N/A	N/A	N/A	34	34	7	N/A	N/A	34	6
Least concern	N/A	N/A	N/A	702	702	12	N/A	N/A	702	368

¹ The lists for São Paulo, Minas Gerais and National do not include the "Near threatened" and "Least concern". Accordingly, the information does not apply (N/A).

Colombia

We monitor the total number of species of the fauna and flora included in the IUCN Red List and in the list of Endangered Species of Wild Fauna and Flora (CITES). Today, we have a partnership with the SalvaMontes foundation, which enables the implementation of strategies that promote the integration of the production systems with nature dynamics to favor the preservation of the Montanerito Paisa species in its natural habitat.

Threatened species, by level of threaten in 2021 in Colombia	CITES		IUCN	
	Fauna	Flora	Fauna	Flora
Critically endangered	0	0	2	0
Endangered	0	0	0	1
Vulnerable	0	0	0	1
Near threatened	0	0	0	0
Least concern	0	0	0	1

Emissions

GRI 305-1, 305-2, 305-3 GREENHOUSE GAS (GHG) EMISSIONS

	Greenhouse Gas Emissions (tCO ₂ e)					
	Brazil			Colombia		
	2019	2020	2021	2019	2020	2021
Scope 1 ¹	211,687.3	277,629.2	328,892.7	12,714.9	12,491.6	19,550.4
Scope 2 ²	51,548.2	50,978.0	111,205.9	12,599.5	6,545.2	12,040.0
Scope 3	87,973.1	78,900.9	98,525.5	-	3,774.2	3,235.9
Total	351,208.6	407,508.1	538,624.0	25,314.4	22,811.0	34,826.4

¹ Includes emissions from the production and forestry processes and emissions from fires. The values disclosed in 2019 and 2020 have been restated according to these considerations.

² The increase in Scope 2 emissions is mainly due to the variation of the grid emission factor between 2020 and 2021.

GRI 305-1, 305-2, 305-3 | ISO 14064-I

GHG emissions and removals inventory (tCO ₂ e) - balance based on ISO 14064-I ¹			
Dexco S.A.- Operations in Brazil	2019	2020	2021
Scope 1			
Emissions	154,478.7	270,958.2	327,126.5
Emissions from forests ²	57,208.6	6,671.0	1,766.1
Removals from forests ³	(550,172.9)	(293,446.0)	(346,679.5)
Scope 2	51,548.2	50,978.0	111,205.9
Balance between emissions and removals (Scope 1 and 2)	(286,937.4)	35,161.2	93,419.1
Scope 3	87,973.1	78,900.9	98,525.5



GHG emissions and removals inventory (tCO ₂ e) - balance based on ISO 14064-1 ¹			
Dexco S.A. - Operations in Brazil	2019	2020	2021
Balance between emissions and removals (Scope 1, 2 and 3)	(198,964.3)	114,062.0	191,944.6
Dexco S.A. - Balance between emissions and removals	(198,964.3)	114,062.0	191,944.6

Caetex (50% equity interest Dexco S.A.)	2019	2020	2021
Scope 1			
Emissions	-	503.6	1,506.8
Emissions from forests ²	-	-	97.4
Removals from forests ³	-	(201,735.1)	(55,029.8)
Scope 2	-	-	-
Balance between emissions and removals (Scope 1 and 2)	-	(201,231.5)	(53,425.6)
Scope 3	-	-	-
Balance between emissions and removals (Scope 1, 2 and 3)	-	(201,231.5)	(53,425.6)

LD Celulose (49% equity interest Dexco S.A.)	2019	2020	2021
Scope 1			
Emissions	-	2,839.9	5,293.8
Emissions from forests ²	-	20,520.8	5.3
Removals from forests ³	-	(468,265.2)	(475,134.7)
Scope 2	-	-	-
Subtotal (Scope 1+Scope 2)	-	(444,904.5)	(469,835.7)
Scope 3	-	408.8	-
Balance between emissions and removals – LD Celulose Operations	-	(444,495.7)	(469,835.7)
Total Dexco S.A. and equity interests – Balance between emissions and removals	-	(531,665.16)	(331,316.7)

