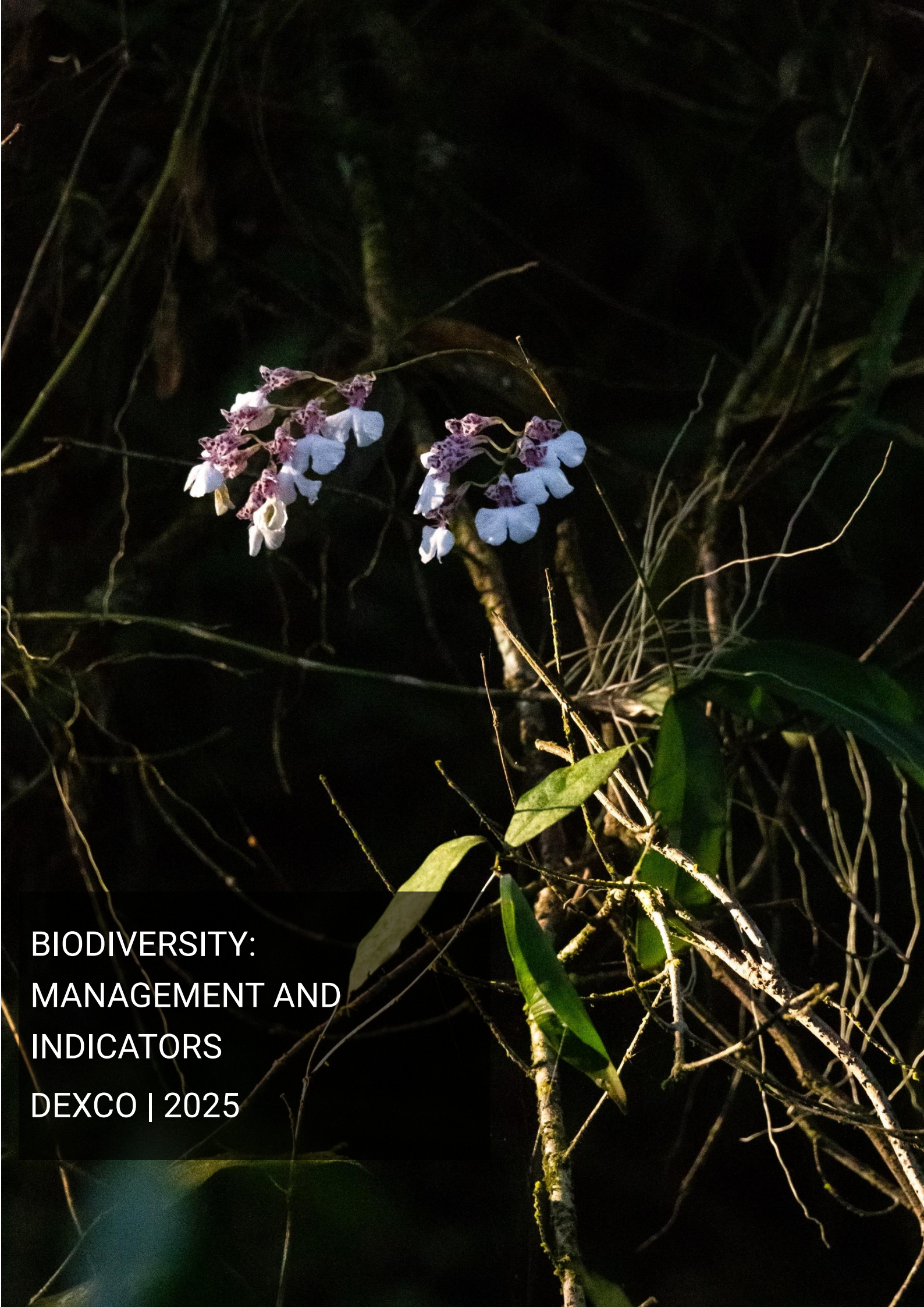

BIODIVERSITY: MANAGEMENT AND INDICATORS

DEXCO | 2025

INTRODUCTION

For Dexco, environments exist to be lived. That is why we recognize how important forests and other natural ecosystems are. As the main source of raw materials for our wooden flooring and panels factories, biodiversity is a material issue for our Wood business division. Therefore, we are committed to ensuring responsible forest management in our areas.

GOAL

This document compiles the company's main actions and results for biodiversity protection and aims to facilitate the visualization of our indicators, as well as present the outcomes of our impact on biodiversity.

SUMÁRIO

1 Biodiversity Impact Index

The wood used as raw material for our forest-based products is a renewable natural resource sourced from forest plantations. The process of obtaining it — from seedling cultivation to timber transportation — may involve potential impacts on natural ecosystems and, consequently, on biodiversity.

To balance the environmental, social, and economic aspects of our business, we remain committed to finding ways to prevent, minimize, or offset negative impacts while enhancing those that are beneficial. In this regard, we manage our forest areas with zero deforestation or conversion of natural ecosystems and do not use wood from unacceptable[1] sources in the manufacturing of our products. Neither do we manage forests or conduct industrial activities in peatland areas of any depth, in territories belonging to traditional or Indigenous communities, or in areas that would require the relocation of people.

We strive to preserve biodiversity, environmental and social values, and ecosystem services. To achieve this, we assess the potential social-environmental impacts of our operations, apply the most appropriate techniques in our forestry activities, maintain good relationships with neighboring communities, and ensure constant monitoring of our management sites to prevent and deter illegal activities.

Consequently, we aim to operate with no net loss of biodiversity in our areas. In 2024, we conducted the third cycle of biodiversity impact monitoring, measured through the Biodiversity Impact Index (BII). This indicator consolidates the results of our actions related to this topic and supports us in managing our impact.

In this document, we present the set of indicators that make up the Biodiversity Impact Index (BII) and their results for the year 2024 (**Table 1**). For comparison purposes, the BII result for 2023 is also provided. (**Table 1**).

