Dexco S.A - Water Security 2020

W0. Introduction

W0.1

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

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

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

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 2019	December 31 2019

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

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

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	Vital	Vital	Conservation of natural resources, like water, is essential to ensure the sustainability of Duratex´s business. This is one of the priority theme in Duratex´s Sustainability Strategy. This resource, besides being used in several stages of industrial processes, is important to ensure the development of forested areas, raw material base for the production of timber. Water quality is also important to ensure adequate supply of administrative areas and others.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	In 2019, water reuse had a lower representation in Duratex business (7% in relation to the total withdrawn), due to the closure of Botucatu Panels activities. Even with these reduction in the total percentage of Duratex, the reuse of water for Panels is still very expressive (43% in 2019). Water reuse allows the Company to promote lower uptake of water by reducing the environmental impacts inherent in industrial process.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Duratex monitors water withdrawal data from both its Brazilian and Colombian operations. In 2019, Duratex captured a total of 3.226.609,01 m³ of water, being 95% to supply the operations in Brazil. In relation to the previous year, there was a total decrease of 28.6% in water withdrawal, mainly due to the end of Botucatu Panels and São Leopoldo Sanitary Ware operations.
Water withdrawals – volumes by source	100%	Duratex monitors water withdrawal by source data from both its Brazilian and Colombian operations. In Brazil's operations, the main source is groundwater (84.8% of the total consumed) and in Colombia's operations surface water represents the largest consumption (91.4%).
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	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 analyzes in their own laboratories, in addition to maintaining outsourced monitoring, according to local periodicity and requirements.
Water discharges – total volumes	100%	Duratex monitors water discharge data from both its Brazilian and Colombian operations. In 2019, Duratex discharged a total of 895,742.30 m³ of water (effluents), being 87.2% from operations in Brazil. In relation to the previous year, there was a total decrease of 49.2% in effluents discharge. This reduction in total effluent discharged occurred because many units have robust reuse systems (such as Ceusa itself, which reuses 100% of its industrial effluents), and because there has been a reduction of launches by the unit of Botucatu and São Leopoldo, whose operations were finalized by Duratex.
Water discharges – volumes by destination	100%	Duratex measures and monitors water discharges by destination at all units. The destination monitored and their percentage participation of water discharges in 2019 were: public sewage collection systems – 41.9%; local watercourses – 56.9%; and Septic tanks – 1.2%
Water discharges – volumes by treatment method	100%	Duratex measures and monitors water discharges by treatment method at all units. The treatment methods monitored (and their percentage participation in water discharges) in 2019 were: Physical-chemical – 13.9%; Biological treatment – 1.5 %; Physical-chemical and biological treatment – 70.5 %; Untreated (septic tank, irrigation field, authorized by law)– 1.2%.
Water discharge quality – by standard effluent parameters	100%	The effluents discarded by Duratex are in accordance 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 standards and requirements of environmental agencies.
Water discharge quality – temperature	100%	The effluents discarded by Duratex are in accordance 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 standards and requirements of Organs environmental agencies. Temperature is also one of the standards monitored so as not to impact, in particular, the local watercourses.
Water consumption – total volume	100%	Duratex monitors water consumption data in all units, from both its Brazilian and Colombian operations. Total water consumption in Duratex was 2,330,866.70 m³ in 2019, taking into account the difference between the total water withdrawn and the water released in surface courses or in public sanitation networks.
Water recycled/reused	76-99	81% of Duratex's operations determine the volume of water reused. Hydra and Ceusa's operations, despite reusing them, do not perform the measurement.
The provision of fully-functioning, safely managed WASH services to all workers	100%	All Duratex´s facilities provide fully-functioning wash services to workers. Duratex controls periodically the water quality, following brazilian legislation and its Safety Program (DuraSeg)

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	3226609	Much lower	In 2018, Duratex captured a total of 3,226,609.00 m³ of water, being 3,071,862.80 m3 to supply the operations in Brazil and 154.746,20 in Colombia. In relation to the previous year, there was a total decrease of 28.6% in water withdrawal, mainly due to the end of operations in Botucatu and São Leopoldo units.
Total discharges	895742.3	Much lower	In 2019, Duratex discharged a total of 895,742.30 m³ of water (effluents), being 780,690.90 m³ from operations in Brazil and 115,051.40 m³ from operations in Colombia. In relation to the previous year, there was a total decrease of 49.2% in effluents discharge. This reduction in total effluent discharged occurred because many units have robust reuse systems (such as Ceusa, which reuses 100% of its industrial effluents), and because there has been the end of operations of Botucatu and São Leopoldo units.
Total consumption	2330866.7	Lower	Total water consumption in Duratex was 2,330,866.70 m³ in 2019, taking into account the difference between the total water withdrawn and the water released in surface courses or in public sanitation networks. In relation to the previous year, there was decrease of 15.4% in water consumption.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	No	<Not Applicable>	<Not Applicable>	WRI Aqueduct	A study carried out had as its objective was aimed at assessing the situation of the catchment basins where Duratex industrial units are located, considering aspects related to water, the economy, society and politics. The company deepened this study through an evaluation of the industrial departments and their teams to understand how local factors related to water – such as changes in the rainfall regime and competition for this resource, for instance – can impact industrial operations. It was also made the use of AQUEDUCT tool to understand the areas of greatest exposure to water risk. We intend to revisit this study next year, including the operations recently acquired by Duratex. Although there is no systematic/frequent specific analysis regarding water-stressed areas where the Duratex units are located, studies conducted in Duratex so far, besides the contextualization of the results in the current scenario, show that the unit Deca Metals located in São Paulo is the only plant at water shortages risk (based on assessment held in 2015). The 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 and the basin is in absolute shortage, due to its low water availability per capita and existing conflicts in the use of water resources. Besides the evaluation of the basin, local factors were also evaluated by the industrial team of the unit. The following factors were considered: low water availability considering the loss of reservoirs volume and the reduction of rainfall in 2015 (actions were implemented to reduce the volume consumed in the unit); bad supply dependence (on the public system);bad environmental conditions due to decreased rainfall in the region since 2014 besides 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. Specifically for our forestry operations, in 2019, in partnership with Embrapa (a Brazilian Agricultural Research Corporation), Duratex has carried out a study (based on RCP 8.5 model) to assess current and future climate vulnerabilities in the Zona da Mata region (Atlantic Forest), in regions that are important for our forest bussiness. The edaphoclimatic study identified, evaluated and quantified temperatures, water balance, rainfall, water deficiency and temperature evolution in the regions studied, between the years 1980 to 2050, with projections and scenarios for the long term for the study region (northeast region). The following climatic assessments of the regions of interest were carried out: *For periods of 30 years (1985 to 2015) and 10 years (2006 to 2015), aiming to verify possible recent changes in trends; *For future periods between 2021 to 2030 and 2031 to 2040, using the Hadgen2-ES global model of climate change, on a monthly scale. Through this work, possible vulnerabilities were mapped over the next four decades in order to anticipate scenarios for planning the operation. As a result, it was found that none of the objective areas of the study for Duratex presented risks in the scenarios evaluated for our specific characteristics of our planted forests. Through this work, possible vulnerabilities were mapped over the next four decades in order to anticipate scenarios for planning the operation. For the areas object of this study where we have established forest operations, risks were not presented in the analyzed scenarios.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	301463	Much lower	Water withdrawal from surface sources decreased by 81.8% in relation to 2018. The main factor that contributed to this was the transfer of the Duratree line, located in Botucatu-São Paulo, to the company Eucatex, in addition to the general suspension of activities in this plant and also in São Leopoldo unit (large portion of water abrastracted to be used in Botucatu plant came from surface sources).
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Duratex does not use brackish surface water/seawater
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	Duratex does not use groundwater from renewable sources (shallow wells).
Groundwater – non-renewable	Relevant	2503445.9	About the same	Water abstraction from underground sources rose 4.2% in 2019, compared to the previous year (deep tubular wells). Almost the same consumption. This is mainly due to the resumption of activities at the Itapetininga (increased 76.6% than the previous year). Groundwater extraction represents the main and only source of water consumption at this unit.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Duratex does not use produced water
Third party sources	Relevant	315361.9	Lower	Operations in Brazil and Colombia have reduced in 11.3% the water consumption from third party sources (municipal water suppliers) compared to 2018. The unit that had the largest contribution to this reduction was the Uberaba Panels unit (49.4% of reduction than previous year).