Biogenic emissions	2019	2020	2021
Dexco S.A. - Operations in Brazil			
Scope 1	-	395,518.5	352,367.5
Scope 3	-	7,077.3	8,475.6
Caetex (50% equity interest Dexco S.A.)			
Scope 1	-	165,476.4	916.8
Scope 3	-	-	-
LD Celulose (49% equity interest Dexco S.A.)			
Scope 1	-	-	351.5
Scope 3	-	-	-

¹ Given that Colombia's operations have a carbon market regulated by the local government, which is already tradeable, emissions and removals from Colombia's Dexco units are not making up the corporate carbon balance.

² Forest emissions are emissions related to fires that occurred in forest management areas.

³ Forest removals represent carbon captured from the atmosphere through forest growth.

GRI 305-4 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

(Scope 1) GHG emissions intensity, by business division			
	2019	2020	2021
Panels (MTCO ₂ e/m ³)	0.014576077	0.021204399	0.019243053
Deca Bathroom Fittings (MTCO ₂ e/item)	0.000251721	0.000215101	0.000169301
Deca Bathroom Fixtures (MTCO ₂ e/kg)	0.000540043	0.000364384	0.000411714
Hydra (MTCO ₂ e/unit)	0.00000766	0.000009666	0.00000834
Ceramic Tiles (MTCO ₂ e/sq. m)	0.005729975	0.008298543	0.008516324
Colombia (MTCO ₂ e/m ³)	0.05403376	0.065035320	0.083854122

GRI 305-5 REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

In 2021, absolute GHG emissions increased by approximately 32% compared to the previous year. This difference mainly arised from the acquisition of new businesses, and the production increase and adjustment in some units.



**GRI 305-5
REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS (cont.)**

The intensity of relative emissions, that is, emission by productivity, in the Deca Bathroom Fittings, Deca Hydra and Panels Brasil business decreased.

**GRI 305-6
EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)**

Emissions of ozone-depleting substances (ODS), by type (MTCFC-11e)	
	2021
HCFC-22	1.09508
HCFC-141b	0.0061
Total	1.10185

¹ Emissions in metric tons of CFC-11 equivalent, calculated based on the Ozone Depleting Potential (ODP) adopted by the Montreal Protocol. Amounts obtained on <http://www.epa.gov/ozone/science/ods/index.html>.

² Amounts reported refer to Brasil and Colombia.

Waste management

**GRI 306-1
WASTE GENERATION AND SIGNIFICANT
WASTE-RELATED IMPACTS**

In our activities raw materials and inputs are consumed, particularly chemical products used in the production process, enameling and painting, oils and degreasers to the manufacturing process of fittings, electroplating, manufacturing of resins, among others. For the output activities, there are stations of effluent and waste that are not internally reused.

In all areas of the manufacturing process of Deca (Bathroom Fittings) chemical products are generated. Potential impacts are related to leakage of product, change in the quality of water and soil, and the actual impact is that these impacts are not taken into account in the internal controls of environmental aspects and impacts.

In the Ceramic Tiles division, impacts are mainly related to energy, air and water consumption,



in addition to the generation of waste and liquid effluents, and to low air emissions (heat from the parts).

The most significant waste is settled sludge, in addition to chamottes in large volumes, and all of them are disposed of to the effluent treatment station and subsequently reused to produce new ceramic tiles. The digital printing step specifically generates hazardous waste, for which we adopted the reverse logistic model with our suppliers.

**GRI 306-2
MANAGEMENT OF SIGNIFICANT
WASTE-RELATED IMPACTS**

In 2021, approximately 130,000 metric tons of waste were reused internally in our production process. All Deca's bathroom fixtures units, for example, are equipped with crushing machines, equipment that crushes shards of broken pieces, enabling their use in the production of ceramic putty (in the format we call pitcher –crushed ceramic powder). The fittings units have technology that recovers and reuses all bronze and brass scrap left from the casting process. In the Wood division, we reuse ashes from biomass and sludge from the effluent treatment in the production of fertilizers in the composting centers. In the Ceramic Tiles division, in addition to optimizing waste management, we reuse all biomass leftovers.