Table 1. Result of the Biodiversity Impact Index (BII) for 2024.

Metric[1]	Unit of measure	2023 result	2024 result	2024 target	2024 target met	Weight	Weighted average
Conversion of natural ecosystems for other uses	%	0.0%	0.0%	0.0%	100.0%	30.0%	30.0%
Assessment of areas for the risk of significant impacts on biodiversity	%	97.1%	99.5%	99.00%	100.0%	20.0%	20.0%
Areas under risk of significant impacts on biodiversity and management and monitoring plans	%	100.0%	100.0%	100.0%	100.0%	10.0%	10.0%
Areas with certified forest management	%	97.1%	99.5%	99.0%	100.0%	8.0%	8.0%
Fostered areas with certified forest management	%	59.2%	58.2%	70.0%	83.2%	8.0%	6.7%
Conservation areas affected by forest fires	%	0.2%	1.1%	< 2%	100.0%	8.0%	8.0%
Conservation areas in intermediate to advanced stages of regeneration	%	94.0%	92.5%	92.0%	100.0%	8.0%	8.0%
Impact of forest management operations on water quality (WQI)	WQI variation	12.7%	12.0%	<20%	100.0%	8.0%	8.0%
					Biodiversity Impact Index		**98.65%**

[1] indicators referring to areas managed by Dexco (owned and leased), with the exception of data from fostered areas.

1 Wood from unacceptable sources: wood that has been illegally harvested or obtained in violation of traditional and/or civil rights, sourced from high conservation value areas threatened by management activities, or from areas of deforestation of natural forests.

Image credits: Dexco collection.

2 2024 Result: Discussion

In 2024, we highlighted four indicators that make up the BII which consistently achieved their targets at the highest level, reflecting maximum performance and ensuring the highest rating in their impact assessment. This metric is significant because these indicators are based on the area in hectares managed by the company, generating a relevant impact on our operations. These indicators are: "*Conversion of natural ecosystems to other uses*," "*Assessment of areas at risk of significant impacts to biodiversity*," "*Areas exposed to the risk of significant impacts to biodiversity and management and monitoring plans*," and "*Areas under certified forest management*."

The BII result did not reach the target set for the year 2024 (99.60%), with our achievement at 98.65%. The main impact on the BII result was caused by the negative variation in the indicator "*Fostered areas with certified forest management*," due to the increase in the registry base of fostered areas and the stabilization of the amount of fostered areas under certified forest management.

Currently, Dexco maintains its commitment to strict control over 100% of the origin of wood supplied by third parties through the continuous application of a due diligence process that ensures the wood does not come from unacceptable sources. This process ensures that wood purchased from third parties complies with requirements established by internationally recognized standards, reinforcing the company's commitment to legality and sustainability in its supply chain. The targets for this and all other indicators through 2025 are listed in Table 2.

Although the BII target for 2024 was not fully achieved, the analyzed indicators show consistency and reinforce the effectiveness of our biodiversity practices. The results indicate that our operations do not generate significant adverse impacts, highlighting responsible socio-environmental performance aligned with the principles of biodiversity conservation.

Table 2. Summary of target achievement in %.

Metric[1]	2022		2023		2024		2025 target
	Target	Target met[2]	Target	Target met	Target	Target met	
Conversion of natural ecosystems for other uses	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
Assessment of areas for the risk of significant impacts on biodiversity	97.0%	97.6%	98.0%	99.0%	100.0%	100.0%	100.0%
Areas under risk of significant impacts on biodiversity and management and monitoring plans	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Areas with certified forest management	97.0%	97.6%	98.0%	99.0%	99.0%	100.0%	100.0%
Fostered areas with certified forest management	50.0%	100.0%	60.0%	98.7%	70.0%	83.2%	80.0%
Conservation areas affected by forest fires	< 2%	100.0%	< 2%	100.0%	< 2%	100.0%	< 2%
Conservation areas in intermediate to advanced stages of regeneration	90.0%	98.9%	91.0%	100.0%	92.0%	100.0%	93.0%
Impact of forest management operations on water quality (WQI)	< 20% variation	100.0%	< 20% variation	100.0%	<20%	100.0%	< 20% variation
Biodiversity Impact Index	-	-	99.40	100.00%	99.60%	98.26%	99.80%

[1] Indicators related to areas managed by Dexco (owned and leased), excluding data from fostered areas.
[2] When the result is equal to or greater than the target set for the year, it is considered 100% achievement.

2.1 Conversion of Natural Ecosystems to other Uses

We publicly commit, through our Corporate Forest Management Standard, to managing forest plantations without deforestation or conversion of natural ecosystems within our forest management units or timber supply areas.

To monitor the implementation of this commitment, annual monitoring is conducted to detect any conversion occurring after the year 2020 in the areas managed by the company. The results show that no instances of natural ecosystem conversion have been identified within the forest management units. The goal is to maintain 0% conversion after 2020 for areas already under Dexco's ownership as well as for any new areas acquired or leased.

To verify the occurrence of conversion, techniques of photo-interpretation and digital processing of satellite images are employed. These images are obtained through orbital remote sensors and processed using Geographic Information System (GIS) software. Yearly comparisons have been made since 2020 across all management units, assessing signs of land-use change between the analyzed periods that may indicate conversion.

Tab*le* 3. Areas analyzed and % of conversion by year of analysis.

Year of analysis	2022	2023	2024
Total area analyzed (hectares)	134.919	141.739	143.324
% conversion	0,0%	0,0%	0,0%

2.2 Assessment of areas for the risk of significant impacts on biodiversity

We have made a public commitment to biodiversity conservation, as we understand that this is crucial to ensure our sustainable growth and to continue providing solutions for a better living.

The risk assessment of impacts on biodiversity is conducted in all areas under the scope of our responsible forestry certificate. Therefore, the assessment follows the guidelines of these standards, using the concept of High Conservation Value Areas. Our goal is to carry out a risk assessment of significant impacts on biodiversity in 100% of the areas managed by Dexco (owned and leased) by the year 2025, and to date we have reached the milestone of 97.1%, corresponding to 194 farms and around of 137 thousand hectares (**Table 3**, after the table below).

