Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Dexco S.A. is the largest producer of panels of industrialized wood from Brazil, market leader in the production of sanitary ware and metals in the Southern Hemisphere and one of the leaders in the ceramic tile segment in the country.
Founded in 1951, it is a private publicly-held Brazilian company headquartered in the city of São Paulo, with shares traded on B3 under the ticker DXCO3, integrating since 2009 the New Market, the highest level of corporate governance on the Brazilian stock exchange. The Company's control is held by the Itaúsa group (Itaúsa S.A. and members of the Setubal and Villela families) and Seibel (members of the Seibel family), with 40% and 20% interest in Dexco's capital stock, respectively.
We operate on two business fronts – Wood and Construction Finishes – and our products are a reference in quality and design. We maintain international capillarity in our business through our commercial offices and warehouses, such as Dexco North America (United States), Dexco Andina (Peru), operations in Argentina and Belgium, distribution centers in Brazil and Cartagena (Colombia) , as well as our global coverage partners.
We are part of people's daily lives, through our brands recognized in their segments for their design and quality: Deca, Portinari, Hydra, Duratex, Castelatto, Ceusa e Durafloor. As a member of the Brazilian Association of Publicly-Held Companies (ABRASCA), Dexco maintains its commitment to the ABRASCA Code of Self-Regulation and Good Practices of Publicly-Held Companies, with best market practices and the principles of transparency, equity, accountability, and corporate responsibility.
Since 1995, we are certified by the Forest Stewardship Council® (FSC®) and we were the 1st Company in the entire southern hemisphere and the 5th in the world to obtain this certificate of responsible forest stewardship. Our chain of custody is also certified, ensuring the traceability of the wood used

in our production process. In our forest areas in Brazil and Colombia, we produce eucalyptus seedlings in nurseries, planting them at our own farms and at leased farms and using the wood to supply the fiberboard and paneling factories. We also manufacture the resin used to bind the particles and fibers in MDP and MDF panels. Verticalization of operations and the proximity between planted areas and industrial units are some of our main competitive advantages, adding value to our business at lower costs.

Nowadays, Dexco has sixteen industrial units located in the South, Southeast and Northeast regions of Brazil and three additional wood panels units in Colombia.

Besides serving the Brazilian market, our products reach over 50 countries, with a special presence in South America, Central America, Africa and the USA. In addition to the factories, Dexco is responsible for more than 140 thousand hectares of planted forests and conservation areas in Brazil and Colombia.

In 2021, we created our Corporate Venture Capital (CVC) fund, DX Ventures, which has initial capital of R$100 million for investments in startups and scale-ups. By the end of the year, we closed two investments through DX Ventures totaling R$ 45 million: Urbem (specialized in the production of engineered wood from reforestation raw material. The products are structural elements of buildings, such as slabs, beams and pillars) and Noah Wood Building Design (whose value proposition is to develop buildings using engineered wood as raw material, such as those produced by Urbem). The two initiatives are complementary in the construction value chain and are connected to our Sustainability Strategy. We want to be protagonists in the transformation of the civil construction sector and actively participate in the value chain of engineered wood, a renewable raw material that acts to remove carbon from the atmosphere, storing it throughout its useful life and makes perfect sense for our strategy.

Attentive to all opportunities to help fighting climate change, we continually seek to replace the use of fossil fuel with renewable alternatives and adopt new and less polluting equipment in our industrial processes.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2022	December 31, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Brazil

Colombia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

BRL

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	BRDXCOACNOR8

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Vital	Water is a natural resource needed in several stages of our industrial processes, besides being essential to ensure the development of our forested areas, which provide the raw material for the production of timber. Despite having that importance to our processes, we consider the availability of good quality freshwater as "important" to our direct use, and not "vital", because in many stages of our industrial activities we are able to use recycled water. The investments made in water reuse systems allow us to minimize our dependency on freshwater withdrawal, and that is an advantage considering future scenarios of water scarcity. On the other hand, considering the indirect use of a large number of our products (showers, faucets and bathroom fittings),the availability of good quality freshwater is vital, considering that the sanitation service does not have the technology neither de authorization to start supplying recycled or produced water for population to use. In a future scenario of greater water scarcity, either the public systems will adapt or we will have to adapt our production, foccusing on products and solutions that do not demand the use of water.
Sufficient amounts of recycled, brackish and/or produced water available for use	Vital	Not very important	In 2022, at Dexco, the total water consumption of all areas was 3,406.60 megaliters, and s 6,042.51 megaliters were reused. The ratio of recycled water to water withdrawl was 177%, which means that there was more water being recirculated than being extracted from the environment. Reuse water is widely used in our industrial units, from cleaning floors and flushing toilets to specific production processes that do not require the use of high quality water. On the other hand, considering the indirect use of a large number of our products (showers, faucets and bathroom fittings),the availability of good quality freshwater is vital, considering that the sanitation service does not have the technology neither de authorization to start supplying recycled or produced water for population to use.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	Water withdrawals are monitored monthly and the data is added to an online management platform.	Dexco monitors water withdrawal data from its Brazilian and Colombian operations. In 2022, Dexco captured a total of s 4,290.3 megaliters of water, 96.5% of which to supply operations in Brazil.
Water withdrawals – volumes by source	100%	Monthly	Water withdrawals are monitored monthly and the data is added to an online management platform.	Dexco monitors water abstraction by data source from its operations in Brazil and Colombia. In operations in Brazil, the main source is groundwater (70% of the total consumed in 2022) and in operations in Colombia, surface water represents the largest consumption (89% in 2022).
Water withdrawals quality	100%	Monthly	Water withdrawals are monitored monthly and the data is added to an online management platform.	The productive and environmental areas of the units are responsible for the control of water quality parameters, in order to comply with local legislation regarding the respective treatment standards. The production units may conduct internal water analysis in their own laboratories, in addition to maintaining outsourced monitoring, according to local periodicity and requirements.

Water discharges – total volumes	100%	Monthly	Water discharges are monitored monthly and the data is added to an online management platform.	Dexco monitors water discharge data from Brazilian and Colombian operations. In 2022, Dexco disposed of a total of 883.8 megaliters of water (effluents), with 95% of its operations in Brazil.
Water discharges – volumes by destination	100%	Monthly	Water discharges are monitored monthly and the data is added to an online management platform.	Dexco measures and monitors water discharges by destination at all units in Brazil and Colombia. The monitored destination and its percentage share of water discharges.
Water discharges – volumes by treatment method	100%	Monthly	Water discharges are monitored monthly and the data is added to an online management platform.	Dexco measures and monitors water discharges by treatment method at all facilities. The treatment methods monitored (and their percentage share of water discharges) in 2022 were: Brazil: primary - 2,34%; secondary - 90%; tertiary - 7,57%; without treatment (septic tank, irrigation field, authorized by law) - 0.07%. Colombia: secondary - 100%.
Water discharge quality – by standard effluent parameters	100%	Monthly	Water discharges are monitored monthly and the data is added to an online management platform.	The effluents released by Dexco comply with the standards required by legislation. According to each type of disposal, there are specific parameters to be followed and met, in accordance with the rules and requirements of environmental agencies.
Water discharge quality – emissions to water (nitrates, phosphates,	Not relevant			The effluents released by Dexco comply with the standards required by legislation. The emissions to water (nitrates, phosphates, pesticides, and/or other

pesticides, and/or other priority substances)				priority substances are not relevant due to the nature of the business.
Water discharge quality – temperature	100%	Monthly	Water discharges are monitored monthly and the data is added to an online management platform.	The effluents released by Dexco comply with the standards required by legislation. According to each type of disposal, there are specific parameters to be followed and met, in accordance with the norms and requirements of environmental agencies. Temperature is also one of the standards monitored to avoid impacting, in particular, local waterways.
Water consumption – total volume	100%	Monthly	Water consumption is monitored monthly and the data is added to an online management platform.	Dexco monitors water consumption data at all units, both in Brazilian and Colombian operations. Total water consumption at Dexco was 3,406.6 megaliters in 2022, considering the difference between the total amount of water collected and that of water released into surface courses or public sanitation networks.
Water recycled/reused	76-99	Monthly	Water recycled/reused is monitored monthly and the data is added to an online management platform.	The equipment that makes it possible to reuse water is broken at the Metais São Paulo unit, so it is not possible to measure this operation. The unit is committed to replacing the equipment so that it returns to normal operation.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Monthly	Dexco periodically controls water quality, following Brazilian legislation and its Safety Program (Proteg).	All Dexco facilities offer fully functional washing services for workers.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	4,290.3	Lower	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	In 2022, Dexco withdrawal a total of 4,290.3 megaliters of water (wastewater). Compared to the previous year, there was a total decrease of 3.48% in water intake. The forecast for use in 5 years is lower because we have challenging targets for each business regarding water consumption. These goals were defined in the sustainability strategy revised in 2020 and published in 2021. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Total discharges	883.8	Higher	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	In 2022, Dexco discharged a total of 883.77 megaliters of water (wastewater). Compared to the previous year, there was a total increase of 1.87% in water intake. The forecast for use in 5 years is lower because we have challenging