In 2021, the Panel unit in Itapetininga reached zero waste disposed in landfills, equaling the Bathroom Fittings unit in São Paulo, the first one to zero its waste disposal in landfills in 2019.

Additionally, our suppliers of waste treatment were assessed under environmental criteria. We follow our approval standard for waste receivers and visits are carried out (audits performed by the technical staff of our units) for waste disposed of all classes (I, IIA, IIB) or for the size of the receiving company. The supplier registration and engagement process begins after assessment and approval by the technical team.

We manage our own waste. The environmental and services departments prepare the records and documentation of the units, as well as the Waste Transportation Manifest (MTR) for disposal and the certificate of generation and disposal, in accordance with legislation in force.



GRI 306-3 WASTE GENERATED

Waste generated in Brazil, by type and disposal (MT)

Operations	Composition	2020		2021			
		Type of waste		Type of waste			
		Non-hazardous	Hazardous	Non-hazardous	Hazardous		
Intended for disposal	Landfilling	Inert waste	9,893.20	0.00	7,910.45	0.00	
		Non-inert waste	6,787.40	0.00	11,214.09	0.00	
		Contaminated and/or contaminating waste	0.00	203.30	0.00	211.85	
		Sludge	6,337.10	0.00	9,092.03	0.00	
	Incineration without energy recovery	Non-inert waste	0.50	0.00	0.62	0.00	
		Contaminated and/or contaminating waste	0.00	3.80	0.00	6.37	
	Other disposal operations	Non-inert waste	16,134.40	0.00	43,443.89	0.00	
		Contaminated and/or contaminating waste	-0.00	1.00	0.00	0.20	
	Not intended for disposal	Other recovery operations ¹	Inert waste	N/A	N/A	200.64	0.00
			Non-inert waste	859.40	0.00	2,411.79	0.00
Contaminated and/or contaminating waste			0.00	1,526.00	0.00	3,016.59	
Sludge			289.30	0.00	11,525.64	0.00	
Not intended for disposal	Preparation for reuse	Inert waste	61,169.40	0.00	78,265.63	0.00	
		Non-inert waste	37,986.50	0.00	52,904.61	0.00	
		Contaminated and/or contaminating waste	0.00	889.20	0.00	108.24	
Not intended for disposal	Recycling	Inert waste	26,431.90	0.00	43,776.09	0.00	
		Non-inert waste	85,505.10	0.00	106,850.21	0.00	
		Contaminated and/or contaminating waste	0.00	3,548.30	0.00	3,536.53	
		Sludge	28,311.40	0.00	36,261.52	0.00	
Total		279,705.50	6,171.50	403,857.21	6,879.78		

¹ Not applicable data (N/A) started to be reported in 2021



Waste generated in Colombia, by type and disposal (MT)

Operations	Composition	2020		2021			
		Type of waste		Type of waste			
		Non-hazardous	Hazardous	Non-hazardous	Hazardous		
Intended for disposal	Landfilling ¹	Inert waste	N/A	N/A	212.21	0.00	
		Non-inert waste	300.90	0.00	362.08	0.00	
		Contaminated and/or contaminating waste	0.00	6.30	0.00	76.59	
	Incineration without energy recovery	Contaminated and/or contaminating waste	0.00	18.30	0.00	17.08	
	Other disposal operations	Contaminated and/or contaminating waste	0.00	3.40	0.00	8.36	
Not intended for disposal	Other disposal operations	Contaminated and/or contaminating waste	0.00	1.10	0.00	0.34	
	Preparation for reuse	Contaminated and/or contaminating waste	0.00	251.50	0.00	311.81	
	Recycling ¹	Inert waste	N/A	N/A	16.25	0.00	
			Non-inert waste	17,914.50	0.00	10,796.04	0.00
			Contaminated and/or contaminating waste	0.00	0.70	0.00	0.68
	Sludge	N/A	N/A	4,673.93	0.00		
Total			18,215.40	281.30	16,060.51	414.86	