The criteria to be used for the evaluation were defined by Dexco taking into consideration the following references:

- ProForest Guide, parts 1 and 2 (JENNINGS et al., 2003[2]);
- Good Practice Guidelines for High Conservation Value Assessments (STERWART et al.,2008[3]);

2 JENNINGS, S.; NUSSBAUM, R; JUDD, N.; EVANS, T. The High Conservation Value Forest Toolkit – parts 1 and 2. Oxford: ProForest, 2003. 104p.

3 STEWART, C.; GEORGE, P.; RAYDEN, T.; NUSSBAUM, R. • Good Practice Guidelines for High Conservation Value Assessments. Oxford: ProForest, 2008. 71p.

- Common Guidance for the Identification of High Conservation Values (BROWN, 2013[4]);
- Public conservation strategies of national and state government agencies.

The definitions of each category are indicated in the table below.

HIGH CONSERVATION VALUE AREA CATEGORIES	SOURCES OF INFORMATION
HCV 1 – Species diversity. Concentrations of biological diversity including endemic, rare, threatened, or endangered species significant at the global, regional, or national level.	Analysis of fauna and flora studies conducted in the areas (when available), consultation of fauna and flora data from scientific research conducted in the region, interviews with the local community, and government publications on biodiversity conservation in Brazil.
HCV 2 - Ecosystems and extensive ecosystem mosaics at the landscape level, significant at the global, regional, or national level, containing viable populations of the vast majority of species occurring naturally in natural patterns of distribution and abundance.	Evaluation through land use maps of the farms, personal observations during on-site inspections, and state-level maps of Biomes and Conservation Units from official websites.
HCV 3 - Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats, or biodiversity refuges.	Land use maps of the farms and the map of priority areas for conservation published by the Ministry of Environment.
HCV 4 - Critical environmental services. Basic environmental services in critical situation, including protection of water sources and erosion control in vulnerable soils and slopes.	Data from public water supply intake points sourced from official websites of government institutions and mapping of the farm in terms of slope and land cover.
HCV 5 – Communities' needs. Areas and resources essential to meet the basic needs of local communities, indigenous populations, or traditional populations (subsistence, food, water, health, etc.), identified in collaboration with these communities or populations.	Consultation with members of the local community and review of received demands history.
HCV 6 - Cultural values. Areas, resources, habitats, and landscapes of special cultural, archaeological, or historical significance at the global or national level, and/or of critical cultural, ecological, economic, or religious importance to the traditional culture of local communities, indigenous populations, or traditional populations, identified in collaboration with these communities or populations.	Consultation with members of the local community, review of received demands history, and consultation of the databases of the National Institute of Historic and Artistic Heritage (IPHAN, for its acronym in Portuguese).

To determine whether there is any area at risk of significant impacts on biodiversity within a given farm, the criteria for the six High Conservation Value (HCV) categories are assessed.

4 BROWN, E., DUDLEY, E., LINDHE, A., MUHTAMAN, D. R., STEWART, C., SYNNOTT, T. 2013 • Common Guidance for the Identification of High Conservation Values. HCV Resource network.

The analysis is based on primary or secondary data surveys, consultations of official websites, and interviews, with evidence maintained for each category.

Remote and in-person public consultations can be used as part of the assessment and to validate the evaluation criteria, as well as the subsequent results. In-person consultations are conducted with communities located around the management sites.

After analyzing and consolidating the feedback received, the stakeholders who participated in the consultation may be contacted again to demonstrate how their comments were taken into account in the evaluation results. At this stage, the final report may also be shared with the interested parties.

Table 4. List of farms

Farm	State
São Paulo	Alvorada
São Paulo	América
São Paulo	Baronesa
São Paulo	Barro Preto
São Paulo	Bela Vista 2
São Paulo	Bela Vista 3
São Paulo	Boa Esperança 2
São Paulo	Boa Vista
São Paulo	Cabreúva
São Paulo	Carolina
São Paulo	Cristina
São Paulo	Dinamérica
São Paulo	Lar dos Desamparados
São Paulo	Laranja Azeda
São Paulo	Linda China
São Paulo	Mamedina
São Paulo	Manoelita
São Paulo	Miracema
São Paulo	Monte Alegre
São Paulo	Nossa Senhora Aparecida 2
São Paulo	Nossa Senhora Aparecida 4
São Paulo	Nossa Senhora Aparecida 5
São Paulo	Nova Conquista
São Paulo	Nova Esperança 2
São Paulo	Nova Esperança 3
São Paulo	Novo Paraíso
São Paulo	Palmas Novas
São Paulo	Palmeiras
São Paulo	Palmital
São Paulo	Palmital 2
São Paulo	Pentágono
São Paulo	Primavera 2
São Paulo	Rancho Nova Esperança
São Paulo	Rio Claro
São Paulo	Saltinho 2
São Paulo	Santa Bárbara
São Paulo	Santa Cândida
São Paulo	Santa Helena
São Paulo	Santa Helena 2
São Paulo	Santa Izabel
São Paulo	Santa Luiza
São Paulo	Santa Maria 3
São Paulo	Santa Maria do Araquá
São Paulo	Santa Terezinha 2
São Paulo	Santo Antônio 2
São Paulo	Santo Antonio da Nova Floresta
São Paulo	São Francisco
São Paulo	São João
São Paulo	São João 2
São Paulo	São João 3
São Paulo	São João da Vitoca
São Paulo	São José 3
São Paulo	São José 4
São Paulo	São Pedro
São Paulo	São Pedro 2
São Paulo	Segredo
São Paulo	Segredo 2
São Paulo	Sizetel
São Paulo	Três Irmãos
São Paulo	Triângulo
São Paulo	Tribo de Judá
São Paulo	Ventania
São Paulo	Bonanza
São Paulo	Cruzeiro do Sul
São Paulo	Liliane Rachel
São Paulo	Nossa Senhora Aparecida 7
São Paulo	Paço das Águas
São Paulo	Paraíso
São Paulo	Saltinho e Batalha
São Paulo	Santa Fé 3
São Paulo	Santa Terezinha 4
São Paulo	Santo Antônio da Água Parada
São Paulo	Santo Antônio G1 e G2
São Paulo	Sobradinho
São Paulo	Três Capões
São Paulo	Acapulco
São Paulo	Angatuba 1
São Paulo	Angatuba 2
São Paulo	Angatuba 4 A/F
São Paulo	Araçagi
São Paulo	Árvore Grande
São Paulo	Árvore Grande 2
São Paulo	Bela Vista
São Paulo	Bofete
São Paulo	Capão Rico
São Paulo	Cascata
São Paulo	Coqueiral