						targets for each business regarding water consumption. These goals were defined in the sustainability strategy revised in 2020 and published in 2021. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Total consumption	3,406.6	Lower	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	In 2022, Dexco discharged a total of 3406,6 megaliters of water (wastewater). Compared to the previous year, there was a total decrease of 4.78% in water consumption. The forecast for use in 5 years is lower because we have challenging targets for each business regarding water consumption. These goals were defined in the sustainability strategy revised in 2020 and published in 2021. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	1-10	About the same	Mergers and acquisitions	Lower	Investment in water-smart technology/process	WRI Aqueduct	Dexco carried out a study with the aim of assessing the situation of the river basins where our industrial units are located, considering aspects related to water, the economy, society and politics. The company deepened this study through an assessment of industrial departments to understand how local factors related to water – such as changes in rainfall and competition for this resource, for example – can impact industrial operations. We also use the AQUEDUCT tool to understand the areas of greatest exposure to water risk. We intend to revisit this study by the end of 2023, including the last acquired operations.

								Although there is no specific systematic/frequent analysis of the water stress areas where our units are located, the studies carried out so far, in addition to contextualizing the results in the current scenario, show that the Deca Metals unit located in São Paulo is the only one in risk of water scarcity (based on the assessment carried out in 2015). The study of water availability characterizes the situation of the Penha Pinheiros river basin due to low water availability, increased resident population and organic load, low sewage treatment rate, loss of water distribution, high dependence on imports of the resource to meet demand. The basin is in a situation of absolute scarcity, due to its low per capita water availability and existing conflicts in the use of water resources. In addition to the basin assessment, local factors were also assessed by the unit's industrial team. The following factors were considered: low water availability considering the loss of volume in the reservoirs and the reduction in rainfall

								in 2015 (actions were implemented to reduce the volume consumed at the unit); poor dependence on supply (from the public system); bad environmental conditions due to the decrease in rainfall in the region since 2014 in addition to population growth that puts pressure on natural resources. The company already adopts measures to mitigate the identified risks, such as the intensification of water reuse, a plan to purchase water from alternative suppliers and employee awareness campaigns. Specifically for our forestry operations, in 2019, in partnership with Embrapa (Empresa Brasileira de Pesquisa Agropecuária), we conducted a study (based on the RCP 8.5 model) to assess current and future climate vulnerabilities in the Zona da Mata region (Atlantic Forest), in important regions for our forestry business. The edaphoclimatic study identified, evaluated and quantified temperatures, water balance, precipitation, water deficit and

								temperature evolution in the studied regions, considering the period from 1980 to 2050, with long-term projections and scenarios for the northeast region. The following climate assessments of the regions of interest were carried out: *For periods of 30 years (1985 to 2015) and 10 years (2006 to 2015), in order to verify possible recent changes in trends; *For future periods between 2021 to 2030 and 2031 to 2040, using the Hadgen2-ES global climate change model, on a monthly scale. Through this assessment, possible vulnerabilities were mapped over the next four decades, in order to anticipate scenarios for planning the operation. As a result, it was found that none of the objective study areas presented risks in the scenarios evaluated for the specific characteristics of our planted forests.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	960.4	Much higher	Increase/decrease in business activity	Consumption in Dexco's surface freshwater abstraction was 960.4 megaliters in 2022. The company increased its abstraction by 11% compared to 2021. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Brackish surface water/Seawater	Not relevant				Dexco does not use brackish surface water/seawater.
Groundwater – renewable	Not relevant				Dexco does not use groundwater from renewable sources (shallow wells).
Groundwater – non-renewable	Relevant	2,918.7	Much lower	Increase/decrease in business activity	Consumption in groundwater abstraction at Dexco was 2,918.7 megaliters in 2022. We had a 6.7% decrease compared to 2021. With the stabilization of the pandemic, demand dropped and led to a reduction in water consumption. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.

Produced/Entrained water	Not relevant				Dexco does not use produced water.
Third party sources	Relevant	410.51	Much lower	Increase/decrease in business activity	Our third-party water consumption was 410.51 megaliters in 2022. We had a 9% decrease compared to 2021. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	463	Higher	Increase/decrease in business activity	In 2022, Dexco's freshwater surface discharges were 463.0 megaliters. The company increased its discharge by 5% compared to 2021, due to its historic year of production. Water discharges were carried out within the legislation. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%..

Brackish surface water/seawater	Not relevant				Dexco does not discharge water into brackish surface water/sea water.
Groundwater	Relevant	7.6	Much higher	Increase/decrease in business activity	In 2022, Dexco's groundwater discharges were 7.6 megaliters. The company increased its discharge by 46% compared to 2021, due to its historic year of production. Water discharges were carried out within the legislation. Our definition of change: Much higher: >+10%, Higher: >+5%, Aboutthe same: <+/-5%, Lower: >-5%, Much lower: >-10%.
Third-party destinations	Relevant	413.2	Lower	Increase/decrease in business activity	The municipal sewage treatment plant applies conventional secondary treatment, the treatment plant publicly declares compliance with local water regulations. In 2022, water discharges to third-party destinations at Dexco were 413.2 megaliters. The company decreased its discharge by 2% compared to 2021, due to its historic year of production. Water discharges were carried out within the legislation. Our definition of change: Much higher: >+10%, Higher: >+5%, Aboutthe same: <+/-5%, Lower: >-5%, Much lower: >-10%.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain

Tertiary treatment	Relevant	63.4	Much lower	Increase/decrease in business activity	21-30	The tertiary treatment decreased by 21% in comparison to 2021. 7% of the water goes through tertiary treatment. The values of water that went through tertiary and primary treatment in 2022 are lower than the previous year and the amount of water that went through secondary treatment increased. These variations occurred due to the nature of the business in the period. The company complies with all legal standards. Our definition of change: Much higher: >+10%, Higher: >+5%, Aboutthe same: <+/-5%, Lower: >-5%, Much lower: >-10%.
Secondary treatment	Relevant	800.2	Much higher	Increase/decrease in business activity	11-20	Dexco's units are spread across 8 states in Brazil and Colombia, that said, in Brazil, the most common type of treatment used by concessionaires is secondary treatment, that is, removal via biological action of nutrients. The secondary treatment increased by 15% in comparison to 2021. 91% of the discharged water goes through secondary treatment. The values of water that went through tertiary

						and primary treatment in 2022 are lower than the previous year and the amount of water that went through secondary treatment increased. These variations occurred due to the nature of the business in the period. The company complies with all legal standards. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Primary treatment only	Relevant	19.6	Lower	Increase/decrease in business activity	1-10	The primary treatment decreased by 4% in comparison to 2021. 2% of the discharged water goes through primary treatment. The values of water that went through tertiary and primary treatment in 2022 are lower than the previous year and the amount of water that went through secondary treatment increased. These variations occurred due to the nature of the

						business in the period. The company complies with all legal standards. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Discharge to the natural environment without treatment	Not relevant					Dexco does not discharge water without treatment to the natural environment.
Discharge to a third party without treatment	Relevant	0.6	About the same	Increase/decrease in business activity	Less than 1%	The volume of discharge to third parties without treatment is about the same in 2022, compared to 2021. It is worth mentioning that, for this indicator, we consider septic tank and irrigation field, authorized by law. The company complies with all legal standards. Our definition of category was based on our targets for the eco-efficient use of raw materials, with a simple average of water use per

						business to meet the total reduction target over the 5 years and: Much higher: >+6%, Higher: >+3%, Aboutthe same: <+/-3%, Lower: >-3%, Much lower: >-6%.
Other	Not relevant					Dexco did not discharge water without treatment to any other type of collector in 2022

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	8,487,000,000	4,290.3	1,978,183.34382211	Anticipated forward withdrawal trend: 1,978,183.3 cubic meters

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	The main inputs used in the production processes are not classified as dangerous substances that offer risk to the environment and people, and its use follows the necessary precautions to prevent contamination.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

No, we do not currently assess the impact of our suppliers, but we plan to do so within the next two years

Please explain

Since 2012 we have the GFD (Dexco Supplier Management) program, which guarantees a structured management process to assess and promote improvements in our supply chain. In 2018, we developed a criticality matrix used as a tool for selecting our strategic partners,to ensure that they are in line with our purpose.