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	510002.1	Higher	In 2019, there was a increase of 10.5% in the discharge of effluents in surface water, in relation to the previous year. Agudos Unit is responsible for this scenario, 21.5% higher in 2019, due to operational problems occurring in the unit's chip washers, generating a greater volume of effluent for disposal, without the possibility of reuse.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Duratex does not discharge water in brackish surface water/seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Duratex does not discharge water in groundwater.
Third-party destinations	Relevant	374948.9	Lower	In 2019, there was a reduction of 10.1% in the discharge of effluents for third-party destinations. Uberaba Panel Unit, contributed to the reduction of 76,760.00 m³ of effluents.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

51-75

Rationale for this coverage

Duratex had more than 6000 trading partners in 2019. For seven years, Duratex have been conducted Duratex Supplier Management - GFD Program, a set of mechanisms to identify, select and monitor the social, environmental, economic and quality performance of an critical group of companies that provide us products and services. In the GFD dynamic, the suppliers selected are asked to answer a self-assessment questionnaire, which includes issues related to water issues ((considering the source / origin, the level of consumption, the discharge of effluents and the occurrence of significant spills),greenhouse gas management, GHG inventory and biodiversity management, among others. A portion of these suppliers were also visited by third-party, to verify the local conditions in audit.

Impact of the engagement and measures of success

In 2019, 216 suppliers were asked to respond to the questionnaire, and 191 answered it. In 2019, the percentage of suppliers that obtained an evaluation score equal to or above 8.0 jumped from 28% to 35%.

One of the prominent companies of 2019 was a mining company (in the small and medium size classification in the GFD Program), which has been evolving in recent years, improving management and new investments, such as acquisition of more modern and efficient machines. The company has a closed circuit water system, with a decantation process without the use of chemicals, allowing the water to return to the reservoir and its subsequent reuse.

Comment

Annually, we select strategic suppliers of our relationship base to integrate the GFD Program. That process consists of the provision of information on all purchases in a criticality matrix. In this way, the data are analyzed based on the risk quadrants and relevance to the operation, resulting in the classification of Providers. Partners assessed as critical and very critics are prioritized in the program

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
Incentivizing for improved water management and stewardship

Details of engagement
Water management and stewardship is integrated into supplier evaluation processes
Water management and stewardship is featured in supplier awards scheme

% of suppliers by number
1-25

% of total procurement spend
51-75

Rationale for the coverage of your engagement
Duratex had more than 6000 trading partners in 2019. For seven years, Duratex have been conducted Duratex Supplier Management - GFD Program, a set of mechanisms to identify, select and monitor the social, environmental, economic and quality performance of an critical group of companies that provide us products and services. In the GFD dynamic, the suppliers selected are asked to answer a self-assessment questionnaire, which includes issues related to water issues ((considering the source / origin, the level of consumption, the discharge of effluents and the occurrence of significant spills),greenhouse gas management, GHG inventory and biodiversity management, among others. A portion of these suppliers were also visited by third-party, to verify the local conditions in audit.

Impact of the engagement and measures of success
In 2019, 216 suppliers were asked to respond to the questionnaire, and 191 answered it. In 2019, the percentage of suppliers that obtained an evaluation score equal to or above 8.0 jumped from 28% to 35%.
One of the prominent companies of 2019 was a mining company (in the small and medium size classification in the GFD Program), which has been evolving in recent years, improving management and new investments, such as acquisition of more modern and efficient machines. The company has a closed circuit water system, with a decantation process without the use of chemicals, allowing the water to return to the reservoir and its subsequent reuse. This company was recognized and awarded at the last GFD Award Event. Annually, we recognizes suppliers who have presented outstanding practices, This recognition seeks to value the progress made by suppliers in incorporating sustainability practices in their businesses, as well as inspiring other companies to adopt similar actions.

Comment
Every year, Duratex recognizes outstanding suppliers in the GFD assessment and monitoring cycle. Outstanding practices are identified during technical visits made to company facilities (31 in 2019) and awards are aimed at valuing advancement in incorporating sustainability practices into business, in addition to inspiring other companies to adopt similar measures. Since its launch the Program has had the participation of around 400 suppliers and more than 200 on-site visits have been made.

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Duratex's Sustainability Strategy is structured in 4 pillars: People, Processes, Products & Services and New Business Models. Within the pillar "Products and Services", there is the following target to be achieved by 2025: "To have revenue of BRL 20 million coming from Pro-Água services". Through the Pro-Água Program, according to the demand of customers (residential, commercial or industrial), Duratex plan actions and application of water-saving products and devices in buildings, from the simplest to the most complex, to rationalize and qualify the use of the natural resource. Our specialized professionals develop diagnoses and suggest measures to be taken to monitor and minimize consumption, avoid waste - including maintenance plans - and / or promote the reuse of water. Since 2014, we have prepared 606 projects with the "Pro-Água" program, 151 of them in 2019. All theses 151 projects executed in 2019 represented more than R$ 962,735.59 in sales (net) of solutions.