¹ Not applicable data (N/A) started to be reported in 2021



GRI 306-4, 306-5 WASTE DIVERTED FROM DISPOSAL AND WASTE DIRECTED TO DISPOSAL

Total waste by type of disposal or recovery, by country and operation (MT)

Country	Location	Operations	2020				2021			
			Not intended for disposal		Intended for disposal		Not intended for disposal		Intended for disposal	
			Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous
Brazil	Within the organization	Other recovery operations	0.00	0.00	0.00	0.00	11,115.92	0.00	0.00	0.00
		Preparation for reuse	60,056.60	0.00	0.00	0.00	87,913.63	0.00	0.00	0.00
		Recycling	24,565.60	0.00	0.00	0.00	39,416.03	0.00	0.00	0.00
	Outside the organization	Landfilling	0.00	0.00	23,017.5	203.2	0.00	0.00	27,642.28	211.85
		Incineration without energy recovery	0.00	0.00	0.5	3.8	0.00	0.00	0.62	6.37
		Other disposal operations	0.00	0.00	16,134.4	1.1	0.00	0.00	43,443.89	0.00
		Other recovery operations	1,148.70	1,525.90	0.00	0.00	3,022.15	3,016.93	0.00	0.00
		Preparation for reuse	39,099.20	889.20	0.00	0.00	43,256.62	108.24	0.00	0.00
		Recycling	115,682.50	3,548.20	0.00	0.00	131,985.56	3,536.53	0.00	0.00
		Colombia	Outside the organization	Landfilling	0.00	0.00	301.9	6.4	0.00	0.00
Incineration without energy recovery	0.00			0.00	0.00	18.3	0.00	0.66	0.00	16.42
Other recovery operations	0.00			1.1	0.00	3.5	0.00	0.34	0.00	8.36
Preparation for reuse	0.00			251.5	0.00	0.00	0.00	311.81	0.00	0.00
Recycling	0.00			0.70	0.00	0.00	15,486.22	0.68	0.00	0.00
Total			258,467.00	6,216.50	39,454.4	236.1	332,196.13	6,974.85	71,661.08	319.79

GRI and TCFD Summaries

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI CONTENT INDEX (GRI 102-55)

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG	
GRI 101: Foundation 2016						
GRI 102: General disclosures 2016	102-1	Name of the organization	8			
	102-2	Activities, brands, products, and services	17, 20, 27, 30, 31, 33, 35. We do not have any restriction or prohibition on selling our products in any market.			
	102-3	Location of headquarters	18			
	102-4	Location of operations	18			
	102-5	Ownership and legal form	16			
	102-6	Markets served	18, 107			
	102-7	Scale of the organization	18, 27, 31, 33, 37, 107			
	102-8	Information on employees and other workers	18, 55, 109, 112, 113, 114			8.5, 10.3
	102-9	Supply chain	72, 73, 74			
	102-10	Significant changes to the organization and its supply chain	19, 36, 72, 130, 131			
	102-11	Precautionary principle or approach	134			
	102-12	External initiatives	18, 21, 25, 50, 127			
	102-13	Membership of associations	50, 127, 128			
	102-14	Statement from senior decision-maker	3, 4, 5, 6			
	102-15	Key impacts, risks, and opportunities	29, 35, 36, 41, 52, 92			
	102-16	Values, principles, standards, and norms of behavior	47, 49, 50			16.3
	102-17	Mechanisms for advice and concerns about ethics	49			16.3
	102-18	Governance structure	45			
	102-19	Delegating authority	45			
	102-20	Executive-level responsibility for economic, environmental, and social topics	45			
	102-21	Consulting stakeholders on economic, environmental, and social topics	45			16.7