The GFD cycle takes place annually, with the support of specialized and independent consulting, and with the objective of engaging and developing suppliers for the best market practices, in addition to mitigating potential risks, stimulating the development of increasingly ethical and responsible businesses. The process includes steps such as sending questionnaires, on-site visits, feedback reports and recognition events, for example.

Dexco had a total of 6767 suppliers in 2022. Of these 395 were invited to participate of the Supplier Management Program, which is aimed at suppliers considered critical, which accounts for 3.9% of the total number of suppliers in the 2022 year.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?

	Suppliers have to meet specific water-related requirements
Row 1	Yes, suppliers have to meet water-related requirements, but they are not included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Engaging with their suppliers on water security actions

Mechanisms for monitoring compliance with this water-related requirement

Certification
Fines and penalties
Off-site third-party audit
On-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

Our suppliers play an important role in representing our brands. For us, as important as having a business model aligned with sustainability is knowing that our supply chain is also in line with such objectives and aspirations, so that we can develop and generate value together for society.
In the year of 2018, we instituted the Supply Academy – Supplier Module initiative, which works to educate and train our partners on sustainability issues considered strategic for our business and society. Among them are the inclusion of people with disabilities, safety at work, environmental management and combating the exploitation of children and adolescents.
In questions related to the use of water, the issue of concern with the consumption of this natural resource stands out, with 72% of suppliers saying that they monitor and manage consumption of water.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Information collection

Details of engagement

Collect water management information at least annually from suppliers

Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)

% of suppliers by number

1-25

Rationale for your engagement

Dexco had a total of 6.767 suppliers in 2022. Of these, 395 were invited to participate of the Supplier Management Program, which is aimed at suppliers considered critical, which accounts for 3.9% of the total number of suppliers in the 2022 year.

Impact of the engagement and measures of success

Suppliers that did not perform well in the GFD Program, that is, a score lower than 6.0 and negative evolution in the self-assessment questionnaire, receive the report with the Action Plan and will be evaluated annually. If there is no evolution in your score and the supplier poses some type of socio-environmental risk to Dexco, it may stop supplying products to the company. It is worth mentioning that Dexco offers improvement opportunities for the supplier and the GFD Program is one of the main supply chain development tools.

In addition to the Action Plan, with the objective of supporting the evolution process of suppliers in socio-environmental themes, the Supply Academies are held annually, which are events of training in subjects considered strategic and that have a performance gap in the general evaluation of suppliers. The topics defined for the Supply Academy are reviewed by the Dexco Evaluation Committee, which determines those responsible for conducting each of the Academies.

Dexco's Evaluation Committee is made up of employees from the Sustainability, Procurement and Compliance area. This Committee is

responsible for making decisions in the stages of defining the suppliers participating in the cycle, reviewing the evaluation criteria, selecting suppliers to visit, recognizing outstanding suppliers and the Supply Academy.

Comment

For on-site and online audits, companies that scored less than 6 on the self-assessment questionnaire are considered, as well as companies that showed significant positive or negative evolution in the Program from one year to the next. Suppliers that performed well in the questionnaire are also visited and evaluated for possible recognition of their practices.
After the on-site and online analyses, specific reports are generated for each of the suppliers visited.

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Innovation & collaboration

Details of engagement

Collaborate with stakeholders on innovations to reduce water impacts in products and services

Rationale for your engagement

A Life Cycle Analysis study was carried out on the Deca brand in 2017, which led us to change some production processes so that the flow rate was reduced. Based on this study, the goal of eco-efficient products was created, which came into force in 2021 with a horizon of attainment until 2025. All this work impacts and positively influences our final consumer, generating water savings and conscious use of resources. Some of the Deca|Hydra Division's product lines stand out because, in addition to ensuring well-being and comfort, they save water and energy during use and, consequently, generate less carbon emissions. We classify these lines as “eco-efficient”.
We intend to increase revenue with these specific product lines, and also monitor the reduction of the “footprint”, that is, the levels of water and energy consumption, as well as carbon emissions.

Impact of the engagement and measures of success

The footprint water target has as an indicator the calculation of the difference (savings) between the average amount of water used in commercialized eco-efficient products and that of traditional products. There have already been 11.2 million m³ of water savings and the goal is to reach 900 million m³ by 2025.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
Row 1	No	Dexco did not get any fines, enforcement orders, and/or other penalties for water-related regulatory violations in 2022

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	Through the assessment of environmental Aspects and Impacts, carried out in all units, the company evaluates the compounds resulting from each production process in order to perform adequate monitoring. To comply with legal requirements, considering federal, state, and municipal regulations, Dexco uses a specific control platform called Âmbito system, which guides the achievement of limits for relevant parameters established by law. To measure the effectiveness of the measures taken in relation to the topic of water and effluents, are made: measurement of collection and disposal of water, measurement of water reuse, measurement of absolute and relative consumption, treatment and disposal of effluents (on site or by third parties), monitoring of parameters according to legislation and licensing/grant. The water consumption is in different ways in the operating units, generating sanitary and industrial effluents that are properly treated in Effluent Treatment Stations (ETEs) internal or directed to external treatment in the public sewage network, as is the case of the Central Office and the showrooms. Periodic analyses ensure the efficiency of the treatment and the quality of the discharged effluents. Dexco has an Environmental Policy and an ESG Policy that take into account the protection of water resources and continuous process improvement. Local Environmental Management Systems have monitoring plans and specific environmental indicators that address this issue.

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Nitrates

Description of water pollutant and potential impacts

In our forestry nurseries, we use irrigation systems in order to apply fertilization for the seedlings, including nitrogen. The exceeding water is captured by draining pipes into decantation tanks. After this physical treatment, residual water is incorporated into the soil or runs to a nearby water stream. The samples for monitoring are collected from these tanks before runoff. Despite the very small concentrations of this nutrient, the potential enviromental impact could be eutrophication of nearby water bodies. Therefore, we monitor the water quality according to the legal limits for these substances.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Industrial and chemical accidents prevention, preparedness, and response
Provision of best practice instructions on product use

Please explain

We have procedures in place to use adequate quantities of fertilizers according to technical recommendations, reducing the possibility of exceeding nutrients going into the environment. All employees are trained according to the applicable procedures and we have emergency action plans to deal with accidental spills. We collect samples of the residual water from the decantation tanks twice a year for lab analysis against the quality standards set by law.

Water pollutant category

Phosphates

Description of water pollutant and potential impacts

In our forestry nurseries, we use irrigation systems in order to apply fertilization for the seedlings, including phosphorus. The exceeding water is captured by draining pipes into decantation tanks. After this physical treatment, residual water is incorporated into the soil or runs to a nearby water stream. The samples for monitoring are collected from these tanks before runoff. Despite the very small concentrations of this nutrient, the potential enviromental impact could be eutrophication of nearby water bodies. Therefore, we monitor the water quality according to the legal limits for these substances.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Industrial and chemical accidents prevention, preparedness, and response
Provision of best practice instructions on product use

Please explain

We have procedures in place to use adequate quantities of fertilizers according to technical recommendations, reducing the possibility of exceeding nutrients going into the environment. All employees are trained according to the applicable procedures and we have emergency action plans to deal with accidental spills. We collect samples of the residual water from the decantation tanks twice a year for lab analysis against the quality standards set by law.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Enterprise risk management
International methodologies and standards

Tools and methods used

COSO Enterprise Risk Management Framework
Enterprise Risk Management
ISO 31000 Risk Management Standard
Environmental Impact Assessment
Life Cycle Assessment
ISO 14001 Environmental Management Standard

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Impact on human health
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees

Investors
Local communities
Regulators
Suppliers
Water utilities at a local level