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?
No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?
Yes, water-related risks are assessed

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

Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Every two years

How far into the future are risks considered?
3 to 6 years

Type of tools and methods used
Enterprise Risk Management

Tools and methods used
Other, please specify (Intern Risk Map)

Comment
The main tool guiding the management process is a risk map, wich is revised every two years using evaluations and analysis by managers from the administrative and operational areas. Duratex follows up social and environmental risks of its business, considering themes such as water, waste, emissions, supplier and community relations and others. Risks mapped are prioritized using a methodology that assesses the degree of impact and vulnerability to which Duratex is exposed. Each risk is classified as low, medium, high or critical. For the last two categories, we establish mitigation plans and risk managers are designated for continual monitoring, with a check of audit area. In the last cycle (which occurred in the year 2018), 26 high or critical socio-environmental risks were identified. The Risk Commission is responsible for providing accountability every semester for action plans executed to the Audit and Risk Management Committee which advises the Board of Directors. The methodology used for the assessment is based on consulting advice.

Supply chain

Coverage
Partial

Risk assessment procedure
Other, please specify (Suppliers assessment)

Frequency of assessment
Annually

How far into the future are risks considered?
1 to 3 years

Type of tools and methods used
Other

Tools and methods used
Internal company methods
External consultants

Comment
Duratex had more than 6000 trading partners in its Brazilian operations in 2019. Since 2012, Duratex conducts Duratex Supplier Management - GFD, a set of mechanisms to identify, select and monitor the social, environmental, economic and quality performance of an essential group of companies that provide products and services to Duratex. The Program's primary objective is to avoid risks while generating value for its supply chain.Companies that have similar social and environmental impacts are grouped into five general sectors: Industry, Hard services, Utilities, Services and Mining. In the GFD dynamic, the suppliers selected are asked to answer a self-assessment questionnaire (considering issues such as water source, consumption level, effluent disposal and significant spills). In 2019, 216 suppliers were asked to respond to the questionnaire, and 191 (representing more than 50% of the procurement spend) answered it, which includes issues related to water, risks management greenhouse gas management, GHG inventory and biodiversity management (among others). In 2019, 31 of these suppliers were also visited by third-party, to verify the local conditions in audit (by external consultants wich support GFD Program).

Other stages of the value chain

Coverage
Full

Risk assessment procedure
Other, please specify (Market risk and demand)