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 102: General disclosures 2016	102-22	Composition of the highest governance body and its committees	45, 110		5.5, 16.7
	102-23	Chair of the highest governance body	110		16.6
	102-24	Nominating and selecting the highest governance body	110		5.5, 16.7
	102-25	Conflicts of interest	110		16.6
	102-26	Role of highest governance body in setting purpose, values, and strategy	45		16
	102-27	Collective knowledge of highest governance body	45		
	102-28	Evaluating the highest governance body's performance	46		
	102-29	Identifying and managing economic, environmental, and social impacts	53		16.7
	102-30	Effectiveness of risk management processes	52		
	102-31	Review of economic, environmental, and social topics	45		
	102-33	Communicating critical concerns	52, 111		
	102-34	Nature and total number of critical concerns	Dexco does not report the nature and total number of critical concerns, as they are considered sensitive information.		
	102-35	Remuneration policies	111		
	102-36	Process for determining remuneration	111		
	102-38	Annual total compensation ratio	112		
	102-39	Percentage increase in annual total compensation ratio	There was no salary increase in 2021 for the highest paid employee in the Company. Accordingly, this indicator is not available for this cycle.		
	102-40	List of stakeholder groups	128		
	102-41	Collective bargaining agreements	115		8.8
	102-42	Identifying and selecting stakeholders	76, 129		
	102-43	Approach to stakeholder engagement	20, 69, 70, 74, 76, 78, 80, 85, 129, 130		
102-44	Key topics and concerns raised	9, 69			

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 102: General disclosures 2016	102-45	Entities included in the consolidated financial statements	8, 107, 108		
	102-46	Defining report content and topic Boundaries	9		
	102-47	List of material topics	9, 100		
	102-48	Restatements of information	8, 49, 73. The most significant restatements in 2021 were the rebranding and the purchase of Castelatto, leader in the premium segment of architectural concrete floors and coatings. The completion of this operation is subject to the compliance with conditions precedent. Additionally, the Ombudsman’s Office was changed into the Whistleblowing Channel, which resulted in changes in the metrics for reporting occurrences. Other restatements are presented in footnotes of the Report.		
	102-49	Changes in reporting	9. There was no significant change to the list of material topics and limits compared to the previous reports. Materiality will be reviewed for the 2022 cycle.		
	102-50	Reporting period	8		
	102-51	Date of most recent report	8		
	102-52	Reporting cycle	8		
	102-53	Contact point for questions regarding the report	9		
	102-54	Claims of reporting in accordance with the GRI Standards	8		
	102-55	GRI content index	156		
	102-56	External assurance	8		

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
Material topics: Ethics and compliance					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		10	16
	103-2	The management approach and its components	47, 48, 101	10	16
	103-3	Evaluation of the management approach		10	16
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	49, 50	10	16.5
	205-3	Confirmed incidents of corruption and actions taken	112	10	16.5
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2021 we were not served notice of lawsuits, the subject matters of which were anti-competitive behavior, anti-trust or monopoly practices.	1, 5	16.3
GRI 207: Tax 2019	207-1	Approach to tax	108		1.1, 1.3, 10.4, 17.1, 17.3
	207-2	Tax governance, control, and risk management	108		1.1, 1.3, 10.4, 17.1, 17.3
	207-3	Stakeholder engagement and management of concerns related to tax	109		1.1, 1.3, 10.4, 17.1, 17.3
	207-4	Country-by-country reporting	109		1.1, 1.3, 0.4, 17.1, 17.3
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	112	7, 8, 9	16.3
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	In the last three years, no material regulatory fines or sanctions were identified over alleged non-compliance with laws and socioeconomic regulations in connection with civil, labor or consumer proceedings.	10	16.3