Comment

Dexco's risk area, together with the industrial operations of the Panels, Ceramic Tiles and Deca businesses, have a continuous risk assessment process. This assessment also encompasses environmental risks, including risks associated with water (availability, scarcity, flooding, etc.) in addition to addressing human health and regulatory risks, human health and regulatory risks. Action plans are established together with the units and are also directed towards investment plans (short, medium and long term). Life Cycle Assessment is also used as guidelines for reducing the environmental impact of products.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	The product life cycle assessment tool is also used at Dexco as a guideline for impact assessment, especially in the use phase and in the production process. For Deca, for example, the water footprint is relevant in the use stage, and also reveals itself as an opportunity to reduce consumption in the chain. Studies with this approach have been carried out at Dexco since	The risks are identified according to the possibility of impact on operations, financial losses, conformities and impacts on the company's image. For each of our units, the risks are identified at the operational and managerial levels. After the identification and evaluation of impact and vulnerability, the risks are complemented and evaluated by Dexco's Legal Area.	Following the validation, local and Corporate risks are analyzed by top leadership (business directors). The risks are analysed according to each business and the representativite to Dexco.	The organization's environmental risks and also risks related to water are reviewed every year. Water risks are assessed according to their impact and vulnerability. Mitigation plans are monthly verified by Audit Area through a management system (named TeamMate). Every six months, the risks are presented to the Audit and Risk Management Committee, which

	2016.			monitors, managers and reports the results of the evaluations to the Board of Directors.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

To assess the company's general risks, including the analysis of socio-environmental risks, an evaluation is carried out according to their impact and vulnerability. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, considering financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium, and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, considering the frequency of recurrence of the event, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium, and low. There are monitoring for all risks assessed by Dexco. After analysing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. For the two classification "critical" and "high", the socio-environmental risks are considered substantive financial or strategic risks. Critical risks are the ones considered to be above 2% of shareholders' equity (which may cause impacts greater than BRL 114.6 millions). High risks are the ones considered to be less than or equal to 2% and above 1% of shareholders' equity (that is, between BRL 57.3 millions and BRL 114.6 millions).

These thresholds were adjusted in 2022, as part of a major risk reassessment conducted by our Internal Controls department, with support of specialised consultants. As a result, mitigation plans are established and risk managers are designated for continual monitoring, with a check by the

Audit area and Sustainability Area. The Risk Commission is responsible for providing accountability every six months to the Audit and Risk Management Committee which advises our Board of Directors.

Dexco understands that water risks can be multi-dimensional, local, depend on weather patterns, and require a collective response. To acknowledge the risks that may affect the Company's business, Dexco has deepened its studies with the development of projects like Water Availability, Water Footprint, Economic Sensitivity Analyses and The Flow Tower. These studies have helped the Company to understand how its activities and products are related with water scarcity, pollution, and other related impacts. Environmental risks such as those related to water, are also assessed by the Audit and Risk Management Committee, as well as being addressed by the Sustainability Committee. The studies conducted so far and the contextualisation of the results in the current scenario show that the unit Deca Metals in São Paulo is the only plant at water shortages risk. Our study of water availability characterizes the situation of the river basin Penha Pinheiros by low water availability, increasing resident population and organic load, low sewage treatment rate, loss in water distribution, high dependence on imports of the resource to meet the water demand. Also, the basin is in absolute shortage according to Falkenmark indicator, due to its low water availability per capita and the already existing conflict in the use of water resources. Besides the evaluation of the basin, local factors were also evaluated by the industrial team of the unit. Factors considered include bad water availability considering the loss of reservoirs volume and the reduction of rainfall in 2015 (actions have been implemented to reduce the volume consumed in the unit); very bad capture dependence because the unit depended on public supply; very bad environmental condition due to decreased rainfall in the region since 2014 and population growth that puts pressure on natural resources. The company already takes measures to mitigate the risks identified, like intensification of water reuse, a water acquisition plan by alternative suppliers and campaigns to increase awareness among employees. In 2021, there was no case of water shortage in the unit.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	1-25	River basin: Penha-Pinheiros A study was carried out in 2015 involving the Evaluation of the Sustainability Index of Hydrographic Basins

			to assess the hydrological resources of the basins where our industrial units are located, using the most recent data, at the time, made available by international organisms hydrographic basin committees and government bodies. The main water stress indicators have been reviewed, and a Sustainability Index Basin (WSI) has been applied in the river basins where Dexco operates. The Penha Pinheiros Basin, where one of our Deca Metals unit is located, was classified as median sustainability (for WSI). And according to the Falkenmark indicator, the basin is characterized by absolute water scarcity, resulting in the concept of water risk high for the unit. Within evaluation of local factors and hydro conditions the unit was classified as high risk. The company already takes measures to mitigate the risks, like intensification of water reuse, a water acquisition plan by alternative suppliers and campaigns to increase awareness among employees. In 2021, there was no case of water shortage in the unit. The same unit, due to population density and local urbanisation, is exposed to flooding risks, as well as several points in the city of São Paulo. In 2020, we experienced a flood that impacted several parts of the city, and some of our operations were affected. However, the reestablishment of operations occurred quickly, resulting in a few material losses. In 2021 there were no incidents.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Brazil

Other, please specify

Penha-Pinheiros

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company’s total global revenue that could be affected

1-10

Comment

The Penha Pinheiros Basin, where one of our Deca Metals unit is located, in São Paulo, was classified as median sustainability (for WSI), based on the study published in 2015. According to the Falkenmark indicator, which is a component of the WSI, the basin is characterized by high water scarcity, leading to a high-water risk concept for the unit. It is classified as a high-risk area based on an assessment of local factors and hydrological conditions. The proportion of financial value that could be affected in the Penha Pinheiros basin is primarily associated with the Metals São Paulo unit, which represents less than 10% of the company's overall revenue. The company has developed a contingency plan for the mentioned unit, along with initiatives to decrease water consumption. The complete list of basins included in this risk assessment is as follows: Pardo River Basin, Baixo Itapetininga River Basin, Bauru River Basin, Jundiaí River Basin, Penha-Pinheiros River Basin, Uberaba River Basin, Sinos River Basin, Taquari-Antas River Basin, Paraíba do Sul River Basin, Gramame River Basin, and GL2 River Basin.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Brazil

Other, please specify

All basins where Dexco has surface and underground withdrawals and surface discharges: Pardo, Baixo Itapetininga, Bauru, Jundiaí, Penha-Pinheiros, Uberaba,Sinos, Taquari-Antas River, Paraíba do Sul, Gramame, GL2.

Type of risk & Primary risk driver

Regulatory

Higher water prices

Primary potential impact

Increased operating costs

Company-specific description

The charge for the use of water resources in Brazil is an instrument of the National Policy of Water Resources established by Law number. 9.433/97, the "water law". This charge is not a tax, but rather a fee for the use of a public good whose price is fixed from a pact between water users, civil society, and the government under the Watershed Committees - CBHs, to whom the Brazilian legislation establishes the competence of proposing mechanisms of collection of values for direct withdrawal, consume, and surface water discharges. The state of São Paulo, where we have operational units, is one of those that already adopts collection mechanisms.

The possibility of other states starting to adopt collection mechanisms for the use of water resources is a risk for the Company because we operate in 8 different states and that could result in an increase of operational costs. In 2022, 96% of water was withdrawn in Brazil (68% groundwater, 22% surface water and 10% water from public water supply). 52% of discharges took place in surface waters. In the case of the use of water and the discharge of effluents in public supply/collection systems, the charge for the treatment and distribution is made by the responsible utility company. For Dexco, there is already a charge for these services.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

13,795.87

Potential financial impact figure - maximum (currency)

276,304.83

Explanation of financial impact

Estimate: based on the water prices practiced in 2022 for PCJ basin (São Paulo) and extrapolated to Brazil.
Calculation: The 'current price' values, which multiply the volume of water consumed, were extracted from the brochure for the use of water from the PCJ (Piracicaba, Capivari, and Jundiaí) watershed. The document presents values depending on the following uses: water capture, extraction and diversion, raw water consumption, and organic load discharge (BOD5,20). On the other hand, the 'future price' values were obtained by considering the respective 'current price' values adjusted for the inflation rate (IPCA) in Brazil over the past 5 years (accumulated 28.55%).