Frequency of assessment
More than once a year

How far into the future are risks considered?
1 to 3 years

Type of tools and methods used
Other

Tools and methods used
Internal company methods

Comment
Duratex considers possible risks with customers , market and competitors, preferences, innovation, water-saving products, consumption trends. It is already an intrinsic part of the day-to-day research and product development areas of the Deca Division, for instance, working on water-saving products. The Deca Comfort line, for example, demonstrates that Duratex has been facing the potential risks posed by more demanding consumers as an opportunity to win more markets. This technology is present in all of the brand's faucets and bring more comfort to consumers while also helping save water resources. This innovation, which has no impact on the design of tap and mixers, guarantees a standard flow, with a costant jet of water.
Focused on community surrounding, our listening mechanism is not only a tool to assess possible risks of our operations but also to positively impact of our units. The dialogue tool is one of the drivers for our private social investment. Social diagnosis is made through this process and the proposed projects are evaluated by our social team and Sustainability Committee, who analyze the socio-environmental relevance and the potential for replication. No risk related to competition for water use has been mapped in our communities. However, we prioritize environmental education and one of the outstanding projects was project "Paths of Water and Biodiversity", focused on the conscious consumption of water and the importance of planted forests.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The study to assess the sustainability of the river basins where its industrial and forest units are located evaluates the demand for water resources and the public policies focused on the rational use of water and effluent treatment, in order to establish the levels of sustainability in the river basin, based on quantitative, qualitative and weighted criteria.
Water quality at a basin/catchment level	Relevant, always included	Duratex initiated in 2015 the development of a methodology to analyze 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 produced an external view of risks and opportunities related to these five environmental aspects, and using an economic model to analyze their impacts, helped to strengthen integration between the financial and sustainability departments. The project focused on analysis of the water aspect. One of the main benefits of this project is the convergence between environmental and financial management at Duratex, allowing for creation and assessment of complex risk scenarios for use by the company's internal management. Until 2019, there were no significant negative changes in the water availability and pricing scenarios for Duratex.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	To enhance and strengthen relations with the communities neighboring Duratex´s units and to promote their development along with the business, Duratex focuses efforts on identifying the publics that are impacted and influence our activities in the regions where it operates. Mapping of these community stakeholders is important to support actions and projects that will be developed over the coming years. As a second step, Duratex puts together mechanisms to identify and understand the demands of neighboring communities. Since 2016, Duratex has been conducting "Rounds of Dialogue", which consist of meetings held in the localities where the company is present. These events are conducted by the Sustainability area, and take place in neutral locations (outside of Duratex), where stakeholders such as representatives of local communities, neighboring companies, NGOs, etc. are invited to participate in the dialogue. The intention is to discuss topics of common interest among the public that interact locally, as well as the possible impacts that the activities of the company may entail. Action plans are proposed by Duratex, when necessary. In 2019, these approximation initiatives were extended in the year to more locations where we operate - in the Urussanga and Hydra ceramic tile units. Next year, similar work will begin at the ceramic tiles recently acquired in Criciúma (SC). With our Engagement Agents, who are empowered to permanently talk to people in communities to identify potential sensitive situations as well as project opportunities. There have been no significant water related issues brought by local communities. Even so, Duratex prioritizes environmental education of our communities. In 2019, we conducted the project called "Paths of Water and Biodiversity", focused on the conscious consumption of water and the importance of planted forests. The program includes training of educators, work in the classroom, drawing competition and graffiti workshop - in which the winning schools participate. As a result of this project, we had 90 schools, 238 teachers and 6,643 students impacted.
Implications of water on your key commodities/raw materials	Relevant, always included	Eucalyptus is the main raw material used in the production process of Wood Division (which represented about 59% of revenue in 2019). To better understand the impacts of the use of natural resources, the influence of climatic seasonality and the sustainability of planted forests, there should be long-term monitoring of carbon, water and nutrient flows in these ecosystems. Duratex is one of the companies that participated in the creation of the "Eucflux - Torre de Fluxo" cooperative program, which has an experimental research base installed in one of Duratex´s farms. Coordinated by IPEF (Institute of Science and Forest Research) and CIRAD (Agricultural Research for Development), in 2019, Duratex invested R$ 95,324.00 in Eucflux. This program aims to quantify the inputs and outputs of carbon, water and nutrients for a complete rotation of Eucalyptus, increasing the collection of biogeochemical cycles of forests, which help to optimize production and ensure the sustainability of crops. Duratex selects species crosses and, later, adapts clones to the main growing regions of Duratex (São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas). As the genetic material of Eucalyptus and Corymbia remain in the field for 6 years until the decision is made on which of them are the most suitable for the advancement of phases in the breeding program (ie the most productive, with greater resistance to diseases, with better quality of wood for panel production), they are also affected by extreme weather events, such as drought, flooding and wind breaking. Thus, materials that do not withstand drought well or do not develop in wetlands, will not be selected for the regions where these phenomena may occur. Specifically for our forestry operations, in 2019, in partnership with Embrapa, Duratex has carried out a study (based on RCP 8.5 model) to assess current and future climate vulnerabilities in the Zona da Mata region (Atlantic Forest), in regions that are important for our forest bussiness. The edaphoclimatic study identified, evaluated and quantified temperatures, water balance, rainfall, water deficiency and temperature evolution in the regions studied by 2050, with projections and scenarios for the study region (Brazil´s northeast). As a result, it was found that none of the objective areas presented risks in the scenarios evaluated.
Water-related regulatory frameworks	Relevant, always included	Duratex makes part of discussing groups and representative associations engaged with policy makers in discussing matters related to environmental relevant issues and contributes to regulatory discussions, through sector representations. The identification of potential changes in water and climate related regulatory structure can occur through participation in meetings of Governmental Councils related to Environment and Working Groups in entities such as IBA - Brazilian Tree Industry, an important entity that leads discussions related to climate change and water, especially in the forestry sector. Besides, Duratex leans on a consultancy (Âmbito) that provides services related to the mapping and updating of legislation related to the environment (and to health and work safety), in order to detect at local level, in each productive unit, the pertinent legislation, including water regulations. This service includes a digital platform that helps managing legal requirements applicable, and selecting evidence to comply with this legislation. In addition to external consulting support, updates and notifications from the company's Legal Area ("Legal Flash") are internally disclosed about new legislation, including environmental issues.
Status of ecosystems and habitats	Relevant, always included	Status of ecosystems and habitats is evaluated according to local legislation where Duratex´s units are present. The forest area of Duratex also carries out an intense mapping of species, in partnership with research institutes. By 2019, more than 1,383 species of flora and 1,059 species of fauna have been registered.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Access to fully-functioning, safely managed WASH services for all employees is considered for all units, taking into account both legal issues and items of management systems.
Other contextual issues, please specify	Relevant, always included	The conservation areas are formed by the Permanent Preservation Areas (native vegetation on the banks of water courses, springs and steep slopes) and other areas maintained complementarily. The protection of these areas aims at the conservation of water and biodiversity. Water is an essential asset for survival of living beings on the planet. Every care must be taken to conserve and not pollute springs, rivers, dams and lakes. Employees are also trained and communicated about the care that must be taken with hydrous bodies.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Duratex is committed to developing solutions that guarantee people's well-being and comfort, with less social and environmental impact and with the efficient use of natural resources, such as water and power. To do this, Duratex relies on a set of products assessment practices, ranging from their development to quality management at operational units. In aftersales services, Duratex monitors possible defects and other demands from customers in order to enhance our practices and portfolio. Trends and consumption needs are always assessed by the Marketing and Product Development area of the businesses, especially for Deca brand products, where there is always a search for eco-efficient products and solutions in relation to water use. Through our client committees and constant dialogue with architects and influencers, we seek to develop increasingly rational products in the use of water.
Employees	Relevant, always included	Access to water is always considered in all Duratex´s units. The quality of water for human supply is verified both internally and by third parties, according to local legislation and health and safety management systems demands. We have no problems related to access and quality of water in the units and forests. All employees are notified and campaigns are carried out on reducing consumption and better water management in production processes. In addition, there are always efforts and input from employees regarding the efficient use of this resource and hydrous bodies preservation.
Investors	Relevant, always included	Through Duratex activities, products and services offered contribute to improving people's life quality and to sustainably creating value for stakeholders, including investors. Under Duratex operating model, it seeks to anticipate trends in order to be able to adapt and meet the needs of this public. Duratex´s purpose, "Solutions for Better Living", attracts investors in view of the market's tendency to offer complete solutions, not just products or services, which includes living in a more sustainable way.
Local communities	Relevant, always included	To enhance and strengthen relations with the communities neighboring Duratex´s units and to promote their development along with the business, Duratex focuses efforts on identifying the publics that are impacted and influence our activities in the regions where it operates. Mapping of these community stakeholders is important to support actions and projects that will be developed over the coming years. As a second step, Duratex puts together mechanisms to identify and understand the demands of neighboring communities. Since 2016, Duratex has been conducting "Rounds of Dialogue", which consist of meetings held in the localities where the company is present. These events are conducted by the Sustainability area, and take place in neutral locations (outside of Duratex), where stakeholders such as representatives of local communities, neighboring companies, NGOs, etc. are invited to participate in the dialogue. The intention is to discuss topics of common interest among the public that interact locally, as well as the possible impacts that the activities of the company may entail. Action plans are proposed by Duratex, when necessary. In the next year, similar works will be started in the ceramic tile units recently acquired in Criciúma (Santa Caratina State). Duratex also capacitates employees as Engagement Agents, who are empowered to permanently talk to people in communities to identify potential sensitive situations as well as project opportunities. There have been no significant water related issues brought by local communities.
NGOs	Relevant, always included	This public is included in the above mentioned Round of Dialog with communities.
Other water users at a basin/catchment level	Not relevant, included	Duratex has not faced other water users at basin that could have affected its business, but we keep monitoring and check for possible other uses in our basin.
Regulators	Relevant, always included	Duratex makes part of discussing groups and representative associations engaged with policy makers in discussing matters related to environmental relevant issues and contributes to regulatory discussions, through sector representations. The identification of potential changes in water and climate related regulatory structure can occur through participation in meetings of Governmental Councils related to Environment and Working Groups in entities such as IBA - Brazilian Tree Industry, an important entity that leads discussions related to climate change and water, especially in the forestry sector.
River basin management authorities	Not relevant, included	Regulatory trends are monitored in river basin committees, particularly by the wood business units.
Statutory special interest groups at a local level	Not relevant, included	Duratex businesses also participate of statutory groups at a local level, following new trends.
Suppliers	Relevant, always included	Duratex has a formal set process for the identification of risks in its relationship with national and international suppliers. This identification is carried out through the Duratex Supplier Management Program (GFD), and in alignment with the guidelines of the Sustainability Commission. This program uses metrics for the monitoring of suppliers through the use of questionnaires, scheduled visits and document control, taking into consideration legal, social and environmental questions. The questionnaire evaluates suppliers according to their sector of activity. The questionnaires cover a number of topics, including: Health and Safety; Ethics and Human Rights; Environmental and Social Management; Environment (social and environmental risk assessment, eco-efficiency from an organizational perspective and waste disposal), Waste, Biodiversity, Relations with Local Communities, Legal Compliance. Duratex has created the Program to develop closer relationships with its suppliers, disseminate good practices and define socio-environmental, economic, and quality criteria that must be met, as well as level of service criteria for the selection of supplier partners.
Water utilities at a local level	Not relevant, included	Water utilities at a local level are considered in the evaluations of the specific units, however for Duratex as a whole it ends up not being relevant, since. However, local dealings are prioritized by each business. We currently do not have any specific issues with water providers, regarding upstream and downstream demands and discharges to our operations. When necessary, this public is included in the above mentioned Round of Dialog with communities.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) 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.