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
Material topics: Innovation and digitalization					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	41, 101		9
	103-2	The management approach and its components			9
	103-3	Evaluation of the management approach			9
Material topics: Cash generation and funding					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	38, 101		8, 9
	103-2	The management approach and its components			8, 9
	103-3	Evaluation of the management approach			8, 9
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	40	The Statement of Value Added has no investment in community line. For this reason, this category is not included in the table with the information provided.	8.1, 8.2, 9.1, 9.4, 9.5
Material topics: Diversification of business portfolio					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	26, 101, 124		8
	103-2	The management approach and its components			8
	103-3	Evaluation of the management approach			8
Material topics: Health and safety					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	64, 65, 101, 133		3, 8, 16
	103-2	The management approach and its components			3, 8, 16
	103-3	Evaluation of the management approach			3, 8, 16
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	64, 65		8.8
	403-2	Hazard identification, risk assessment, and incident investigation	118		8.8
	403-3	Occupational health services	65, 118		8.8

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	119		8.8, 16.7
	403-5	Worker training on occupational health and safety	119		8.8
	403-6	Promotion of worker health	66, 119		3.3, 3.5, 3.6, 3.7, 3.8
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	119		8.8
	403-8	Workers covered by an occupational health and safety management system	119		8.8
	403-9	Work-related injuries	120,121		3.6, 3.9, 8.8, 16.1
	403-10	Work-related ill health	65, 121, 122		3.3, 3.4, 3.9, 8.8, 16.1
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	134		
Material topics: Diversity and inclusion					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	58, 101		5, 8, 10
	103-2	The management approach and its components			5, 8, 10
	103-3	Evaluation of the management approach			5, 8, 10
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	59, 60, 124, 125, 126		5.1, 5.5, 8.5
	405-2	Ratio of basic salary and remuneration of women to men	59, 126		5.1, 8.5, 10.3
Material topics: Professional training					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		1, 6	4, 5, 10
	103-2	The management approach and its components	61, 101	1, 6	4, 5, 10
	103-3	Evaluation of the management approach		1, 6	4, 5, 10

GRI Standards	Disclosure		PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	62, 122		1, 6	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3
	404-2	Programs for upgrading employee skills and transition assistance programs	61, 122, 123		1, 6	8.2, 8.5
	404-3	Percentage of employees receiving regular performance and career development reviews	123		1, 6	5.1, 8.5, 10.3
Material topics: Local development						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	76, 101			1,2,5,8,9,11
	103-2	The management approach and its components				1,2,5,8,9,11
	103-3	Evaluation of the management approach				1,2,5,8,9,11
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	115	We do not carry out a salary control for the share of other employees that perform activities at Dexco.		1.2, 5.1, 8.5
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	79			5.4, 9.1, 9.4, 11.2
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	131, 132			
	413-2	Operations with significant actual and potential negative impacts on local communities	50, 76, 133			1.4, 2.3
Material topics: Environmental education						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary				
	103-2	The management approach and its components	83, 101			
	103-3	Evaluation of the management approach				
Material topics: Supply chain						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary			7, 8, 9	5, 8, 16
	103-2	The management approach and its components	72, 74, 101, 130		7, 8, 9	5, 8, 16
	103-3	Evaluation of the management approach			7, 8, 9	5, 8, 16

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	73		8.3
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	75, 131		7, 8, 9
	308-2	Negative environmental impacts in the supply chain and actions taken	75, 131		7, 8, 9
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	74		1, 2, 6 5.2, 8.7, 16.2
GRI 409: Forced or compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	74 With respect to Dexco Brazil, we understand that all of our suppliers may be at risk for incidents of forced labor. We were able to monitor and develop future action plans with suppliers who participate in the Supplier Management Program (GFD). In addition to suppliers in Brazil, we also analyzed the suppliers in Europe (such as, Portugal, Netherlands and Germany), the Americas (United States and Chile) and Asia (China). In Colombia, no risk for incidents of forced or compulsory labor was identified to date in domestic suppliers. Among foreign suppliers, the only countries where this risk may exist are China and Brazil. All Brazilian suppliers are FSC® certified.		1, 2, 3 5.2, 8.7
GRI 414: Supplier social Assessment 2016	414-1	New suppliers that were screened using social criteria	75, 131		5.2, 8.8, 16.1
	414-2	Negative environmental impacts in the supply chain and actions taken	75, 131		5.2, 8.8, 16.1