Vol (m^3) X current/future price (R$) of surface water for Dexco Brazil in 2022:(826,100.00 m^3 x 0.0127 R$/$m^3$) and (826,100.00 m^3 x 0.0167 R$/$m^3$)
Vol (m^3) X current/future price (R$) of groundwater for Dexco Brazil in 2022:(2,909,200.00 m^3 x 0.0127 R$/$m^3$) and (2,909,200.00 m^3 x 0.0167 R$/$m^3$)
Vol (m^3) X current/future price (R$) of consumptive use for Dexco Brazil in 2022:(4,290,300.00 m^3 x 0.0255 R$/$m^3$) and (4,290,300.00 m^3 x 0.0336 R$/$m^3$)
Vol (m^3) X current/future price (R$) of surface discharges for Dexco Brazil in 2022:(415,800.00 m^3 x 0.1274 R$/$m^3$) and (,800.00$m^3$ x 0.1678 R$/$m^3$)

The minimum impact figure is the value considering the future price of water if only surface water were charged. The maximum value considers precifying water with the future price coefficent for all uses: surface water, groundwater, consumptive uses and surface discharges.

Primary response to risk

Establish site-specific targets

Description of response

Dexco already withdrawals most of its water (90% in 2022, in Brazil) from underground and surface sources, which are the cheapest among the options available. Even so, the risk of increased prices has always been considered by the company in its strategic decisions, and was intensified in 2014, when the country underwent one of its most critical droughts. We have been engaged in eco-efficiency actions to reduce water consumption, adapt the productive lines to increase reuse and invest in research and development to reduce the use of water in forestry operations ever since. At a strategic and operational level, our Sustainability Strategy includes a target for reduction of relative water withdrawal at all of the facilities. Considering each of the businesses baseline, by 2025 it is expected a reduction of relative water collection by: 20% for Panels, 33% for Ceramic Tiles, 7% for Bathroom fixtures and 10% for Hydra.

In addition, we actively participate in discussing groups and representative associations engaged with policy makers to discuss matters related to environmental relevant issues, through sector representations. Participating in meetings of Municipal Councils and Working Groups of the Brazilian Tree Industry (IBA) are examples.

Cost of response

96,000

Explanation of cost of response

The cost considered here (R$ 96,000.00) was the amount spent in Taquari panels plant in order to implement a closed recirculation water system. By doing so, the unit was able to reduce its need of collecting water and increased its reuso rates. Of the total investment, 60% were related to materials and equipment and 40% related to services. Dexco is constantly looking for alternatives that can turn its productive systems into more sustainable ones, and that includes the initiatives aimed at reducing water consumption. This reduction also has an financial impact, considering that our units may be subjected to fees aplied to the use of water.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain

Row 1	Evaluation in progress	The main mechanism adopted to assess risks in its value chain is through our Supplier Management Program (GFD). This program uses metrics for the monitoring of suppliers using questionnaires (considering issues such as water source, consumption level, effluent disposal, and significant spills), scheduled visits and document control, taking into consideration general legal, social, and environmental questions. In 2022, 395 suppliers were selected and invited to participate in the program. Of these, there were 264 respondents to the self-assessment questionnaire, representing 67% of the invited suppliers and 83% of the total spending of the invited suppliers. In total, the participating suppliers accounted for 58% of Dexco's total spending for the 2021/2022 cycle. We also promote activities such as workshops to assist the suppliers to improve their adherence to issues of relevance to GFD. In 2021, the program started being implemented in Colombia, reinforcing our commitment to the development and engagement of our supply chain. In addition to this corporate assessment, critical suppliers at the local level (such as waste receivers and mining companies) undergo evaluations, on-site visits, and environmental license controls as part of the Environmental Management System. No water-related hazard situations were identified at the local level in 2022. Evaluations are currently being conducted, and the Supply Team was recently reorganized. They are working together with the ESG Team to structure changes in the questionnaire that will be answered by our suppliers.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Water is a natural resource needed in several stages of our industrial processes, besides being essential to ensure the development of our forested areas, which provide the raw material to produce timber. In many stages of our industrial activities, we can use recycled water. The investments made in water reuse systems allow us to minimize our dependency on freshwater withdrawal, and that is an advantage considering future scenarios of water scarcity. In 2017, the water reuse system implemented at the Taquari (Rio Grande do Sul) panel unit in December 2016, started operating at full capacity. With this, 100% of the effluents generated at this Wood Division unit began to be reused after treatment, also aiming at the reduction in volume collected from the river that supplies the industrial plant and eliminating disposal of effluents.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,272,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The reuse system installed at the Taquari unit generated an 85% reduction in water intake, which corresponds to an approximate value of 110 m³ of water per day. Additionally, there was a reduction in environmental impacts due to the non-discharge of treated effluents into the water body, consequently minimizing risks related to regulations concerning effluent discharge. This project represented an annual saving of R$212,000.00. Considering that the system has been operating for 6 years, the total financial impact is R$1,272,000.00.

Type of opportunity

Products and services

Primary water-related opportunity

Reduced impact of product use on water resources

Company-specific description & strategy to realize opportunity

Most of our products (showers, faucets, bathroom fixtures) depend on water for consumer use. Considering the trend of scarcity and water crisis, issues that are increasingly present nowadays, it is important that we seek solutions so that the use of our products does not imply a high consumption or waste of water resources. With the awareness about natural resources use, water-saving products have gained a larger share in Brazilian market. That awareness has become even more poignant among end users and architects, especially after a serious water crisis affecting Brazil in 2014.
In this sense, Deca Metals Division has developed the a technology that is present in all the brand's faucets, bathroom single-handle and basin mixers. These products bring more comfort to consumers while also helping to save water resources. This innovation, which has no impact on the design of tap and mixers, guarantees a standard flow, regardless of whether a building has low or high-pressure plumbing system. This results in a smooth and constant jet of water, that does not cause unpleasant splashing when washing hands, for instance. This system has been patented.

We have a goal in our sustainability strategy that is to achieve 45% of Net Operating Revenue (NOR) with eco-efficient products by 2025. In 2022, the NOR exceeded projections so far, as we reached 46.4%. This value corresponds to R$ 659,997,382.00.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

659,997,382

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The amount of R$659,997,382.00 represents the net operating revenue of eco-efficients products sold in 2022.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Metals - São Paulo

Country/Area & River basin

Brazil

Other, please specify

Penha-Pinheiros

Latitude

-23.517204

Longitude

-46.687702

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

65.6

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

65.6

Total water discharges at this facility (megaliters/year)

65.6

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

65.6

Total water consumption at this facility (megaliters/year)

0

Comparison of total consumption with previous reporting year

About the same

Please explain

Although the volume of water is monitored during collection and use in the factory's internal processes, we do not have a meter at the effluent exit to the collection network. In this way, the water discharge volume is considered the same as the withdrawal volume.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water withdrawals – volume by source

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water withdrawals – quality by standard water quality parameters

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water discharges – total volumes

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water discharges – volume by destination

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water discharges – volume by final treatment level

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water discharges – quality by standard water quality parameters

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

Water consumption – total volume

% verified

76-100

Verification standard used

Ernst & Young International Methodology and GRI Protocol.
The company's data were verified by Ernst & Young during the audit work for the 2022 Integrated Report.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business impact on water Commitments beyond regulatory compliance Other, please specify Description of water-related performance standards for direct operations, Company water targets and goals, Commitment to align with public policy initiatives, such as the SDGs, Commitment to stakeholder awareness and education	Our Company seeks to achieve the sustainability of its business by acting in the responsible management of the environmental aspects which are inherent to the nature and scale of each one of its units. Through our Environmental Policy, we reiterate our commitment as an environmentally responsible company and strive to be a benchmark in our chosen markets. In the Environmental Policy we commit to using natural resources, raw materials, and other inputs necessary for the production processes in a rational and sustainable way. Water plays a great role among these natural resources. Developing and offering products which permit the rational use of raw materials is also a commitment from our Policy, and, as an example, there is the Deca Comfort technology, present in all the brand's faucets, bathroom single-handle and basin mixers, that needs less water than the usual lines in the market. Both our Policy and the Forest Management Plan express our commitment to protecting the biodiversity, headwater springs and water courses as well as conserving cultivated soil, which are measures inherent to the management of forest plantations with a view to the maintenance and/or improvement in eco-systemic services and environmental values. Our Sustainability Strategy, linked to the SDGs, is the document where our water related targets can be found. Three of the targets are directly linked to the SDG number 6 "Ensure access to water and sanitation for all". Besides the targets related to the reduction of relative water withdrawal at all the facilities, the strategy also includes a target related to increasing suppliers' performance in environmental management matters, This target is linked to the GFD Program.