The organization's environmental risks and also risks related to water are reviewed every two years. Water risks are assessed according to their impact and vulnerability to Duratex. The risks are identified according to the possibility of impact on operations, financial losses, conformities and impacts on the company's image. For each Duratex´s unit, 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 Duratex Legal Area. Following the validation, local and Corporate risks are analyzed by Duratex´s top leadership (business directors). The risks are analyses according to each business and the representativite to Duratex. 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 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, Duratex evaluates according to their impact and vulnerability. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, where the frequency of recurrence of the event is evaluated, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. For both classifications, mitigation plans established for continual monitoring, with a check by the Audit and Sustainability Area. Critical risks are considered to be above 3% of shareholders' equity (impacts greater than R$ 147,965,040.00). High risks are considered between 2% and 3% of shareholders' equity (between R$ 98,643,360.00 and R$ 147,965,040.00).

The Risk Commission is responsible for providing accountability every semestre for action plans executed to the Audit and Risk Management Committee which advises our Board of Directors. The last cycle occurred in 2018, and only low or medium risks related to water scarcity were identified.

Duratex understands that water risks can be: multi-dimensional, local, depend on weather patterns, and require a collective response. To know about the risks that may affect the Company's business, Duratex 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 contextualization of the results in the current scenario show that the unit Deca Metals in São Paulo is the only plant at water shortages risk. The 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 and 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 ahave 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 also 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 2019, 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 performed in 2015 involving the Evaluation of the Sustainability Index of Hydrographic Basins to asses the hydrological resources of the basins where its industrial units are located, using the most recent data made available by international organisms, hydrographic basin committees and government bodies. There has been a review of the main water stress indicators and a Sustainability Index Basin in the river basins (WSI) where Duratex operates has been applied. The Penha Pinheiros Basin, where the Metals unit is located, was classified as median sustainability (for WSI), and according to the Falkenmark indicator, which is part of WSI, 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 a righ 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 2019, there was no case of water shortage in the unit. The same unit, due to population density and local urbanization, is exposed to flooding risks, as well as several points in the city of São Paulo. In 2019, we suffered from the flood that affected several parts of the city and some of our operations were affected. However, the reestablishment of operations occurred quickly, suffering only a few material losses.

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
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
1-10

Comment
The Penha Pinheiros Basin, were the Deca Metals unit is located (in São Paulo), was classified as median sustainability (for WSI), and according to the Falkenmark indicator, which is part of WSI, the basin is characterized by absolute water scarcity, resulting in the concept of water risk high for the unit and classified as righ risk within an evaluation of local factors and hydro conditions. The proportion of financial value that could be affected at the Penha Pinheiros basin would be the Metals São Paulo unit, affecting less than10% of the global revenue of the company. The company has made a contingency plan for the unit listed in addition to actions to reduce water consumption. Full description basins comprised in this risk assesment: 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; 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 Duratex has surface and underground withdrawals and surface dischages. Are they: 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 No. 9.433/97, the "water law". This charge is not a tax, but rather a fee for the use of a public good whose price is fixed from a pact between water users, civil society and the government under the Watershed Committees - CBHs, to whom the Brazilian legislation establishes the competence of proposing mechanisms of collection of values for direct withdrawal, consume, and surface water discharges. It is up to the state management bodies to carry out or not the charge for the use of state-owned water. Thus, not all Brazilian states have established collection for the extraction of groundwater or surface water, for example. The state of São Paulo, where Duratex has units, is one of those that already adopts collection mechanisms.
At Duratex, 95.2% of water in 2019 was withdrawn in Brazil, being 84.8% groundwater, 5.2% surface water and 10.1% water from public water supply; 50.6% of discharges took place in surface waters.
In the case of the use of water and the discharge of effluents in public supply/collection systems, the charge for the treatment and distribution is made by the responsible utility company. In Duratex, there is already a charge for these services.

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)
<Not Applicable>

Potential financial impact figure - minimum (currency)
93282.83

Potential financial impact figure - maximum (currency)
121257.64

Explanation of financial impact
The financial impact range was estimated based on the water collection prices already practiced in the State of São Paulo (PCJ basin), extrapolated throughout Brazil. The calculation was made using the weighted average of the water volumes withdrawn from surface and groundwater sources at Duratex in 2019, in addition to the surface discharges and consumptive use, in relation to the prices for each category currently practiced (minimum potential impact). For the maximum potential impact, the same reasoning was used, applying inflation of 4.31% per year for a six-year horizon (real inflation in 2019, for the charges already applied in São Paulo) .
Impact range - sum of the values below:
Vol (m^3) X current/future price (R$) of surface water at Duratex Brasil in 2019:(158,602.1 m^3 x 0.0127 6R$/$m^3$) and (158,602.1 m^3 x 0.0165 R$/$m^3$)
Vol (m^3) X current/future price (R$) of groundwater at Duratex Brasil in 2019:(2,604,397.3 m^3 x 0.0127 R$/$m^3$) and (2,604,397.3 m^3 x 0.0165 R$/$m^3$)
Vol (m^3) X current/future price (R$) of consumptive use at Duratex Brasil in 2019:(308,863.5 x 0.0255 R$/$m^3$) and (308.863,5 x 0.0331 R$/$m^3$)
Vol (m^3) X current/future price (R$) of surface discharges at Duratex Brasil in 2019:(394,950.7 m^3 x 0.1274 R$/$m^3$) and (394,950.7 m^3 x 0.1659 R$/$m^3$)

Primary response to risk
Establish site-specific targets

Description of response
Within the Pillar processes Duratex´s Sustainability Strategy, there are the following targets to be achieved by 2025: To cut relative water consumption by 10% "and" Reduce water consumed by irrigation by 50% per hectare of crops ". Thus, Duratex has been engaged in eco-efficiency actions to reduce water consumption, adaptations in productive lines to increase reuse, and invest in research and development to reduce the use of water in forestry operations.
Water is still a relatively cheap natural resource for the industrial sector in Brazil, and Duratex already withdrawals most of its water (92.2% in 2018 in Brazil) from underground and surface sources, which are the cheapest among the options available. It reduces dependence on public sources of supply, often under pressure from local population growth. Even so, the risk of increased prices has always been considered by the company in its strategic decisions, and was intensified in 2014, when the country underwent one of its most critical droughts.
In additon, Duratex makes part of discussing groups and representative associations engaged with policy makers in discussing matters related to environmental relevant issues and contributes to regulatory discussions, through sector representations. Participating in meetings of Municipal Councils and Working Groups of the Brazilian Tree Industry (IBA) are examples.