Farm	State
São Paulo	Córrego Fundo
São Paulo	Estância Carolina
São Paulo	Estância Harmonia
São Paulo	Estância Lívia
São Paulo	Estância Lívia 2
São Paulo	Estância Três Irmãos
São Paulo	Estância Velha Mãezinha
São Paulo	Estrelas
São Paulo	Guarei 1
São Paulo	Horizonte
São Paulo	João XXIII
São Paulo	Juvu
São Paulo	Missioneira
São Paulo	Moquem
São Paulo	Moquem 2
São Paulo	Nascentes
São Paulo	Nossa Senhora de Lourdes
São Paulo	Paniguel
São Paulo	Pilar
São Paulo	Quatro Meninas
São Paulo	Regina
São Paulo	Rezende
São Paulo	Rio das Pedras
São Paulo	Santa Albertina
São Paulo	Santa Luzia
São Paulo	Santa Luzia 2
São Paulo	Santa Luzia do Campo Largo
São Paulo	Santa Maria
São Paulo	Santa Maria 2
São Paulo	Santa Rita 2
São Paulo	Santo Antonio
São Paulo	Santo Antonio da Água Santa
São Paulo	Santo Inácio
São Paulo	São Bento
São Paulo	São Geraldo
São Paulo	São Judas
São Paulo	São Sebastião 2
São Paulo	Três Corações
São Paulo	Vitória
São Paulo	Estância Retiro
São Paulo	Mirante da Boa Vista

Farm	State
São Paulo	Rancho Maria Luiza
São Paulo	Santa Terezinha 5
Rio Grande do Sul	Bela Vista da Porterinha 1
Rio Grande do Sul	Bela Vista da Porterinha 2
Rio Grande do Sul	Borba
Rio Grande do Sul	Borba 2
Rio Grande do Sul	Campo do Estado 1
Rio Grande do Sul	Campo do Estado 2
Rio Grande do Sul	Campo do Estado 3
Rio Grande do Sul	Campo do Estado 4
Rio Grande do Sul	Campo do Estado 5
Rio Grande do Sul	Campo do Meio
Rio Grande do Sul	Campo do Meio 2
Rio Grande do Sul	Campo dos Maios
Rio Grande do Sul	Capororoca
Rio Grande do Sul	Carapuça
Rio Grande do Sul	Costa do Santa Cruz
Rio Grande do Sul	Cottage
Rio Grande do Sul	Eloy
Rio Grande do Sul	Jung
Rio Grande do Sul	Locatelli
Rio Grande do Sul	Menezes
Rio Grande do Sul	Monjolo Velho
Rio Grande do Sul	Monte Alegre 2
Rio Grande do Sul	Morro do Leão
Rio Grande do Sul	Mundo Novo 1
Rio Grande do Sul	Mundo Novo 2

Farm	State
Rio Grande do Sul	Nossa Senhora Aparecida 3
Rio Grande do Sul	Nova Era
Rio Grande do Sul	Ramos
Rio Grande do Sul	Rio Pardo 3
Rio Grande do Sul	Santa Olívia
Rio Grande do Sul	Santa Rita
Rio Grande do Sul	São Miguel
Rio Grande do Sul	Sede
Rio Grande do Sul	Castro
Minas Gerais	Água Emendada
Minas Gerais	Aliança
Minas Gerais	B & Danklin
Minas Gerais	Barra
Minas Gerais	Buqueirão
Minas Gerais	Buraco
Minas Gerais	Canhambola
Minas Gerais	Caraça
Minas Gerais	Caxuana
Minas Gerais	Cerradão Carolina
Minas Gerais	Chapadão da Babilônia 1
Minas Gerais	Chapadão da Babilônia 2
Minas Gerais	Chapadão da Babilônia 3
Minas Gerais	Córrego do Ouro
Minas Gerais	Duas Pontes
Minas Gerais	Estância Mariana
Minas Gerais	Estrela do Sul
Minas Gerais	Forquilha

Farm	State
Minas Gerais	Furna Rica
Minas Gerais	Humaitá
Minas Gerais	Lagoa e Boqueirão 1
Minas Gerais	Lagoa e Boqueirão 2
Minas Gerais	Maria Preta
Minas Gerais	Mata Fresca
Minas Gerais	Matinha
Minas Gerais	Matinha 2
Minas Gerais	Morro Bonito
Minas Gerais	Nova Ponte
Minas Gerais	Paraíso do Rio do Peixe
Minas Gerais	Piracanjuba

Farm	State
Minas Gerais	Posses
Minas Gerais	Primas
Minas Gerais	Rafabella
Minas Gerais	Rio Borá
Minas Gerais	Sacramento
Minas Gerais	Salitre
Minas Gerais	Santa Cândida 2
Minas Gerais	Santa Iza
Minas Gerais	Santa Tereza das Palhas
Minas Gerais	Santana
Minas Gerais	Santo Antônio 3
Minas Gerais	Santo Antônio do Rio do Peixe