			1, 2, 3

[1]Política Ambiental Dexco.pdf

[2]Plano de Manejo Florestal 2023.pdf

[3]estrategia de sustentabilidade 2025.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Board-level committee	Dexco's governance structure is composed of the Board of Directors, which establishes the strategic direction of the business, and the Executive Board. The Board of Directors is supported by six Committees that assess and address the most relevant aspects of Dexco's administration. One of them is the Sustainability Committee. The members and participants: President (also a Board member) Specialist Consultant Independent member Board of Directors member ESG Manager (serving as secretary) As usual guests:

	Chairman of the Board of Directors Chief Executive Officer Among the agendas, those referring to water are addressed and proposed by the chairman of the Committee, who is responsible for the negotiations and deliberations, also reporting to the Board of Directors. As an example, our water consumption reduction target established in the Sustainability Strategy, disclosed in 2021, was firstly discussed by the Committee and, after being considered challenging enough by the president of the Board, it was approved. Our CEO, alongside the business directors, evaluates the environmental performance of company's business, also checking water indicators. These environmental indicators are monitored monthly by the units and published quarterly and annually by the Company. In 2022, water-related topics discussed at the Sustainability Committee, included COP 27 discussions beyond carbon credits, introducing nature credits with water and environmental services; updating the sustainability strategy with goals on reducing water intake, conservation, and promoting water-saving products; implementing the socio-environmental program at Castelatto (the latest company acquired by the group) integrating its practices with Dexco's requirements; and discussions on market indices (ISE and DJSI) examining water in-depth.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures	The Sustainability Committee plays an active role in the definition of the strategic positioning of sustainability in the business units, in the definition of priority themes, including the issue of climate change; in the adjustment of the organizational structure of the area; in the definition of performance measurements; and in the incorporation of sustainability in a transverse manner across the Company's various business areas. Dexco has an ESG executive

		Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	management, which encompasses the Sustainability and Social Responsibility areas and reports to People and ESG Directorate. This Management is responsible for the development of the integrated strategic plan and for the evaluation of opportunities for improvement at the Company, based on the analysis of external scenarios, materiality, and market indicators. The Sustainability Strategy was revised in 2021 to further clarify the social and environmental development goals of our business to all stakeholders and provide guidelines for management of risks as well as identify opportunities to create value from an environmental, social, and economic standpoint. The Sustainability committee, alongside the president and sustainability management accompany and discuss material themes of our strategy, which include water and climate change issues.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	The chairman of our Sustainability Committee is also a member of the Board of Directors, and we consider that he has the necessary skills to deliberate on water-related issues. This Board member participates in all Committee meetings, in which, in addition to decision-making, also take place discussions and presentations of topics relevant to sustainability (including water-related issues) and their connections to Dexco's strategic planning. In addition, he is assisted by a sustainability specialist, also member of the Committee. This specialist currently works as Principal at the Finance for Biodiversity Initiative and has also worked with Impact and ESG Consulting for investment firms, considering themes such as climate change, and as facilitator for Brazil Coalition Climate, Forests and Agriculture, articulating and facilitating actions to promote a new model of economic development based on the low carbon economy, responding to the challenges of climate change.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Head of People & ESG

Water-related responsibilities of this position

Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Conducting water-related scenario analysis
Setting water-related corporate targets
Monitoring progress against water-related corporate targets
Managing public policy engagement that may impact water security
Managing value chain engagement on water-related issues
Integrating water-related issues into business strategy
Providing water-related employee incentives

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Our Sustainability Committee is appointed by the Board of Directors in our organizational structure. The Head of People & ESG also takes part of this Committee, being responsible for addressing the theme for Executive Directors and operational units. The CEO participates in the Risk Committee as well, on demand.

Name of the position(s) and/or committee(s)

Sustainability committee

Water-related responsibilities of this position

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Sustainability Committee plays an active role in the definition of the strategic positioning of sustainability to be covered by the Sustainability Strategy. The Committee is appointed by the Board of Directors in our organizational structure.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	We provide incentives for our management regarding water-related issues based on the targets established in our Sustainability Strategy.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain

Monetary reward	Chief Executive Officer (CEO)	Reduction of water withdrawals – direct operations Reduction in water consumption volumes – direct operations Improvements in water efficiency – direct operations Improvements in water efficiency – supply chain	Dexco is an organization in the Construction, renovation, and decoration sector, which is committed to be water efficient in factories and forests, reducing water withdrawals, saving water through our eco-efficient products and to proper treat and dispose effluents. These are material themes that are in our 2025 Sustainability Strategy and are incorporated into senior employee objectives and incentives. Our water-related targets are relative to the production and considers baselines that are in accordance with the maturity of each of our businesses. They are: - Reduce the relative water intake in Panels (Brazil) by 20% - Baseline (2019): 0.93 m^3/m^3. - Reduce the relative water intake in Ceramic Coatings by 33% - Baseline (2020): 0.00143 m^3/kg. - Reduce the relative water intake in Sanitaryware by 7% - Baseline (2017): 0.00367 m^3/kg. - Reduce the relative water intake in Hydra by 10% - Baseline (2020): 0.00232 m^3/piece. - Reduce the relative water intake in Metals by 10% - Baseline (2019): 0.002575 m^3/min of production. Considering the company as a whole, we have the targets: - Avoid the use of 900 million m^3 of water through our eco-efficient products - Baseline (2015): 11.2 million m^3. - Achieve 45% of Net Operating Revenue (NOR) with	The CEO has one of his variable compensation targets linked to the implementation, monitoring and evolution of the targets mentioned in the Sustainability Strategy, which includes the reduction of relative water withdrawal at all the facilities. Considering each of the businesses baseline, by 2025 it is expected a reduction of relative water collection by: 20% for Panels, 33% for Ceramic Tiles, 7% for Bathroom fixtures and 10% for Hydra. One other target aims to prevent the use of 900 million m3 of water with our eco-efficient products by 2025. The strategy also includes targets related to increasing suppliers performance in environmental management matters, which include water management themes, To measure this performance, we have the GFD Program, a management program focused on critical and very critical suppliers. The target is to reach 8 as the average performance score of evaluation for these suppliers.

			eco-efficient products – Baseline (2015) 36%. The targets are set at company-level and embedded in the high executives' performance contracts.	
Non-monetary reward	No one is entitled to these incentives			

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Our Sustainability Strategy covers our direct and indirect activities, including reducing relative water withdrawal at all facilities. By 2025, the targets for relative water reduction are: 20% for Panels, 33% for Ceramic Tiles, 7% for Bathroom fixtures, and 10% for Hydra. Another target aims to save 900 million m^3 of water with eco-efficient products by 2025. The strategy also involves improving suppliers' environmental performance, including water management. Our GFD Program assesses critical and very critical suppliers, with a target of an average score of 8 for their evaluations.
The Executive Committee and Sustainability Committee periodically assess progress towards these targets. We use the Climas environmental management software to track quarterly progress. If milestones are not achieved, we closely monitor the responsible individuals to understand their needs.
Additionally, we participate in external organizations addressing environmental issues, including water resources, to influence related policies. We engage with IBÁ, FIEMG, FIESP, and CONDEMA, attending meetings and working groups.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

Relato Integrado 2022.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	We started the work to review our Sustainability Strategy in 2020, a process completed in 2021. Our intention during this process was to gather the ESG aspects of our sector so we could be able to act as agents of transformation. Meanwhile, we want to increasingly promote health and wellbeing, not only for our customers, but for everyone who engages with us and are part of our Company. Therefore, we extend the concept of Solutions for Better Living to all our stakeholders. As we have redesigned our framework, we have not left our previous Sustainability Strategy behind. Some of the targets set in 2016 have already been achieved, others are strongly incorporated into the operation, and those remaining no longer make sense amid the new scenario in which we are living. In this new Strategy (with targets for 2025 and 2030), one of our areas of focus is to offer sustainable solutions in the use of water contributing to conscious consumption along the value chain, reducing water footprints at the product use phase. For example, some product lines of the Deca | Hydra Division stand out because, in addition to

			ensuring wellbeing and comfort, they provide water and energy savings while being used and thus generate less carbon emissions. We categorise these lines as “eco-efficient”. We intend to increase our revenue with these specific product lines and monitor the reduction of our “footprint”, that is, water and energy consumption levels, as well as carbon emissions.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	The strategy to achieve our objectives by 2025 is based on process improvements, for example reduction of relative water consumption and increased reuse in industrial units. In forest activities, these actions also involve research and development to improve the resistance of tree species (especially eucalyptus) to extreme conditions. Each target is assigned to a sponsor responsible for the development of action plans that aim to achieve the milestone determined for each year. The follow-up on the progress of the actions linked to the targets occurs through our Management System, which is based on a continuous improvement tool, the PDCA (Plan, Do, Check, Act) Cycle.
Financial planning	Yes, water-related issues are integrated	5-10	Each target is assigned to a sponsor responsible for the development of action plans that aim to achieve the milestone determined for each year. The follow-up on the progress of the actions linked to the targets occurs through our Management System, which is based on a continuous improvement tool, the PDCA (Plan, Do, Check, Act) Cycle. Within our commitment of ensuring a sustainable growth and keeping a positive carbon balance. one of our KPIs is related to efficient use of inputs and raw materials, water being one of these inputs. Also, the other commitment of promoting health and wellbeing in environments has one of the KPIs linked to water, energy, and carbon footprints at the product use phase. Regarding water management, the targets aim to reduce the relative water withdrawal in all our businesses.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