Cost of response
0

Explanation of cost of response
It is considered that operational actions aimed at increasing water eco-efficiency and forest technological improvements, in addition to the participation of meetings and discussion groups, are already actions intrinsic to Duratex's business, and do not require additional costs.

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	Other, please specify (No risks identified)	The main mechanism adopted by Duratex to assess risks in its value chain is through the Duratex - GFD Supplier Management Program. This program uses metrics for the monitoring of suppliers through the use of 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. When evaluating the individual evolution of the critical suppliers of Duratex, In 2019, the percentage of suppliers that obtained an evaluation score equal to or above 8.0 increased from 28% to 35%, compared to the previous year. Suppliers with scores between 7.0 and 8.0 went from 35% to 39% of the total, which also demonstrates the evolution of the participants' global performance. In addition to this corporate assessment, critical suppliers at the local level (such as waste receivers and mining companies) go through evaluations, on-site visits, and environmental licenses control as part of the Environmental Management System. No water-related hazard situations were identified in 2019 at the local level.

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
Markets

Primary water-related opportunity
Expansion into new markets

Company-specific description & strategy to realize opportunity
A service provided by Duratex is the "ProWater" Program (PróÁgua), through which, on the demand of customers (residential, commercial or industrial), actions and application of water-saving products and devices in buildings are planned, from the simplest to the most complex, to rationalize and qualify the use of this natural resource. Specialized professionals develop diagnoses and suggest measures to be taken in order to monitor and minimize consumption, avoid waste - including maintenance plans - and/or promote the reuse of water. Since 2013, Duratex has developed 606 projects with the "ProWater" program. The 151 projects executed in 2019 represented almost R$ 963 thousand in sales (net) of solutions.
The strategy for evolving this opportunity is part of Duratex's Sustainability Strategy itself, within the pillar Products & Services, where there is a target to be achieved by 2025: "To have revenue of BRL 20 million coming from ProWater services".

Estimated timeframe for realization
4 to 6 years

Magnitude of potential financial impact
Low-medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
962735.59

Potential financial impact figure – maximum (currency)
20000000

Explanation of financial impact
Current potencial financial impact - R$ R$ 962,735.59: net revenue collected with ProWater in 2019). Within the pillar Products & Services of Duratex´s Sustainability Strategy, there is a target to be achieved by 2025: "To have revenue of BRL 20 million coming from ProWater services". Therefore, the future potencial impact (R$ 20,000,000) represents net revenue inteded to be collected until 2025. This value would represent 0.5% of Duratex´s net revenue in 2018.

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
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)
137610.12

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
The reuse system caused a reduction on the cost of effluent analysis performed by outsourced laboratories, which represented R$ 33,965.3 in 2017, R$ 50,558.45 in 2018 and R$ 53,086.37 in 2019, resulting in a saving of R$ 137,610.12

Type of opportunity
Products and services

Primary water-related opportunity
Other, please specify (Improved customer satisfaction)

Company-specific description & strategy to realize opportunity
With the awareness about natural resources use, water-saving products have gained a large 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 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 save water resources. This innovation, which has no impact on the design of tap and mixers, guarantees a standard flow, regardless of whether a buiding has low or high pressure plumbing system. This results in a smooth and costant jet of water, that does not cause unpleasant splashing when washing hands, for instance. This system has been patented. The development and improvement of the Deca Comfort line is one of the initiatives in line with this strategy.
Within the "Products & Services" pillar of Duratex´s Sustainability Strategy, developed in 2016 (launched) in 2017, there is the following target: "For 100% of the finished metals and Deca toilets portfolio to be eco-efficient" by 2025. . In 2019, 30 % of the sanitary toilets portfolio (against 17% in 2018) and 100% of the bathroom faucet portfolio were classified as eco-efficient.

Estimated timeframe for realization
Current - up to 1 year

Magnitude of potential financial impact
Low-medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
105000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
The amount of R$ 105 millions represents the revenue of products from the Deca Comfort line in 2019. With this type of product, wich represented 14% of sales in Metals Division (an increase compared to the previous year: 6% in 2018), and 2.1% of Duratex's revenue in 2019, there is the opportunity to meet the emerging requests of this most demanding publics, strengthening the brand.

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
No

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
52.4

Comparison of total withdrawals with previous reporting year
Higher

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
52384

Total water discharges at this facility (megaliters/year)
48845

Comparison of total discharges with previous reporting year
Higher

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
48845

Total water consumption at this facility (megaliters/year)
3539

Comparison of total consumption with previous reporting year
Higher

Please explain
There was a increase of 25.6% in the total water withdrawal in the unit. About water discharges, there was also a increase compared to last year (17.1% higher). The water reuse for the report year was 37%.

W5.1a

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

Water withdrawals – total volumes

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water withdrawals – volume by source

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water withdrawals – quality

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water discharges – total volumes

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water discharges – volume by destination

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water discharges – volume by treatment method

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water discharge quality – quality by standard effluent parameters

% verified
76-100

What standard and methodology was used?
ISO 14001:2015
The verification is in our Environmental Certification

Water discharge quality – temperature

% verified
76-100

What standard and methodology was used?
ISO 14001:2015
The verification is in our Environmental Certification

Water consumption – total volume

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

Water recycled/reused

% verified
76-100

What standard and methodology was used?
KPMG International Methodology and GRI Protocol
All the data of this unit and for all the company is verified by KPMG Financial Risk & Actuarial Services Ltda during the verification works for the Integrated Reporting 2019.

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 Company water targets and goals Other, please specify (water protection)	Our Sustainability Policy, Environmental Policy and our Forest Management Plan, contemplate the efficient use of water and the protection of water resources. All of our policies are public on our website. And in our Sustainability Strategy, which is also public, there are specific goals for reducing water consumption.

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	Please explain
Director on board	Duratex´s governance structure is made up of the Board of Directors, which establishes the strategic direction of the business, and by the Executive Board. The Board of Directors is supported by six Committees that assess and address the most relevant aspects of Duratex´s administration. One of them is the Sustainability Committee. Duratex has a Sustainability Committee with Executives appointed by the Board. This Committee has in its structure an independent member of the Board of Directors as the president, as approved in the Company Bylaws. Members and participants of the Committee for Sustainability: President and Specialist An independent member Members of Board Chair, including the Chairmen of the Board of Directors Chief Executive Officer Sustainability Manager and Director Our CEO, together with the business directors, evaluate the environmental performance of the company's business, also checking the water indicators. These environmental indicators are monitored monthly by the units and published quarterly and annually by the Company.