Farm	State
Minas Gerais	São Miguel 2
Minas Gerais	São Sebastião
Minas Gerais	São Vicente de Paula
Minas Gerais	Tabocas
Minas Gerais	Talhados
Minas Gerais	Texana
Minas Gerais	Texana 2
Minas Gerais	Estância Paraíso
Minas Gerais	Santa Luzia 3
Minas Gerais	São Domingos

2.3 Areas under the risk of significant Impacts on Biodiversity with Plans for their Management and Monitoring

Because they have attributes of great importance to biodiversity, sites classified as High Conservation Value Areas are considered to be exposed to the risk of significant impacts on biodiversity. All sites that meet these characteristics have plans for identifying, managing, and monitoring potential impacts. According to the methodology highlighted in the previous section, the company analyzed 100% of the certified management areas to assess biodiversity risk (216 farms, Table 3). At these locations, protective measures are implemented for the identified values, such as forest patrols by surveillance teams, preservation actions and forest fire fighting, guidance and signage to reduce driving speed, access control to surrounding roads through telemetry, and management of invasive plant species, as well as monitoring related to the specific attribute identified on site.

Our main protection measures for these areas focus on fire prevention and fighting, adherence to operational procedures, and the activities of property surveillance. Monitoring related to maintaining and improving the attributes of high conservation value is conducted through studies and analyses such as fire reports, verification of area protection measures, water quality analyses, and population monitoring research reports.

2.3.1 Risk Area 01

In 2019, the presence of an endemic amphibian species (*Bokermannohyla sazimai*) was identified on the Nova Ponte Farm in the state of Minas Gerais, which classified the site of its occurrence as a High Conservation Value Area (HCVA) under Category 1, spanning 32.50 hectares. According to our criteria, this area is considered at risk of significant impacts on

biodiversity due to the existence of a population of a species with a restricted distribution. Our management plan for this area is based on two pillars: monitoring and protection.

Management plan for Risk Area 1.

MONITORING: HIGH CONSERVATION VALUE AREA, CATEGORY 1, 32.50-HECTARE AREA			
ATTRIBUTE	**THREAT**	**PROTECTION**	**MONITORING**
Presence of an endemic herpetofauna species: *Bokermannohyla sazimai.*	Fires in conservation areas that directly or indirectly influence the attribute. Water contamination in the places the attribute is found. Loss of the attribute's habitat.	Fire prevention and firefighting plan. Operational procedures with guidelines to protect the attribute. Asset surveillance to monitor possible deviations in and around the place where the attribute is found.	Fire occurrences and efficacy of the attribute's protection measures. Six-monthly analysis of the surface water quality (WQI) for the high conservation value area. Attribute's populational monitoring.

For the population monitoring of the endemic species, we use the methodology of searching reproductive sites and auditory transects, along with photographic records during two campaigns within the species' reproductive period (November to May). Monitoring, including these two campaigns, is conducted every three years; however, depending on the results obtained from previous campaigns, this frequency may be adjusted.

For water monitoring, we perform periodic sampling at a point near the species' recorded locations and within the boundaries of the High Conservation Value (HCV) area to analyze water quality according to the Water Quality Index (WQI).

2.3.2 Risk Area 02

In 2023, the presence of a High Conservation Value Area (HCV) with the attribute of an extensive fragment of native vegetation located in the buffer zone of a legally protected area (according to IUCN classification) was confirmed on the Vitória Farm in the state of São Paulo, totaling 704 hectares.

According to the criteria used, we consider that this area is at risk of significant impacts on biodiversity due to the presence of natural vegetation fragments in an advanced stage of succession, exceeding the established size threshold (15 fiscal modules), and because it is situated within the buffer zone of a fully protected conservation unit (Carlos Botelho State Park).

MONITORING: HIGH CONSERVATION VALUE AREA, CATEGORY 2, AREA OF 704.00 HECTARES			
ATTRIBUTE	**THREAT**	**PROTECTION**	**MONITORING**
Presence of native vegetation fragments larger than 15 fiscal modules within the buffer zone of Carlos Botelho State Park.	Fires in areas where the attribute is present. Deforestation affecting the attribute. Illegal hunting and fishing activities in areas where the attribute is present.	Prevention and firefighting plan. Operational procedures that protect the attribute. Patrol surveillance to monitor possible disturbances in and around the attribute area.	Occurrence of fires and effectiveness of the attribute protection measures. Annual monitoring of the attribute area in hectares and analysis of connectivity with other native vegetation fragments. Assessment of the effectiveness of protection measures for the area. Monitoring of fauna and flora to define bioindicators for the maintenance and improvement of the attribute.

The attribute is already protected and under monitoring. In 2024, new fauna and flora studies were initiated, with surveys conducted every three years for fauna and every five years for flora. These studies cover the conservation areas of the Vitória Farm and use sampling methodologies defined by specialists, according to the local characteristics of the study area.

2.4 Managed and Fostered Areas under Certified Management

As part of our commitment to forest management certification and in recognition of the robustness and comprehensiveness of its principles and criteria, we monitor the implementation of these practices and commitments in our operations through the percentage of certified areas.

2.4.1 Areas Managed by Dexco

In 2024, 99.5% of the more than 141,000 hectares of areas managed by Dexco in Brazil were certified for forest management. We have maintained forest management certification since 1995, having been the first company in the Southern Hemisphere — and the fifth in the world — to achieve this recognition. To maintain this certification, it is necessary to employ the best practices in forest management aimed at preventing, minimizing, and mitigating the adverse impacts of operations.

Certified operations must identify impacts on social and environmental values and define measures for their prevention, mitigation, and monitoring. An internal procedure sets the guidelines for this assessment, taking into account the level of risk (severity x likelihood) and the scale of impact. All of our forestry operations are subject to this evaluation.

Sites potentially affected by the social impacts of forest management undergo a thorough assessment based on the engagement of potentially affected stakeholders. To avoid negative impacts, we do not carry out forest management activities in World Heritage Sites or in protected areas classified by the *International Union for Conservation of Nature* (IUCN) as categories I–IV. We also respect the legal rights and customary land-use practices of local and traditional communities, as well as their rights over land use.