We are working to improve both water-related investments and the documentation format for reporting this data.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	In 2021, we improved the assessment of physical and transitional climate risks and opportunities and their financial implications for the organization in the short, medium, and long term. The assessment was led by the Sustainability and Risk Management areas. We also developed a methodology to analyse economic sensitivity of environmental aspects, focused on five themes (water, energy, emissions, effluents, and waste). The project includes an internal diagnostic of the operations and business strategies in the medium and long term; analysis of the value chain; scenarios evaluation (considering three potential scenarios whose aspect will impact the company´s operations and performance, in a more or less severe way.), and others. The project also brought an external view of risks and opportunities related to these five environmental aspects, and by using an economic model to analyze their impacts, helped to strengthen integration between the financial and sustainability departments.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	In 2021, we improved the assessment of physical and transitional climate risks and opportunities and their financial implications for the organization in the short, medium, and long term. The assessment was led by the Sustainability and Risk Management areas. The first step was promoting a workshop focused on the Task Force on Climate Related Financial Disclosures (TCFD), a global initiative that establishes recommendations for the disclosure and analysis of risks and opportunities related to climate issues. The participants of the workshop were the business leaderships and the main focal points in each of the business divisions. The second stage involved interviews with the managers of the business units, which allowed us to map our practices and to analyse how adherent they are in relation to the recommendations of the TCFD.	During the Climate Risk study carried out in 2021, a tool was developed to model the calculation of the Company's financial impact in the face of risks and opportunities related to climate change. It is assumed that the increase in temperatures and extreme weather events may negatively impact the Company's activities. The objective is to adjust the Company's market price definition in light of weather variables, identifying in advance the events that can create or destroy value. Regarding extreme weather events, we concluded that our forestry operations can be negatively impacted by the increase of occurrence of such events. In our study of climate risks and opportunities, we identified through the ThinkHazard tool! (GFDRR), that four Dexco forestry units	The study reinforced the importance of our genetic improvement program, aimed at the selection of eucalyptus species that are well adapted to different climatic conditions and present higher quality standards (such as density and resistance to pests and diseases). This genetic improvement program generates forests more adapted to climate change, including to drought scenarios, while also increasing productivity and resistance to pests and diseases. In 2021, Dexco spent R$1,650,000.00 in the genetic improvement program. The study has already influenced strategic planning, since we started to review our company's risk scorecard and plan actions alongside the operational units in order to minimize the impacts related to the risks raised. Furthermore, the study included financial

		For the survey of transition risks and opportunities, the study considered the advance of the transition to a low carbon economy as a global response to the threat of climate change. The effort is aimed at keeping global warming at a maximum of 1.5º C above pre-industrial levels, according to the IPCC report. The objective of the study was to identify the Company's exposure to the four categories of risks related to the transition to a low carbon economy (Regulatory and legal, technological, market and reputation) defined by the TCFD. Based on desk research in public sources, proxies were developed to estimate the magnitude of the financial impact, the probability of occurrence and the materialization horizon (Short term 1 to 3 years; Medium term 4 to 14 years; and Long term 15 years or more) of each identified risk. For the evaluation of physical risks (acute and chronic), the climate experiments HadGEM and MIROC with ETA regional model were the main sources of information used, with the average time horizon (2040/2070) and number of rounds of future simulations (RCPs 4.5 and 8.5). Simulations of climate scenarios were carried out for each city where there are Dexco units, pointing out the specific risks that can	are located in areas at high risk for extreme temperatures and droughts. They are Uberaba, Agudos, Lençois Paulista, Maceió. The study entitled "Impact of climate change on eucalyptus productivity in two regions of Brazil" demonstrates the vulnerability of forest systems to climate variation, especially to increased temperature and decreased precipitation. In this way, we have modeled the impact over the Company since it is expected that the probability of a drop in productivity will increase, increasing as the effects of climate change intensify. The risk of flooding at our Metals plant in São Paulo was also identified as a point of attention, as it puts machinery at risk and can increase our operating costs.	planning and strategy that incorporates climate-related issues. It suggests considering physical risks in the business planning and strategy, defining action plans, management policies, and specific annual budgets to mitigate the risks to which the company is exposed (with a focus on decision-making). It also included a climate resilience strategy, defining a climate resilience strategy considering both financial and non-financial information in the company's climate analysis, and considering how strategies may be affected and how they can adapt to address potential risks and opportunities.

		interfere in the company's operations and chain.		

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

In 2021, we started a life cycle analysis project, with the Ceramic Tiles division as a pilot. The process of measuring the water and carbon footprint of our products is a fundamental step for us to advance in the pricing criteria. Studies developed in 2014 and 2015, such as the pilot project to value ecosystem services and analysis of economic sensitivity to environmental aspects, also contribute to increasing our understanding of the possible financial impacts of this theme on our business. These analyses are continually being expanded, as new information and research is developed internally or in conjunction with organizations working on this theme, such as the GVCes (Fundação Getulio Vargas Center for Sustainability Studies) Companies for the Climate.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	In 2017, we introduced the Deca Comfort technology, that brings more comfort to consumers while also helps to save water	Deca Metals Division has developed the Deca Comfort line. This technology is present in all the brand’s faucets, bathroom single-handle and basin mixers. Deca comfort products bring more comfort to consumers while also helping to

		resources (up to 60% water savings in relation to products without this technology).	save water resources. This innovation, which has no impact on the design of tap and mixers, guarantees a standard flow, regardless of whether a building has low or high-pressure plumbing system. This results in a smooth and constant jet of water, that does not cause unpleasant splashing when washing hands, for instance. This system has been patented. The development and improvement of the Deca Comfort line is one of the initiatives in line with the Sustainability Strategy.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	We do not have goals related to water pollution in our current Sustainability Strategy 2025. However, we will start to prepare the new strategy, in the next months, that will encompass up to the year 2030, and in this process, we will consider our gaps in market indices and frameworks in which we are involved. Furthermore, it is worth mentioning that we have effluent treatment plants in our facilities, and often we reuse them in our production processes. When we dispose of effluents in rivers, we do so in compliance with the legislation or send them to the local sewage treatment company.
Water withdrawals	Yes	

Water, Sanitation, and Hygiene (WASH) services	Yes	
Other	Yes	

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Other, please specify

m^3/m^3

Year target was set

2021

Base year

2019

Base year figure

0.93

Target year

2025

Target year figure

0.84

Reporting year figure

0.89

% of target achieved relative to base year

44.4444444444

Target status in reporting year

Underway

Please explain

Reduce water intake in Panels (Brazil) by 20%: In 2022, there was a reduction of 4.3% relative to the base year. The achievement of the target was impacted by the volumes of marketable production in the year, following a market contraction compared to the previous year. In 2022, water reuse projects were implemented at the Agudos unit (the indicator for the last quarter already shows a significant reduction in consumption, approximately 20% compared to the 3rd quarter); and in Uberaba (expected impacts for 2023). For the year 2023, there are other planned projects aimed at water reuse and reducing water intake in the units.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Other, please specify

L/kg

Year target was set

2021

Base year

2020

Base year figure

1.43

Target year

2025

Target year figure

1.01

Reporting year figure

1.41

% of target achieved relative to base year

4.7619047619

Target status in reporting year

Underway

Please explain

Reduce relative water intake in Ceramic Coatings by 33%: In 2022, there was a reduction of 1.4% relative to the base year. Throughout the year, the units implemented performance improvements, increasing the efficiency of their gas treatment systems (which negatively impact the water consumption indicator) and effluent recirculation rates. However, several production shutdowns affected the denominator, influencing the final results. Despite low productivity, the units continued to benefit ceramic coatings, resulting in increased consumption. Cleaning actions

during factory shutdowns (opportunities for improvements) raised consumption above normal levels. Consumption reduction actions are planned for 2023.