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 Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	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. Since 2013, the Company has had a Corporate Sustainability Management Area, which reports directly to the CEO. This Management Area is responsible for the development of the integrated strategic plan and for the evaluation of opportunities for improvement at the Company, based on the analysis of external scenarios, materiality and market indicators. The Sustainability Strategy was revised in 2016, in an effort 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, together with the president and sustainability management accompany and discuss material themes of our strategy, which include water and climated change issues. See more information about sustainability strategy and our goals evolution in the content of our Integrated Reporting 2019 (https://www.duratex.com.br/Relatorio-Anual-2019/en/documents/Book_Duratex_RI_ing.pdf), also on pages 50, 53 62, and about governance structure in page 30-31.

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)
Chief Executive Officer (CEO)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
Duratex´s Sustainability Committee is appointed by the Board of Directors in our organizational structure. Duratex´s CEO also takes part of this Committee, being responsible for adressing 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

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
The Committee for Sustainability plays an active role in the definition of the strategic positioning of sustainability to be covered by the Sustainability Strategy. Duratex´s Sustainability 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	No, not currently but we plan to introduce them in the next two years	Although Duratex has goals related to reducing water consumption in its sustainability strategy and the operational units have specific goals for water consumption aligned with their respective environmental management systems, there are still no incentives directly related to this goal for C- levels.

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?

The Sustainability Strategy, that has pillars and relevant themes upon which we have established the social and environmental performance targets to be achieved until 2025. For each pillar, Duratex also defined its aspirations, which show commitments to the sustainable development of businesses and society.

The theme water is inserted at the processes pilar, and at the ecoefficiency, and Sustainable forest Management topics. The Corporate Sustainability Division of Duratex reports directly to the CEO and to the Sustainability Committee. It has one Corporate Sustainability Management, with a coordination in the Deca and Wood business areas, that is responsible for strategic management of the theme, including consulting processes, analyses of risks and opportunities and consolidation of key indicators, among other duties.

Duratex also follows the water theme in its supply chain through the GFD Program and follow the laws and their applications through the environmental management systems and through the legal area.

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)

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	In 2016 there was a review of Duratex´s material themes, which included internal diagnostic steps (through interviews with executives and document analysis), analysis of academic and civil society documents, analysis of the positioning and practices of the sector (benchmarking) , and consultation with opinion formers. Critical analysis of these materials resulted in Duratex's Sustainability Strategy, consisting of 4 pillars: People, Processes, Products and Services, and New Business Models, besides 8 guiding themes: Working Conditions and Employee Development, Customer and Consumers Engagement, Community Relations and Local Development, Eco-efficiency, Climate Change, Sustainable Forest Management, Responsible Supply Chain and Sustainable Inputs and Solutions. Of the 8 themes of the Strategy, 45 targets to be achieved until 2025 were derived and dismembered into annual milestones, endowed with indicators. The topic “water” is inserted at the Processes pilar of Duratex's Sustainability Strategy, directly comprised in the themes “Eco-efficiency” and “Sustainable forest Management”.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	The strategy to achieve Duratex´s Sustainability Strategy objectives, based on the 45 targets to be achieved by 2025, is based on actions of process improvements, including reduction of absolute 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, until the expected accomplishment in 2025. The follow-up on the progress of the actions linked to the targets occurs through the DMS model - Duratex Management System, which is based on a continuous improvement tool of the "PDCA" type, or "Plan, Do, Check, Act".
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, until the expected accomplishment in 2025. The follow-up on the progress of the actions linked to the targets occurs through the DMS model - Duratex Management System, which is based on a continuous improvement tool of the "PDCA" type, or "Plan, Do, Check, Act". The sponsors of the targets are therefore also responsible for the annual financial planning of the actions planned to reach them.

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)
61.5

Anticipated forward trend for OPEX (+/- % change)
7.8

Please explain
We did not carry out the tendency of OPEX water expenses. However, the 2019 CAPEX expense related to water was R$ 370,000.
For OPEX, there was a shrink of 61% in relation to the previous year, due to the decommissioning of the São Leopoldo and Botucatu units. For the next year, the trend is 7.8% higher due to the acquisition of the operations of Cecrisa de Revestimento Cerâmica.

W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Duratex initiated the development of a methodology to analyze 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 produced an external view of risks and opportunities related to these five environmental aspects, and using an economic model to analyze their impacts, helped to strengthen integration between the financial and sustainability departments.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?
No

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
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 Duratex´s 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.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Business level specific targets and/or goals Brand/product specific targets and/or goals	Targets are monitored at the corporate level	Duratex 2025 Sustainability Strategy was was built on four pillars and on relevant themes for which 45 social and environmental performance targets have been established to be achieved by 2025. Water targets are on Process Pillar, under the "Eco-efficiency" and "Sustainable forest Management" themes. These targets are applied for the entire company (Duratex business). Each business Division outlined their specific annual targets to monitor and carry out their action plans for each year, in order to consolidate Duratex's aspirations until 2025.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water withdrawals

Level
Business

Primary motivation
Reduced environmental impact

Description of target
Reduce the relative water withdrawal in Panels business by 10%

Quantitative metric
% reduction per unit of production

Baseline year
2016

Start year
2017

Target year
2025

% of target achieved
100

Please explain
The relative target established is: "Reduce the relative water withdrawal in Panels Division (in Brazil) by 10%" in relation to the baseline year (2016). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017.
Duratex´s Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review. In 2019, the relative indicator for this target was 0.9311 m³(water)/ m³(panels), representing decrease of 31.6% compared to the indicator of the previous year.
It is considered that the target has been achieved (100%), even though it is status "revised" because it is under review. This happened due to the end of Botucatu´s unit operations.

Target reference number
Target 2

Category of target
Water withdrawals

Level
Business

Primary motivation
Reduced environmental impact

Description of target
Reduce the relative water withdrawal in Deca Metals business by 10%

Quantitative metric
% reduction per unit of production

Baseline year
2016

Start year
2017

Target year
2025

% of target achieved
74.5

Please explain
The relative target established is: "Reduce the relative water withdrawal in Deca Metals by 10%" in relation to the baseline year (2016). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017.
Duratex´s Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review. In 2019, the relative indicator for this target was 0.0108 m³(water)/ parts (metals), representing increase of 16.7% compared to the indicator of the previous year.
It is considered that the target is underway.

Target reference number
Target 3

Category of target
Water withdrawals

Level
Business

Primary motivation
Reduced environmental impact

Description of target
Reduce the relative water withdrawal in Deca Ceramics business by 10%

Quantitative metric
% reduction per unit of production

Baseline year
2016

Start year
2017

Target year
2025

% of target achieved
76.7

Please explain
The relative target established is: "Reduce the relative water withdrawal in Deca Ceramics by 10%" in relation to the baseline year (2016). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017.
Duratex´s Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review. In 2019, the relative indicator for this target was 0.0038 m³(water)/ kg (ceramics), representing increase of 9.2% compared to the indicator of the previous year.
It is considered that the target is underway.