To ensure this, we continuously monitor managed areas and conduct field visits, maintaining direct contact with communities. We run programs focused on mapping, characterizing, and engaging with local, traditional, and Indigenous communities.

All information related to this assessment is part of our Forest Management Plan. Maintaining a long-standing record of respect and good relationship with surrounding communities, Dexco reported no violations of Indigenous peoples' rights in 2024. Our guidelines for the management of forests and fostered areas are defined in our Environmental Policy, Corporate Responsible Forest Management Standard, Biodiversity Commitment, Forest Management Plan, and Forest Management Plan – Incentivized Fostered Areas.

Our forests also contribute to the maintenance of ecosystem services, that is, the benefits forests provide to human well-being, such as water supply, natural pest control, recreational environments, climate regulation, and soil conservation. In this context, since 2022, our forests in Brazil have been internationally recognized for their positive impact in maintaining ecosystem services related to:

- **Biodiversity conservation**, by helping preserve species diversity through the protection of focal species and their habitats (2022);
- **Carbon sequestration and storage**, by maintaining forest carbon stocks through both forest plantations and the conservation of native vegetation areas (2022);
- **Recreational services**, by supporting recreational and tourism activities through the conservation and improvement of local conditions (Espaço Arvorar, 2022);
- **Water services**, by contributing to the maintenance of water quality (2023).
- **Soil conservation**, by promoting soil conservation and productivity (verified in 2024).

2.4.2 Fostered Areas

To supply our site in Taquari, Rio Grande do Sul, we rely on timber from our planted forests and maintain a forest fostering program that supports local rural producers in establishing their own forests. Through this program, we provide our partners with seedlings and technical guidance to ensure proper forest implementation. At the end of the cycle, we hold purchase preference for the harvested wood. In 2024, we maintained partnerships with 242 producers through 705 fostering contracts.

Since 2019, we have encouraged and supported the certification of responsible forest management among our fostered producers. We provide technical assistance to help them meet certification requirements and offer bonuses for certified wood. In 2020, the first group

achieved a certification recommendation, and by the end of 2024, 58.22% of these fostered areas were already certified. With this initiative, we strengthen supplier engagement, contribute to local development, and help mitigate deforestation risks and adverse impacts on people and biodiversity throughout our value chain.

2.5 Conservation Areas affected by Forest Fires

At Dexco, we maintain procedures for the prevention and control of forest fires, emergencies characterized by their potential for significant environmental, social, and economic impacts.

Upon entering our forest farms, signage displays Dexco's identification, the farm' name, and the contact number for the forest management site. The forest fire prevention and response plan is reviewed and shared with internal stakeholders (employees, contractors, and clients) as well as external ones (environmental agencies, environmental police, fire departments, partner companies, local communities, among others), when requested.

The plan outlines responsibilities and the structure in place for forest fire prevention and response. The Uberaba, Agudos, and Itapetininga sites are equipped with 24-hour automatic fire detection systems, consisting of towers fitted with high-definition digital cameras offering 360º vision and high precision within a 15-km radius. These cameras send information to monitoring centers, differentiating between fire, smoke, and glare, and then trigger an alarm.

This system has enabled us to detect forest fires in our planted forests and conservation areas quickly and accurately, ensuring swift action from our trained teams and ground resources such as rapid-response pickups and water trucks.

In addition, during the months leading up to peak fire seasons, we run communication campaigns with neighboring communities at each site to share our communication channels – through flyers and giveaways — so that residents can contact us as soon as they notice any fire near Dexco's areas.

Whenever there is a fire, our technical team prepares reports and action plans to identify the root cause, propose solutions, and reduce recurrence. At this stage, the impact on biodiversity is also assessed through the quantification of affected conservation areas. The company's target for 2025 is to keep the total affected area below 2% of all land set aside for conservation. In 2024, 506 hectares of conservation areas were affected by fires, representing 1.1% of the total. Thus, the annual target was met.