<u>GRI Standards</u>	<u>Disclosure</u>	<u>PDF page /Direct answer</u>	<u>Omission</u>	<u>Principles of the Global Compact</u>	<u>SDG</u>
Material topics: Forest management					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		8, 9	6, 14, 15
	103-2	The management approach and its components	82, 84, 85, 86, 101	8, 9	6, 14, 15
	103-3	Evaluation of the management approach		8, 9	6, 14, 15
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	144	8, 9	6.6, 14.2, 15.1, 15.5
	304-2	Significant impacts of activities, products, and services on biodiversity	145	8, 9	6.6, 14.2, 15.1, 15.5
	304-3	Habitats protected or restored	84, 85, 146, 147, 148	8, 9	6.6, 14.2, 15.1
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	86, 149	8, 9	6.6, 14.2, 15.1, 15.5
Material topics: Environmental performance					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary		7, 8, 9	6, 7, 8, 12, 13
	103-2	The management approach and its components	82, 83, 92, 93, 95, 101, 134, 135	7, 8, 9	6, 7, 8, 12, 13
	103-3	Evaluation of the management approach		7, 8, 9	6, 7, 8, 12, 13
GRI 301: Materials 2016	301-1	Materials used by weight or volume	135, 136, 137, 138		8.4, 12.2
	301-2	Recycled input materials used	138		8.4, 12.2, 12.5
	301-3	Reclaimed products and their packaging materials	95, 138, 139		8.4, 12.2, 12.5
GRI 302: Energy 2016	302-1	Energy consumption within the organization	139, 140		7.2, 7.3, 8.4, 12.2, 13.1
	302-2	Energy consumption outside the organization	140		7.2, 7.3, 8.4, 12.2, 13.1
	302-3	Energy intensity	141		7.3, 8.4, 12.2, 13.1
	302-4	Reduction of energy consumption	141		7.3, 8.4, 12.2, 13.1

GRI Standards	Disclosure	PDF page /Direct answer	Omission	Principles of the Global Compact	SDG
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	141		8, 9 6.3, 6.4, 6.A, 6.B, 12.4
	303-2	Management of water discharge-related impacts	93, 142		8, 9 6.3
	303-3	Water withdrawal	93, 94, 142		8, 9 6.4
	303-4	Water discharge	142, 143		8, 9 6.3
	303-5	Water consumption	143		8, 9 6.4
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	151		7, 8, 9 3.9, 6.3, 11.6, 12.4, 12.5
	306-2	Management of significant waste-related impacts	151		7, 8, 9 3.9, 6.3, 8.4, 11.6, 12.4, 12.5
	306-3	Waste generated	96, 152, 153		7, 8, 9 3.9, 11.6, 12.4, 12.5
	306-4	Waste diverted from disposal	96, 154		7, 8, 9 3.9, 11.6, 12.4, 12.5
	306-5	Waste directed to disposal	154		7, 8, 9 3.9, 11.6, 12.4, 12.5
Material topics:Climate change					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary			7, 8, 9 3, 9, 12, 13
	103-2	The management approach and its components	82, 87, 89, 91, 101		7, 8, 9 3, 9, 12, 13
	103-3	Evaluation of the management approach			7, 8, 9 3, 9, 12, 13
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	92		13.1
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	88, 149, 150		7, 8, 9 3.9,12.4,13.1, 14.3, 15.2
	305-2	Energy indirect (Scope 2) GHG emissions	88, 149, 150		7, 8, 9 3.9,12.4,13.1, 14.3, 15.2
	305-3	Other indirect (Scope 3) GHG emissions	88, 149, 150		7, 8, 9 3.9,12.4,13.1, 14.3, 15.2