Target reference number

Target 3

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Other, please specify

L/kg

Year target was set

2021

Base year

2017

Base year figure

3.67

Target year

2025

Target year figure

3.5

Reporting year figure

4.25

% of target achieved relative to base year

-341.1764705882

Target status in reporting year

Underway

Please explain

Reduce relative water intake in Sanitary Ware by 7%: In 2022, there was an increase of 16% relative to the base year. Results were impacted due to the high quality requirements of the parts, resulting in breakage generation, as well as line shutdowns, construction works, and production layout adjustments. Nevertheless, 2022 was a year of projects aimed at improving the quality of the treated effluent, with a focus on reusing it in more critical production processes in order to reduce water intake.

Target reference number

Target 4

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Other, please specify

L/ piece

Year target was set

2021

Base year

2020

Base year figure

2.32

Target year

2025

Target year figure

2.23

Reporting year figure

3.1

% of target achieved relative to base year

-866.6666666667

Target status in reporting year

Underway

Please explain

Reduce relative water intake in Hydra by 10%.: In 2022, there was an increase of 33% relative to the base year. It should be noted that, in terms of absolute water intake, Hydra is the least significant business for Dexco (0.1%). In the first semester, there was a substantial reduction in year-to-date production, but the water consumption level did not decrease at the same pace. Despite an increase in productivity in July and August, the installation of 6 air conditioners in September, which require water for enhanced thermal comfort of employees, impacted the indicator.

Target reference number

Target 5

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Other, please specify

L / min prod

Year target was set

2021

Base year

2019

Base year figure

2.58

Target year

2025

Target year figure

2.47

Reporting year figure

2.43

% of target achieved relative to base year

136.3636363636

Target status in reporting year

Underway

Please explain

Reduce relative water intake in Metals by 10%: In 2022, there was a reduction of 5.2% relative to the base year. The São Paulo Metal unit implemented an improvement in the ion exchange process for washing the galvanoplasty parts, allowing for a reduction in the frequency of exchange (estimated consumption reduction of 100 m³/month). In Jacareí Metals, improvements were also made in monitoring and measuring consumption, with daily monitoring by the leadership team and swift action to identify deviations. Furthermore, the revision of operational controls in Jundiaí Metals allowed for an increase in the frequency of galvanoplasty bath changes. Fluctuations in production levels impacted the indicator.

Target reference number

Target 6

Category of target

Other, please specify

Net Operating Revenue (NOR) with Eco-efficient Products

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

R$

Year target was set

2021

Base year

2015

Base year figure

36

Target year

2025

Target year figure

45

Reporting year figure

46.43

% of target achieved relative to base year

115.8888888889

Target status in reporting year

Underway

Please explain

Achieve 45% of Gross Operating Revenue (ROL) with eco-efficient products.: In 2022, the Net Operating Revenue (NOR) is surpassing projections, currently at 46.4%.

Target reference number

Target 7

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Business division

Quantitative metric

Other, please specify

milhões de m³

Year target was set

2021

Base year

2015

Base year figure

11.2

Target year

2025

Target year figure

900

Reporting year figure

470.38

% of target achieved relative to base year

51.6629162916

Target status in reporting year

Underway

Please explain

Avoid the use of 900 million m³ of water through our eco-efficient products: In 2022, considering the accumulated amount since the base year, we have already avoided the use of 470 million m³ of water, in line with the projections for the year.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W8 Targets	Water withdrawal/reuse/recycling and targets achievement status	Other, please specify Ernst & Young International Methodology and GRI Protocol	Water withdrawal/reuse/recycling is informed on Dexco's Integrated Report, as well as targets status, and a third party is hired for the Report´s verification, reinforcing transparency and credibility of the information.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Other, please specify	Dexco does not produce plastic but uses it in the value chain for manufacturing components, including electric showers, valve and faucet components, and toilet seats. Additionally, we use plastics in some of the packaging for the

		Partnership Program	Deca and Durafloor businesses. In 2022, we consumed 1427.3 tons for product manufacturing and 230.3 tons for packaging. In 2021, we initiated an environmental offset project in partnership with the certifying organization Eureciclo, which connects us with cooperatives that collect and recycle an equivalent quantity of packaging from our products that reach the end consumer. In 2022, the second year of the partnership, Dexco offset 9.7 thousand tons of materials for the year 2021. For 2023, 9.9 thousand tons are in the offsetting process, which represents 100% of the plastic and cardboard packaging from Deca Louças e Metais, Hydra, Durafloor and Ceusa floors and coatings, Portinari, and Castelatto products that reached the end consumer throughout 2022, across Brazil. It is worth noting that in 2021, the offset volume was 22% (referring to 2020).

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Please explain
Row 1	Not assessed – and we do not plan to within the next two years	We assess the risks of our suppliers through the Dexco Supplier Management Program (GFD - Gestão de Fornecedores Dexco). Evaluating the potential environmental and human health impacts of your use and/or production of plastics is not yet a priority for the company as plastic is not a key product supplied.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain

Row 1	Yes	Product use phase	Reputational	We do not have a formal assessment, but due to the fact that we have products that contain plastics, there are potential reputational risks related to the disposal of plastic items by consumers, as they bear our brand's logo.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Other	Other, please specify %	We have two targets directly related to plastics in our Sustainability strategy for 2025: Achieve 100% compensation of packaging that reaches the end consumer and Eliminate or replace plastic in Deca packaging that reaches the end consumer.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	Dexco does not produce plastic polymers.
Production of durable plastic components	Yes	We produce electric showers at Hydra, which are made of plastic, as well as components for faucets, toilet seats, and flush valves.
Production / commercialization of durable plastic goods (including mixed materials)	Yes	We produce electric showers at Hydra, which are made of plastic, as well as components for faucets, toilet seats, and flush valves.
Production / commercialization of plastic packaging	No	Dexco does not produces or commercialize of plastic packaging.

Production of goods packaged in plastics	Yes	Some of our products are packaged in plastics; however, we have the following goals: to compensate for 100% of the packaging that reaches the end consumer and to eliminate or replace plastic in Deca packaging that reaches the end consumer.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	Dexco does not provide or market services or goods that use plastic packaging.

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1

Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

1,427.3

Raw material content percentages available to report

None

Please explain

The main plastics we consume, in that order, are polypropylene (shower and toilet seats), ABS (showers), and polyacetal. In 2022, Dexco consumed 1427.3 tons for product manufacturing and 230.7 tons for packaging.

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin renewable content	Please explain

Plastic packaging used	230.7	% virgin renewable content		In 2022, out of a total of 9656.84 metric tonnes of material consumed for packaging, 230.7 tons were plastic, and 9456.54 tons were paper and cardboard. Therefore, 97.61% of the packaging material was virgin renewable content.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is technically recyclable	Please explain
Plastic packaging used	% technically recyclable	100	We have 230.7 tons of plastic used as packaging for our products, and they are 100% recyclable. In 2021, we partnered with the certifier EuReciclo to initiate an environmental offset project, collaborating with cooperatives that collect and recycle an equivalent quantity of our product packaging that reaches the end consumer. In 2022, the second year of the partnership, Dexco offset 9.7 thousand tons of materials from 2021. For 2023, we are in the process of offsetting 9.9 thousand tons, representing 100% of the plastic and cardboard packaging from Deca Louças e Metais, Hydra, Durafloor, Revestimentos Ceusa, Portinari, and Castelatto products that reached the end consumer throughout Brazil in 2022. In our Sustainability strategy for 2025, we have two targets directly related to plastics: - Achieve 100% compensation of packaging that reaches the end consumer. - Eliminate or replace plastic in Deca packaging that reaches the end consumer.

W11. Sign off

W-FI

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

More information regarding our water-related practices and commitments can be found in our 2022 Integrated Report and in our ESG Portal (https://www.dex.co/en/esg/)

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Dexco's Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No

Please confirm below

I have read and accept the applicable Terms