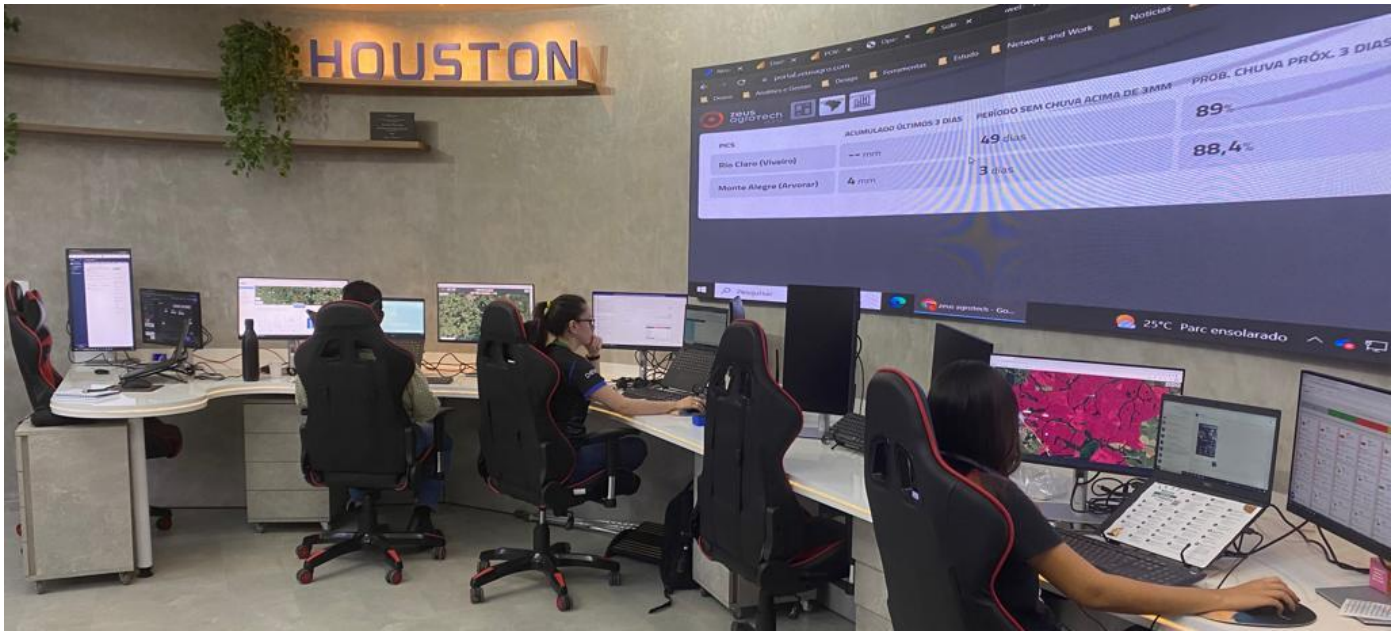

Figure 1. *Forest Operations Monitoring Room.*

2.6 Conservation Areas in Intermediate to Late Successional Stages of Regeneration

To identify the regeneration stage of native vegetation within our managed areas, we conduct analyses using satellite image photointerpretation and digital image processing. This process considers features such as image texture, canopy density, and color tones, among others, while also accounting for the typical characteristics of the biomes where these areas are located (Cerrado, Atlantic Forest, and Pampa).

Based on this analysis, areas are classified into three categories: early, intermediate, or late successional stage. Currently, we maintain approximately 45,000 hectares of conservation areas within our managed sites, of which 92.5% are classified as being in intermediate or advanced stages. Our target for both 2024 and 2025 is 93%.

2.7 Impact of Forest Management Operations on Water Quality

The watershed or sub-watershed functions as an integrative element, signaling changes occurring in the ecosystem — both those resulting from management practices and from the environmental context of the region. Based on this information, farms were selected where the contributing sub-watershed is entirely located within the same area to establish a fixed sampling point, ensuring that environmental indicators reflect the forest management with minimal interference from adjacent areas.

Measurements are taken using environmental indicators, defined by Prabhu (1998)[5] as a variable or component of the forest ecosystem that can be used to assess the quality and sustainability of a resource. For the evaluation, the Water Quality Index (WQI), created in 1970 in the United States by the *National Sanitation Foundation*, is used. This index evaluates nine parameters: dissolved oxygen, thermotolerant coliforms, hydrogen ion concentration (pH),

5 PRABHU, R. et. al. Between science and adaptive management: the role and research needs for indicators of sustainable forest management. In: International Conference on Indicators for Sustainable Forest Management. IUFRO. Melbourne. Australia, 1998 p.1 - 15.

Biochemical Oxygen Demand (BOD_{520}), water temperature, total nitrogen, total phosphorus, turbidity, and total residue.

Our goal is to maintain the annual variation of the WQI indicator (positive or negative) below 20%, sustaining this goal through 2025.

3 Mitigation Actions for Biodiversity Impacts

The main biodiversity risks in our operations stem from three primary drivers, which guide our mitigation efforts: deforestation, water pollution, and greenhouse gas emissions.

Deforestation is a major concern, as it can cause significant biodiversity loss by affecting natural habitats, potentially leading to the extinction of plant and animal species. It also disrupts crucial ecosystem services provided by forests, such as climate regulation through biogenic cycles, carbon sequestration, biodiversity conservation, water quality maintenance, and soil protection.

Water pollution compromises water quality, which is essential to life as it serves as a habitat for many species and is a critical resource for humans, as well as plant and animal species. Water quality is vital not only for human health but also for long-term environmental sustainability.

Greenhouse gas emissions contribute to global warming and, consequently, to climate change, which has broad and complex effects on biodiversity and natural resources. Reducing emissions helps mitigate environmental impacts and supports the health of ecosystems and the communities that rely on them. Although the biodiversity impacts associated with climate change and increased atmospheric concentrations of greenhouse gases are indirect consequences of our operations, we recognize the need for continuous action to reduce our emissions.

Based on the principles of the mitigation hierarchy and the primary drivers of biodiversity impact linked to our management activities, we aim to develop strategies to prevent, minimize, regenerate, and restore adverse impacts, striving for no net loss of biodiversity. Below, we list examples of actions taken in our areas in support of each of these goals.

3.1 Prevent

To prevent adverse impacts on biodiversity, we manage our forests in areas that have already been altered by human activity, without engaging in deforestation or the conversion of natural ecosystems to other uses. Additionally, in order to maximize the efficiency of land use in the areas we already occupy and minimize the need to expand into new areas for forest cultivation, we have maintained a robust genetic improvement program for decades. This program helps reduce pressure on natural resources by aiming to increase the productivity of our planted forests.

Impact precursors	Preventive actions
Deforestation	Annual monitoring of 100% of the areas to assess the occurrence of deforestation, ensuring that forest management or the establishment of new plantations does not lead to the conversion of natural ecosystems (target achieved under IIB "**Conversion of Natural Ecosystems to other Uses**"). Planted forests are only established in previously altered (anthropized) areas. Operational activities are strictly prohibited in conservation areas or native vegetation zones. All employees involved in activities with potential environmental impact are trained to operate in a way that prevents and reduces damage to soil, fauna, flora, native vegetation, and water resources. All our operations are subject to microplanning prior to field activities, with the primary goal of identifying sensitive areas and establishing specific mitigation measures to protect soil, fauna and flora, native vegetation, and water resources.
Greenhouse gas emissions	Development and use of techniques and equipment aimed at increasing efficiency in the use of fossil fuels and nitrogen-based fertilizers. No use of fire in forest management operations. No deforestation and preservation of native vegetation areas.
Water pollution	Operational procedures restrict forest management activities from being carried out near water resources and conservation areas. Operations are conducted exclusively in productive areas, minimizing impacts on conservation zones and water bodies. Strict protection of permanent preservation areas along riverbanks and springs ensures the integrity of water resources. Protection of approximately 45,000 hectares of conservation areas, which in turn safeguard riverbanks and springs, ensuring the preservation of water quality.