<u>GRI Standards</u>	<u>Disclosure</u>	<u>PDF page /Direct answer</u>	<u>Omission</u>	<u>Principles of the Global Compact</u>	<u>SDG</u>	
GRI 305: Emissions 2016	305-4	GHG emissions intensity	150		7, 8, 9	13.1, 14.3, 15.2
	305-5	Reduction of GHG emissions	150, 151		7, 8, 9	13.1, 14.3, 15.2
	305-6	Emissions of ozone-depleting substances (ODS)	151		7, 8, 9	3.9, 12.4
Material topics: Eco-efficient solutions						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary				9
	103-2	The management approach and its components	20, 22, 41, 101			9
	103-3	Evaluation of the management approach				9
Material topics: Environment solutions						
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary				
	103-2	The management approach and its components	20, 22, 41, 101			
	103-3	Evaluation of the management approach				
Other non-material indicators monitored and reported						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	115, 116, 117		6	5.1, 8.5, 8.6, 10.3
	401-3	Parental leave	117		6	5.1, 5.4, 8.5

SUMMARY TABLE OF TCFD RECOMMENDATIONS AND ADHERENCE THERETO

TCFD recommendation	PDF page / Direct answer
1. GOVERNANCE Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	45, 46, 89
b) Describe management's role in assessing and managing risks and opportunities	45, 46, 89
2. STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	52, 53, 92
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	52, 53, 92
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	87,92
3. RISK MANAGEMENT Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	52, 53, 92
b) Describe the organization's processes for managing climate-related risks	52, 53, 92
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	52, 53, 92
4. METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	87, 88, 90, 91, 149, 150
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	87, 88, 90, 91, 149, 150
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	90, 91, 101

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Limited assurance report issued by independent auditors

To the Board of Directors and Shareholders of
Dexco S.A.
 São Paulo - SP

Introduction

We were engaged by Dexco S.A. (“Dexco S.A.” or “Company”) to apply limited assurance procedures on the sustainability information disclosed in the Integrated Report 2021 (“Report”), in the accompanying information to this report related to the period ended December 31, 2021.

Responsibilities of Dexco is Management

The Management of Dexco is responsible for adequately preparing and presenting the sustainability information in the Integrated Report 2021 in accordance with both the Standards for Sustainability Report of Global Reporting Initiative – GRI, with Orientation CPC 09 - Integrated Report (which is correlated with the Basic Conceptual Framework of the Integrated Report prepared by the International Integrated Reporting Council - IIRC), and the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

KPMG Auditores Independentes Ltda. (“KPMG”) applies Brazilian and international standards on quality control, and consequently maintains a comprehensive quality control system including documented policies and procedures related to compliance with ethical and professional standards, in addition to the legal and regulatory applicable requirements. We comply with the comprehensive code of ethics including detailed independence requirements, established based on the ethical principles of integrity, objectivity, competence and professional care, confidentiality and professional behavior.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Dexco and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) engagement planning: considering the material aspects for Dexco is activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Dexco’s Report. This analysis defined the indicators to be checked in details;
- (b) understanding and analysis of disclosed information related to material aspects management;
- (c) analysis of preparation processes of the Report and its structure and content, based on the Principles of Content and Quality of the *Standards* for sustainability report of the Global Reporting Initiative - GRI (GRI - Standards) and with Orientation CPC 09 - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report, prepared by the The International Integrated Reporting Council (IIRC);
- (d) evaluation of non-financial indicators:
 - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Report;
 - analysis of evidence supporting the disclosed information;
- (e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company.
- (f) comparison of financial indicators (GRI 201-1) with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data’s materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures performed, described in this report, we have not identified any relevant information that leads us to believe that the information in the Integrated Report 2021 is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards) with Orientation CPC 09 – Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council – IIRC), and with the records and files that served as the basis for its preparation.

São Paulo, July 08th 2022

KPMG Auditores Independentes Ltda.
 CRC 2SP014428/O-6
Original report in Portuguese signed by
 Sebastian Yoshizato Soares
 Accountant CRC 1SP257710/O-4

Dexco's Coordination
Investor Relations Management
ESG Management

Editorial project, writing, editing and proofreading
Quintal 22 Comunicação

Graphic project and design
107artedesign

Consulting services for indicators
Avesso Sustentabilidade

Pictures
Dexco's Collection