Target reference number
Target 4

Category of target
Water withdrawals

Level
Business

Primary motivation
Reduced environmental impact

Description of target
Reduce the relative water withdrawal in Hydra business by 10%

Quantitative metric
% reduction per unit of production

Baseline year
2016

Start year
2017

Target year
2025

% of target achieved
100

Please explain
The relative target established is: "Reduce the relative water withdrawal in Hydra Business by 10%" in relation to the baseline year (2016). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017.
Duratex´s Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review. In 2019, the relative indicator for this target was 0.0031 m³(water)/ parts (eletric showers), representing decrease of 29.2% compared to the indicator of the previous year.
It is considered that the target is has been achieved (100%), even though its status is "revised" because it is under review (since there is no option that best describes this case).

Target reference number
Target 5

Category of target
Water withdrawals

Level
Business

Primary motivation
Reduced environmental impact

Description of target
Reduce water use in irrigation per hectare of plantation by 50% in the forest business

Quantitative metric
% reduction per unit of production

Baseline year
2016

Start year
2017

Target year
2025

% of target achieved
100

Please explain
The relative target established is: " Reduce water use in irrigation per hectare of plantation by 50% in the forest business" in relation to the baseline year (2016). It was developed in 2016, from the review of the material themes of Duratex that resulted in the company's Sustainability Strategy, to start in 2017.
Duratex´s Sustainability Strategy review should occur every 3 years. Currently, the Strategy and its targets are under review. In 2019, the relative indicator for this target was 4.18 m³(water)/ hectare.
It is considered that the target is has been achieved (100%), even though its status is "revised" because it is under review (since there is no option that best describes this case). It should be noted that there may be large variations for this indicator, depending on environmental conditions and productive demands, each 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 (KPMG International Methodology and GRI Protocol)	Water withdrawal/reuse/recycling is informed on Duratex´s Integrated reporting, as well as targets status, and third party is hired for the Report´s verification, reinforcing transparency and credibility of the information.

W10. 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.

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

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

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

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

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

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

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	5011706000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	BR	DTEXACNOR3

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

Yes, CDP supply chain members buy goods or services from facilities listed in W5.1

SW1.1a

(SW1.1a) Indicate which of the facilities referenced in W5.1 could impact a requesting CDP supply chain member.

Facility reference number

Facility 1

Facility name

Deca Metals - São Paulo

Requesting member

MRV Engenharia e Participações

Description of potential impact on member

In 2019, the volume of sales to MRV from the Metals division was very low in absolute terms and also not expressive in relation to total sales to this client (well below 1%). In addition, no imminent water risk was detected for the São Paulo Metals unit after 2015. Nonetheless, Duratex has other sanitary metal factories, in addition to inventories that could meet the client's demands. Therefore, the potential impact for MRV would be very low or practically nil.

Comment

The greatest sales representation to MRV are the products from Wood Panels business, followed by Sanitary Wares business. Metals is not representative.

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Yes, for all facilities	We can provide geolocation for all units in Brazil and in Colombia.

SW1.2a

(SW1.2a) Please provide all available geolocation data for your facilities.

Identifier	Latitude	Longitude	Comment
Ceramics - Jundiaí I	-23.18171	-46.861324	State of Sao Paulo
Ceramics - Recife	-8.254303	-35.027161	Cabo de Santo Agostinho Unit State of Pernambuco
Ceramics Queimados	-22.730522	-43.62375	State of Rio de Janeiro
Ceramics - Paraíba	-7.178436	-34.910088	João Pessoa Unit State of Paraíba
Ceramics - Sul	-29.786485	-51.117389	Activities closed in 2019. São Leopoldo Unit
Metals - Jacareí	-23.28647	-45.9779	State of Sao Paulo
Metals - Jundiaí	-23.202716	-46.843107	State of Sao Paulo
Metals - São Paulo	-23.517204	-46.687702	State of Sao Paulo
Forest Area - Agudos	-22.488451	-49.133606	State of Sao Paulo
Forest Area - Botucatu	-22.879022	-48.452454	State of Sao Paulo
Forest Area - Estrela do Sul	-18.73695	-47.7361	State of Minas Gerais
Forest Area - Itapetininga	-23.586486	-48.105526	State of Sao Paulo
Forest Area - Lençóis Paulista	-22.560757	-48.816719	State of Sao Paulo
Forest Area - Taquari	-29.803859	-51.846371	State of Rio Grande do Sul
Forest Area - Uberaba	-19.75334	-47.97688	State of Minas Gerais
Panels - Agudos	-22.488451	-49.133606	State of Sao Paulo
Panels - Botucatu	-22.879022	-48.452454	Activities closed in 2019. State of Sao Paulo
Panels - Itapetininga	-23.586486	-48.105526	State of Sao Paulo
Panels - Taquari	-29.803859	-51.846371	State of Rio Grande do Sul
Panels - Uberaba	-19.742167	-47.978368	State of Minas Gerais
Administrative Unit	-23.558145	-46.659214	State of Sao Paulo São Paulo City
Hydra - Aracaju	-10.916818	-37.073895	State of Sergipe
Hydra - Tubarão	-28.498793	-49.021901	Activities closed since the end of 2018.
Showroom	-23.568771	-46.672883	State of Sao Paulo São Paulo City
Ceusa - Urussanga	-28.533263	-49.319493	State of Santa Catarina
Duratex Colombia - Panels Barbosa	6.43161	-75.346086	Antioquia
Duratex Colombia - Panels Manizales	5.030965	-75.432513	Caldas
Duratex Colombia - Panels Yarumal	6.812468	-75.495412	Antioquia

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member
MRV Engenharia e Participações

Category of project
Relationship water assessment

Type of project
Assessing products or services' water-related impacts to identify efficiencies

Motivation
Extend the water footprint studies of the company's products, assess product use by end consumers and identify possible improvements.

Estimated timeframe for achieving project
2 to 3 years

Details of project
Evaluation guided by Life Cycle thinking, being possible to evaluate part of the use of the product from the gate to grave.

Projected outcome
Product improvements, evaluation of Duratex end consumers and MRV customers.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name
Metals production

Water intensity value
0.0108

Numerator: Water aspect
Water withdrawn

Denominator
produced parts

Comment
In 2019, 83% of the water withdrawn in the metal factories came from the public supply utilities, and 17% came from underground sources.

Product name
Sanitary ware production

Water intensity value
0.0038

Numerator: Water aspect
Water withdrawn

Denominator
mass of product (kg)

Comment
In 2019, 75% of the water withdrawn to supply sanitary ware factories came from wells, and 25% of the water was supplied by public water supply utilities.

Product name
Panels production (Brazil)

Water intensity value
0.9311

Numerator: Water aspect
Water withdrawn

Denominator
volum of panels produced (m^3)

Comment
In 2019, 92% of the water withdrawn to supply panel plants in Brazil came from wells, 5% of the water came from rivers, and 3% came from public supply utilities.

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

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

Please confirm below
I have read and accept the applicable Terms