3.2 Minimize

To minimize the impact of forest management, we assess the environmental and social conditions of the areas where we operate. The relationship between local factors — such as

soil, climate, and topography — and our activities is carefully considered in the definition of strategies and operational procedures aimed at reducing biodiversity impacts.

Our employees are continuously trained to operate in ways that avoid damage to native vegetation conservation areas, springs, and watercourses. Speed limits are enforced on roads within our farms to reduce the risk of wildlife collisions. We also maintain a monitoring structure to prevent unauthorized activities.

In the event of environmental emergencies such as fires or chemical spills, we have procedures in place to prevent and mitigate their impacts.

Impact precursors	Minimize
Deforestation	All employees involved in activities with potential environmental impact are trained to operate in a way that prevents and reduces damage to soil, fauna, flora, native vegetation, and water resources. All our operations are subject to microplanning prior to field activities, with the primary goal of identifying sensitive areas and establishing specific mitigation measures to protect soil, fauna and flora, native vegetation, and water resources. All operational activities follow technical procedures and guidelines that outline actions to mitigate impacts on the soil, fauna, flora, native vegetation, and water resources. These procedures are designed primarily to prevent impacts, and when prevention is not possible, to minimize them.
Greenhouse gas emissions	We employ precision agriculture techniques to improve operational efficiency and optimize input use. Resources are allocated for forest fire prevention and firefighting. We work to reduce the average transportation distance from the forest to our mills.
Water pollution	Conservation-oriented soil management practices are in place (minimum tillage and proper road maintenance). There are procedures and training to prevent, and when not possible, reduce impacts on water resources.

3.3 Regenerate

Dexco assesses the best ways to operate and produce according to the landscape dynamics of each location. When necessary, actions are taken to support the regeneration of conservation areas and to indirectly contribute to the restoration of areas adjacent to our operations. Two key factors are considered when evaluating the connectivity of natural areas: the size of the native forest fragments and how far apart they are.

The planted forests themselves help improve connectivity as their longer growth cycles and forest-like structure make them more permeable than annual crops, that is, they allow greater movement of organisms, seeds, and pollen grains between fragments. This is particularly important for species typical of more preserved environments, which tend to be more

sensitive to natural forest fragmentation. The longer cycle of planted forests also provides shelter for wildlife and promotes the growth of herbaceous and shrubby plants in the understory, which serve as important food sources for a variety of animal groups.

Permanent Preservation Areas are kept, protecting sensitive environments and forming long and vital ecological corridors within the forest plantation landscape. The plantations themselves are arranged in mosaics, that is, blocks of trees at different growth stages and harvest times. This structure allows biological flows to continue even during more intensive management periods.

In addition to this permeability, biodiversity corridors established over 20 years ago on the Monte Alegre Farm — one of our largest forest management sites — connect native vegetation fragments. These corridors have since been consolidated and monitored through a study assessing their level of regeneration. They play an essential role in maintaining species movement and dispersal dynamics, helping to protect conservation areas and prevent local extinctions.

Impact precursors	Regenerate
Deforestation	The management of forest plantations contributes to improving habitat connectivity at the landscape level, helping to mitigate the effects of historical land use changes in the region.
Greenhouse gas emissions	CO_2 removal and storage from the atmosphere is carried out through forest plantations and native vegetation in conservation areas.
Water pollution	Forest management is conducted in a way that preserves water quality and can contribute to improving the conditions of watercourses running through managed areas.

3.4 Restore

At Dexco, restoration efforts aim to recover biological diversity and the natural processes essential to maintaining environmental balance. The areas involved in this restoration process are typically located in zones with more fragile soil or near watercourses and springs.

We monitor the natural regeneration processes of our conservation areas using satellite imagery, which allows us to evaluate their effectiveness. In cases that require greater detail, we carry out field assessments to check parameters such as the presence of wildlife or their traces, as well as the degree of conservation and the coverage of native vegetation on the soil.

Based on the evaluation results, we may choose to continue monitoring the area or implement measures to accelerate the process, depending on the factors that may be hindering natural regeneration. In 2024, around 3,500 hectares were monitored and are currently undergoing restoration.

We are currently conducting a direct seeding experiment using a diverse mix of seeds, in partnership with a network of community-based seed collectors. This approach is being

studied as a potential solution for the restoration of degraded areas. In collaboration with an environmental conservation institution, we are also identifying seed sources and propagating species for use in future restoration projects. Dexco takes part in multi-stakeholder groups working on joint actions between companies and local institutions to define restoration and biodiversity conservation strategies at the landscape level.

Impact precursors	Restore
Deforestation	Maintenance of over 45,000 hectares of areas designated for the conservation of native vegetation, where no forest production activities take place, allowing these areas to regenerate naturally.
Greenhouse gas emissions	Given the global scale and dynamics of greenhouse gas emissions by society, Dexco focuses its efforts on environmental regeneration through the removal of CO_2 from the atmosphere via sustainable forest management.
Water pollution	Projects for the recovery of degraded areas through the planting of native species in sensitive zones, particularly around springs and rivers.

4 Final Considerations

Dexco reaffirms its commitment to the responsible management of its forests through its Environmental Policy, Corporate Responsible Forest Management Standard, Forest Management Plan, and Biodiversity Commitment.

With the goal of ensuring the implementation of our commitment to operate in a way that causes no net loss of biodiversity in our areas, we monitor the effectiveness of our actions through the Biodiversity Impact Index, which reached 99.2% in 2022, 99.6% in 2023, and 98.65% in 2024. **Our target is to reach 99.8% by 2025**.

We believe this result demonstrates the effectiveness of our practices aimed at conserving not only biodiversity but also environmental and social values, as well as ecosystem services, contributing to sound management of this topic and serving as a guide for our actions.